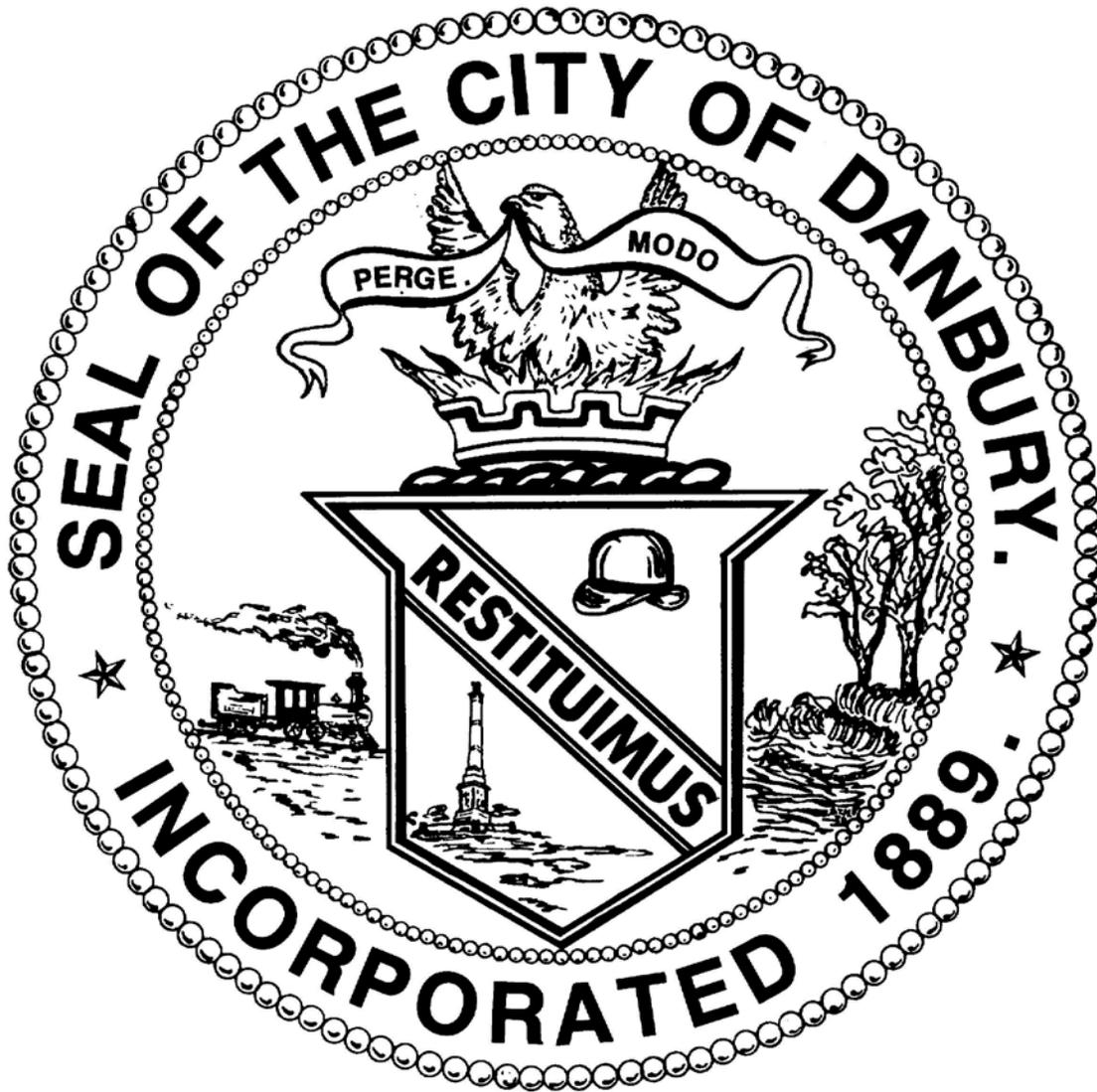


**CITY OF DANBURY, CONNECTICUT
COMPREHENSIVE ANNUAL
FINANCIAL REPORT**



**FISCAL YEAR ENDED JUNE 30, 2015
DEPARTMENT OF FINANCE
DANBURY, CONNECTICUT**

**CITY OF DANBURY,
CONNECTICUT**

**Comprehensive
Annual Financial Report**

for

**The Fiscal Year Ended
June 30, 2015**

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**

February 1, 2016

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, 2015.

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 RSM US 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, 2015, 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, 2015 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 83,784 (2015) and a median household income of approximately \$65,981 in 2015 (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 1,989 employees with approximately 540 actual full-time equivalent municipal employees who provide services to the Danbury community and 1,449 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 114 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 one of the safest city in Connecticut and 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 79,700: Goods Producing industries employs 13,000 (16.3%) while Service Providing Industries employs 66,700 (83.7%) which includes of the following: Trade, Transportation and Utilities (18,300), Professional and Business Services (9,400), Leisure and Hospitality (7,600) and Government/Education (10,600/20,800), and Other (20,800). The City of Danbury and the Danbury Labor Market Area (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 LMA unemployment rate of 3.8% for November 2015, which remains the lowest in the State of Connecticut as compared to 4.8% for the State of Connecticut and 4.8% 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 excerpts are from Mayor Mark Boughton's State of City 2015 address (updated and supplemented with additional information for presentation purposes):

"Through November our unemployment rate stands at 3.8 percent (the lowest of any major city in the state) and has dropped a full percentage point year-over-year."

"In 2015, over three dozen small and medium-sized businesses have opened throughout Danbury."

"This past year we have seen robust sales in the Reserve with more development coming... including a new 114 room hotel has broken ground in the Reserve"

Toll Brothers. *A 244 acre residential construction project began (as WCI) in 2007 with 1,377 units planned over six phases. Starting phase 4B of the project with over 800 units already completed. The entire project will take several more years to complete.*

"We cut the ribbon on the brand new Regional Hospice Center. The first of its kind in Connecticut."

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.*

“Doctor’s Express opened another urgent care facility on the west-side of our city and they are already looking to expand with another facility in the area.”

Doctors Express. *The urgent care and walk-in medical facility (and important Main Street project) opened its second location on Mill Plain Road in April 2015. Doctors Express invested \$2.0 million in a 3,400 ft² space, creating 20-25 new jobs*

A few of the new projects coming to Danbury in 2016:

“Plans have been filed to renovate the GE building as new headquarters for Praxair.”

Praxair. *In August, Praxair, the City’s only Fortune 500- company announced that it purchased the former GE Capital Building for its new global headquarter. It is estimated that the 175,000 square foot building was purchased for about \$20 million. Currently, Praxair is leasing space inside the Matrix Corporate Center in Danbury but anticipates the retrofit and upgrades to be completed in time to move into their new HQ by the end of 2016. The Danbury HQ employs about 400 corporate management staff from their North American Division and plans to grow by another 120 employees within the next five years.*

“A new medical office building is under construction on Park Ave. Plans are on file for a new medical office building on Riverview Dr. and a new retail/medical center is under review at the old Action Motors site on Newtown Rd. The City has re-purposed an industrial space for a new entertainment center and a mail processing facility on Prindle Lane.

Finally, The City of Danbury was recently selected to host a Technology Center on the west side of the city. The Lotus Technology Center will represent a \$200 million dollar investment in Danbury and will consist of a 2 data storage facilities, a fuel cell research center, and a clean natural gas power generation facility that will operate about 25 days a year to help with peak load demands in the Greater Danbury area.”

The Mayor has affirmed that “Main Street continues to be a focus of our economic development strategy.”

In past years, the Danbury Main Street Partnership has shepherded many regulatory changes through the City Council and has worked to open a dialogue with Main Street stakeholders.

The City has hired a full-time Main Street Enforcement Officer for the UNIT – the Unified Neighborhood Inspection Team -- to focus on quality-of-life issues.

In 2016, the City will reinstitute Danbury Police foot patrols on Main Street on a permanent basis to provide a stronger security presence.

Permit fees, sewer connection fees, and zoning permit fees have been reduced for new businesses on Main Street and also added new tax incentives to spur development along Main Street.

We have renovated Kennedy Park and improved the Farmer’s Market.

We have purchased the house adjacent to the Danbury Police Station and are in the design stages of a new pocket park dedicated to the public safety workers who gave their lives protecting our residents.

We have completed a new downtown innovation center that is attached to our library on Main Street and that hosts a business-mentoring center staffed by SCORE.

The Palace Theater continues to be very active with well-attended musical shows and revivals.

The first units at Kennedy Flats, the new housing development with 347 luxury apartments on Main Street by Greystar have been leased and construction will be completed in the first quarter of 2016.

Kennedy Place. *Graystar, a national developer, acquired the 10 acre property in August 2014 and is investing \$80 million to construct a 375 unit market-rate apartment complex in downtown Danbury. Construction began in October 2014 and is expected to be completed in the first quarter of 2016. 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.*

The new medical office building on Main Street located at the old police station site has gone vertical and the topping off ceremony was held this past Monday.

The new Naugatuck Valley Community College facility which is located at 183 Main St., is under construction. With this new facility, Naugatuck will also be tripling its space, adding classrooms, computer labs, a science lab, a large multi-purpose room, library, and student lounge. This will allow for more students and add more activity on our Main Street.

Finally, we have selected a vendor for offering Wi-Fi in our downtown area and expect to start the implementation of this project in March 2016.

All of these are terrific successes represents millions of dollars of public and private investment.”

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 2015-2016 are cited as well.

- **DHS 2020 Bond** – On June 9, 2015, the voters approved a \$53.5 million bonding referendum for the planning, design, acquisition and construction of additions, roof replacement, renovations and improvements to Danbury High School. This will address the space and programming needs at the high school. Planning for this project has begun with construction to begin in the summer of 2016 and anticipated to be complete in the summer of 2017.
- **Danbury Road Bond 2020**– In November 2014, the voters approved a \$20 million bonding referendum for the following: Paving, Drainage and Thoroughfare Improvements Program (\$6.5 million); Public Works Heavy Equipment and 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). Approximately \$500,000 has been used for Roof Replacements and \$300,000 for Public Works Equipment to date. Most of expenditures relating to these projects will begin in FY 15/16 after the 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 (\$38 million to date) 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.

- ◆ \$556,000 of funds has been used to fund City-wide bridge replacements/repairs 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 – \$2.3 million has been spent to date.
- **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 \$4.1 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. \$3.6 million of projects recently completed under the new bond initiative include the construction of a skate park, a multipurpose artificial turf field with appurtenances in Rogers Park, 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 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 \$3 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 has been 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 began 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 Local Capital Improvement Program 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 \$124.8 million in general obligation bonds, \$30.9 million in Bond Anticipation Notes (BANS) and had \$90.2 million in authorized but unissued debt (net of state/federal revenues and other funding sources). The City usually enters the bond market 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 per year in bonds but reduced this amount in recent years. However, \$25.0 million in short-term financing and \$18.0 million in bonds were issued in July 2015, 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 \$15 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).

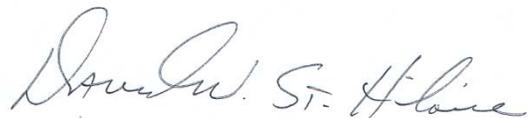
AWARDS AND ACKNOWLEDGEMENTS

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, 2014. This was the 28 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 RSM US 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,



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, 2014

Executive Director/CEO

**Principal Officials
City of Danbury, Connecticut
As of December 1, 2015**

Mayor

Mark D. Boughton

Town Clerk

Janice R. Giegler

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
Christina Chieffalo
Vinny DiGilio
Jack Knapp
Warren M. Levy
John Priola
Michael J. Esposito

Duane E. Perkins
Paul T. Rotello
Thomas J. Saadi
Joseph Scozzafava
Gregg W. Seabury
John J. Esposito III
Christopher J. Arconti.
Nancy Cammisa
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

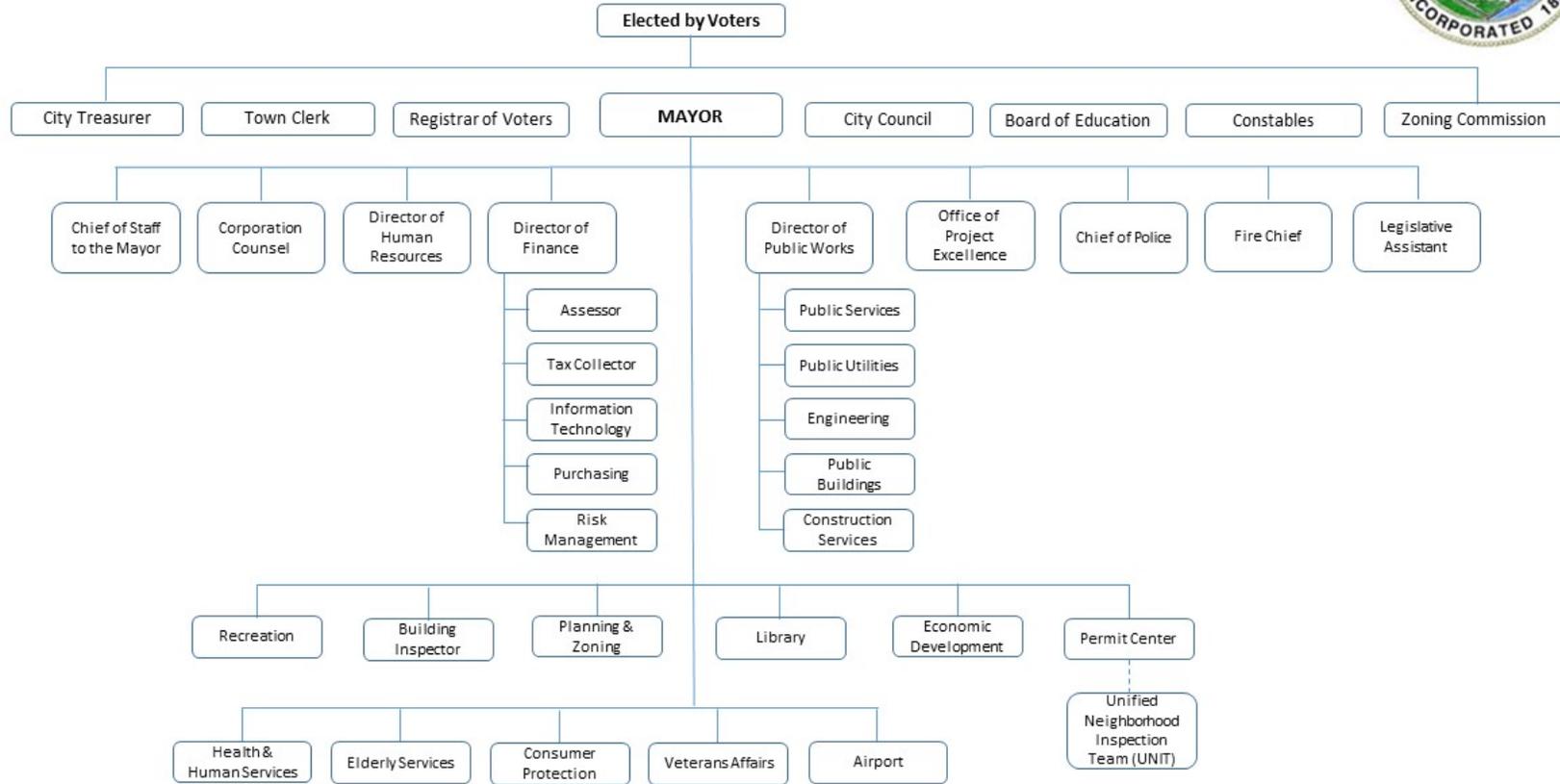
Frank Gentile
Manager, Information Technology

Independent Auditors

RSM US LLP
New Haven, Connecticut

CITY OF DANBURY

ORGANIZATION CHART



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Financial Section



Independent Auditor's Report

RSM US LLP

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, 2015, 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, 2015, 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.

Emphasis of Matter—Adoption of Standards

As explained in the Summary of Significant Accounting Policies in the notes to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No.68*, which resulted in the City restating net position for recognition of the City's pension related activity incurred prior to July 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis, the pension and other post-employment benefit schedules and the budgetary comparison information 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 February 1, 2016 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.

RSM US LLP

New Haven, Connecticut
February 1, 2016

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**City of Danbury, Connecticut
Management's Discussion and Analysis, Unaudited
June 30, 2015**

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, 2015. We encourage readers to consider the information presented here along with additional information we have furnished in our letter of transmittal.

Financial Highlights

- As of July 1, 2014, the City was required to implement Governmental Account Standards Board (GASB) Statement No. 68 related to pensions. This Statement required that the unrestricted net position (deficit) of the government-wide financial statements as of July 1, 2014 be restated and decreased in the amount of \$80,327,349. The decrease did not result from a change in benefits offered to employees, only the presentation of the total liability on the balance sheet of the government-wide financial statements.
- Unassigned fund balance decreased \$0.8 million to \$23.1 million for the general fund while the total fund balance amounted to \$31.4 million, an increase of \$2.6 million. On an actual budgetary basis, revenues were greater than expenditures by approximately \$3.2 million, however overall the City's general fund realized a surplus of approximately \$2.6 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 \$3.2 million. Unassigned general fund balance at year-end represents 9.7% of the ensuing year's total general fund expenditures of \$237.7 million.
- On a government-wide basis for the year-ended June 30, 2015, the City's net position totaled \$222.6 million, an increase of \$8.9 million from last year's total of \$213.7 million (after restatement). Government-wide expenses totaled \$319.0 million and revenues totaled \$327.8 million. Total net position for Governmental Activities and Business-type Activities at fiscal year-end were \$68.2 million and \$154.4 million, respectively. Net position for Governmental Activities increased by \$6.6 million while net position increased for Business-Type Activities by \$2.3 million or 10.8% and 1.5%, respectively. Of the City's total net position at June 30, 2015, (\$101.6) million or (45.7%) is unrestricted.
- 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 \$25.3 million, an increase of \$14.4 million from the prior fiscal year. The increase in governmental fund balance was mostly due to the issuance of bonds and bond anticipation notes relating to the Vision 2020 projects and Headstart projects as those projects are coming to an end.

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, deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position (deficit). Over time, increases or decreases in net position (deficit) 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. For an example, the implementation of GASB 68 in 2015 requiring the City to account for the net pension liability which decreased opening net position by \$80,327,349, and GASB No 45 in 2008 requiring the City to account for the unfunded portion of "Other Post-Employment Benefits" (OPEB), which has resulted in a reduction of the City's net position by a total of \$53.0 million, \$8.3 million of which impacted the FY ended June 30, 2015. 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 (deficit) 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 23 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 and Vision 2020. The Miscellaneous Special Revenue Fund is the consolidation of 60 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. 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, 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, the Roads Fund, and the Farioly Permanent Fund.

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 114 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 OPEB trust fund, one private purpose fund and ten 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 28-102 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 pension and other post-retirement benefits plans.

The City of Danbury adopts an annual budget for its General Fund. See pages 117-119 for the budgetary comparison statement has been provided for the General Fund.

Required supplementary information can be found on pages 103-116.

Government-wide Financial Analysis

As noted earlier, the statement of net position presents information on all of the City of Danbury's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. In the case of the City of Danbury, assets and deferred outflows exceeded liabilities and deferred inflows by \$222.6 million at June 30, 2015, an increase of \$8.9 million in net position from the previous fiscal year.

Summary Statement of Net Position (Deficit)

	June 30, 2015			June 30, 2014		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 91,715	\$ 30,192	\$ 121,907	\$ 84,182	\$ 29,549	\$ 113,731
Non-Current	4,357	1,215	5,572	42	5	47
Capital Assets	335,118	148,559	483,677	336,084	151,778	487,862
Total assets	431,190	179,966	611,156	420,308	181,332	601,640
Deferred outflows of resources	10,477	752	11,228	2,100	861	2,961
Total deferred outflows of resources	10,477	752	11,228	2,100	861	2,961
Current Liabilities	71,109	5,210	76,319	60,891	3,873	32,746
Long-Term Liabilities Outstanding	300,475	21,109	321,584	219,475	26,173	240,985
Total liabilities	371,584	26,319	397,903	280,366	30,046	273,731
Deferred Inflows of Resources	1,907	-	1,907	199	-	199
Total deferred inflows of resources	1,907	-	1,907	199	-	199
Net Position (Deficit)						
Net investment in capital assets	200,189	124,555	324,744	164,322	125,106	289,428
Restricted	(536)	-	(536)	880	-	880
Unrestricted (deficit)	(131,477)	29,844	(101,633)	(23,319)	27,042	3,723
Total net position (deficit)	\$ 68,176	\$ 154,399	\$ 222,575	\$ 141,883	\$ 152,148	\$ 294,031

At the end of the current fiscal year, the City of Danbury is able to report positive growth of \$8.8 million in total net position (deficit) over last year. In comparison to last year, net position invested in capital assets (net of related debt) increased for Governmental activities by \$35.9 million and Business-type activities decreased by \$0.6 million; restricted net position decreased for governmental activities by \$1.4 million but remained unchanged for business-type activities; unrestricted net position increased by \$2.8 million for business-type activities but decreased for governmental activities by \$108.2 million - mostly due to the implementation of GASB No. 68, which resulted in a restatement and reduction of net position of \$80.3 million.

On a government-wide basis, excluding component units, the assets and deferred outflows of resources of the City of Danbury exceeded its liabilities and deferred inflows of resources resulting in total net position (deficit) at the close of the fiscal year of \$222.6 million. This is down from last year's net position of \$294.0 million. Total net position for Governmental Activities at fiscal year-end were \$68.2 million (down from \$141.9 million in the previous year) and total net position for Business-type activities were \$154.4 million (up from \$152.1 million in the previous year).

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, 2015			Year Ended June 30, 2014		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program revenues:						
Charges for services	\$ 12,577	\$ 24,146	\$ 36,723	\$ 14,632	\$ 24,185	\$ 38,817
Operating grants and contributions	77,412	-	77,412	68,436	-	68,436
Capital grants and contributions	17,591	443	18,034	6,284	983	7,267
General revenues:						
Property taxes	190,023	-	190,023	183,284	-	183,284
Grants and contributions not restricted to specific programs	5,501	5	5,506	5,513	13	5,526
Unrestricted investment earnings	121	25	146	198	19	217
Other non-operating revenues (transfers)	925	(925)	-	-	-	-
Total revenues	304,150	23,694	327,844	278,347	25,200	303,547
Expenses						
General government	24,109	-	24,109	20,890	-	20,890
Public safety	52,715	2,924	55,639	50,076	2,788	52,864
Public works	24,344	18,519	42,863	20,224	19,083	39,307
Health and welfare	6,581	-	6,581	4,551	-	4,551
Culture and recreation	12,668	-	12,668	4,952	-	4,952
Education	175,282	-	175,282	172,351	-	172,351
Interest on long-term debt	1,830	-	1,830	3,194	-	3,194
Total expenses	297,529	21,443	318,972	276,238	21,871	298,109
Change in net position (deficit)	6,621	2,251	8,872	2,109	3,329	5,438
Net Position (Deficit) - Beginning (as restated)	61,555	152,148	213,703	139,774	148,819	288,593
Net Position (Deficit) - Ending	\$ 68,176	\$ 154,399	\$ 222,575	\$ 141,883	\$ 152,148	\$ 294,031

Government Activities

For Governmental activities, approximately 62.5% of the revenues were derived from property taxes followed by 35.4% from program revenues, then 2.1% from grants and investment earnings.

Total revenues in Governmental Activities increased by \$25.8 million as compared to last year. Property tax revenues increased by \$6.7 million, due to an increase in the mill rate and grand list, while most of the \$25.8 million increase in Program Revenues and other general revenues is due to an increase of \$20.3 million in Operating Grants and contributions.

For Governmental Activities, the City's expenses relate as follows: 58.9% - Education; 17.7% - Public Safety; 8.2% - Public Works; 8.1% - General Government; 4.3% - Cultural and Recreation; 2.2% - Health and Welfare; and 0.6% for Interest on Long-Term Debt.

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 \$1.0 million in personal related costs for FY 2014-2015.
- The City also realized budgeted savings from the following: Liability – Automobile-Property (LAP) and workers' compensation insurance savings (\$2.0 million); benefits savings (\$0.9 million); issued fewer bonds/bond anticipation notes (BANS) during the year, but at a preferred rate, thus

saving \$1.8 million in debt service payments and interest expense; \$0.7 million savings in utilities, fuel, heating oil, supplies, maintenance, equipment, and profession/other services.

- Education expenses had increased by \$2.9 million from the prior fiscal year.

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

Business-Type Activities

Business-Type activities increased the City's net position by \$2.3 million or 1.5%. Factors impacting the growth include:

Water Fund: The water fund had a positive change in net position of \$1.2 million for a total ending net position of \$77.4 million. Usage related charges for services remained flat as expenses increased by \$0.4 million, revenues exceeded operating expenses by \$1.3 million. However, this amount was offset by \$329,000 of non-operating expenses and \$242,000 of capital contributions.

Sewer Fund: The sewer fund had a positive change in net position of \$1.3 million for a total ending net position of \$74.1 million. Although usage related charges for services and connection charges declined by nearly \$0.7 million, the net income before capital contributions and transfers resulted in a surplus of \$2.0 million. However, there was also \$200,000 of additional capital contributions and a one-time charge of \$0.5 million for the loss on disposal of capital assets

Ambulance Fund: The ambulance fund had a negative change in net position of \$275,000 for a total ending net position of \$2.9 million. Although usage related charges for services increased by nearly \$0.5 million and operating expenses increased by \$0.15 million, revenues still exceeded operating expenses by \$500,000. However, this amount was decreased by a "one-time" equity transfer to the General Fund to supplement the start-up costs for the Dispatch Center.

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 \$25.3 million. The General Fund and Other Governmental Funds reported fund balances of \$31.4 million and \$(6.1) 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 decreased to \$23.1 million while total fund balance equals \$31.4 million. Approximately \$23.1 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 \$8.3 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 (\$1.1 million), future budget appropriations (\$5.1 million), education (\$1.9 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 9.7% of total general fund expenditures while total fund balance represents 10.1 % of that same amount.

The City of Danbury's General Fund unassigned Budgetary Fund Balance decreased by \$0.8 million during the current fiscal year. \$3.2 million was assigned to the FY 15-16 capital budget while the FY 15-16 budget required the use of appropriated fund balance of \$1.8 million. The revenue challenges for FY 2014-2015 included the following:

- To minimize the use of the appropriated fund balance of \$1.85 million. Fortunately, the City finished with a surplus and did not require the use of any of the FY 2014-2015 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 \$6.2 million in Education Cost Sharing funding (ECS) allocated to the Danbury Board of Education (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 \$0.8 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 \$0.4 million.
- The City received a state reimbursement for outstanding energy payment of \$0.6 million.

Total general fund - fund balance increased to \$31.4 million from \$28.9 million, an increase of \$2.6 million. The General Account (typically called the General Fund) contributed an additional \$2.5 million to the fund balance and \$0.1 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 \$2.6 million to the General Fund Balance for FY 2014-2015.

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

The Vision 2020 fund had an increase of fund balance this year of \$11.3 million due to the permanent financing of BANS.

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 \$77.4 million. During the year, the fund generated operating income of \$1.3 million, a decrease of approximately \$0.3 million from the prior year. Capital contributions totaled \$0.2 million and non-operating expenses totaled \$0.3 million which resulted in the fund increasing its net position by \$1.2 million. Unrestricted net position totaled \$16.4 million at year-end.

Net Position of the Sewer Fund at the end of the year amounted to \$74.1 million. The fund generated operating income of nearly \$2.0 million and capital contributions of about \$0.2 million combined with a one-time charge of \$0.5 million on the loss of disposal of an asset helped to increase the fund's overall net position by \$1.3 million. Unrestricted net position totaled \$11.3 million at year-end.

Net Position of the Ambulance Fund at the end of the year amounted to \$2.9 million. The fund generated operating income of nearly \$0.5 million. Unrestricted net position totaled \$2.1 million at year-end.

General Fund Budgetary Highlights

The difference between the original budgeted expenditures and the final amended budget was \$1.9 million. The major additional appropriations which were authorized by the City Council and approved during the year are summarized below:

- \$265,884 for Continued Appropriations.
- \$229,724 for Prior Year Encumbrances.
- Dispatch services \$1,443,706.

During the year, actual revenues on a budgetary basis were \$234.2 million, \$3.4 million under budgetary estimates, which is primarily due to a budgetary shortfall of intergovernmental revenues offset by budgetary surpluses of \$0.8 million in charges for services. Furthermore, the City had anticipated a planned use of general fund balance of \$1.85 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, 2015, the City of Danbury's investment in capital assets for its governmental and business-type activities amounted to \$483.7 million, net of accumulated depreciation. This investment in capital assets includes land, building and land improvements, machinery and equipment and infrastructure. The total decrease in the City of Danbury's investment in capital assets for the current fiscal year was \$4.2 million.

	June 30, 2015			June 30, 2014		
	Primary Government		Total	Primary Government		Total
	Governmental Activities	Business-type Activities		Governmental Activities	Business-type Activities	
Land	\$ 48,964,594	\$ 1,031,946	\$ 49,996,540	\$ 53,058,647	\$ 1,031,946	\$ 54,090,593
Easements	918,950	-	918,950	918,950	-	918,950
Land Improvements	8,077,843	-	8,077,843	8,778,396	-	8,778,396
Buildings and Improvements	196,008,811	53,837,708	249,846,519	171,221,735	56,044,351	227,266,086
Machinery and Equipment	16,151,322	17,195,876	33,347,198	15,802,239	17,528,806	33,331,045
Infrastructure	51,639,709	66,259,320	117,899,029	50,644,144	67,010,213	117,654,357
Other	-	50,404	50,404	-	-	-
Construction in Progress	13,357,072	10,183,458	23,540,530	35,659,690	10,163,147	45,822,837
Total	\$ 335,118,301	\$ 148,558,712	\$ 483,677,013	\$ 336,083,801	\$ 151,778,463	\$ 487,862,264

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

- Executed lease for School technology upgrades for \$750,000
- Construction and renovation to four schools associated with the Vision 2020 bond referendum for \$6.75 million
- Purchased public safety replacement vehicles for Police (\$436,000) and Fire (\$106,000) departments
- Replaced Public Works equipment and vehicles for \$1,018,000
- Repairs and renovations to various city and school buildings for \$414,000
- Road reconstruction, repaving, drainage, and intersection improvements to various city streets for \$1,375,000
- Began streetscape improvements on Foster Street - \$385,000
- Began construction of Mill Ridge multipurpose field - \$1,043,000

- Began roof replacement projects for the following schools:
 - Rogers Park Middle School - \$93,000
 - King Street Intermediate - \$264,000
 - Hayestown Avenue - \$239,000
 - South Street - \$208,000
 - Osborne Street - \$157,000
- Began the dredging and wall repair of the Still River Channel for \$91,000
- Completed renovations/upgrades to Police Headquarters for \$339,000
- Purchased equipment for public safety communications for \$122,000
- Replaced City Hall Boiler for \$286,000
- Replaced Great Plain School's roof for \$1,031,000
- Completed roof replacement at Morris Street School for \$394,000
- Purchase property and cleared for park - \$137,000
- Completed streetscape improvements on Spring Street - \$402,000
- Completed Construction of Skate Park - \$106,000
- Completed various Park improvement projects for \$181,000
- Bridge Improvements of \$868,000

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 \$178.4 million. One-hundred percent of this debt is backed by the full faith and credit of the city government.

	June 30, 2015			June 30, 2014		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
General Obligation Bonds	\$ 124,087,349	\$ 17,012,651	\$ 141,100,000	\$ 122,616,599	\$ 19,393,401	\$ 142,010,000
Bond Anticipation Notes	30,900,000	700,000	31,600,000	39,500,000	500,000	40,000,000
Notes Payable	734,000	5,009,539	5,743,539	806,000	5,271,613	6,077,613
Total	\$ 155,721,349	\$ 22,722,190	\$ 178,443,539	\$ 162,922,599	\$ 25,165,014	\$ 188,087,613

The City of Danbury's total debt decreased by \$9.6 million during the current fiscal year, due to a decrease of approximately \$1.0 million in long-term debt and a \$8.4 million decrease in short-term debt.

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 \$1,338 million. As of June 30, 2015 the City recorded long-term debt of \$124.1 million related to Governmental Activities and \$17.0 million related to Business-Type Activities, and other debt of \$31.6 million related to Governmental Activities and \$5.7 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 2015, the unemployment rate for the Danbury Labor Market Area was 3.8%, the lowest in the State of Connecticut. Connecticut's unemployment rate was 4.8% 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 (Deficit)
June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 33,941,579	\$ 22,896,404	\$ 56,837,983
Investments	11,417,220	-	11,417,220
Receivables (net of allowances for collection losses):			
Property taxes	7,740,798	-	7,740,798
Special assessments	-	2,526,459	2,526,459
Accounts receivable	3,520,346	-	3,520,346
Federal and state governments	13,323,605	-	13,323,605
User charges	-	4,145,656	4,145,656
Other receivable	-	121,942	121,942
Unbilled services	-	2,933,696	2,933,696
Inventories	51,242	429,939	481,181
Due from fiduciary fund	20,948	-	20,948
Internal balances	2,861,829	(2,861,829)	-
Other assets	4,357,152	1,215,138	5,572,290
Restricted cash	18,837,329	-	18,837,329
Capital assets, not being depreciated	63,240,616	11,215,404	74,456,020
Capital assets, net of accumulated depreciation	271,877,685	137,343,308	409,220,993
Total assets	431,190,349	179,966,117	611,156,466
Deferred Outflows of Resources			
Pension expense	8,649,868	-	8,649,868
Deferred charges on refunding	1,826,642	751,663	2,578,305
Total deferred outflows of resources	10,476,510	751,663	11,228,173
Liabilities			
Accounts payable	11,702,994	655,069	12,358,063
Accrued liabilities	15,808,417	523,107	16,331,524
Unearned revenues	4,531,547	1,136,721	5,668,268
Bond anticipation notes payable	23,000,000	700,000	23,700,000
Noncurrent liabilities:			
Due within one year	16,065,950	2,195,392	18,261,342
Due in more than one year	300,475,186	21,108,779	321,583,965
Total liabilities	371,584,094	26,319,068	397,903,162
Deferred Inflows of Resources			
Pension credit	122,956	-	122,956
Advanced tax collections	1,783,966	-	1,783,966
Total deferred inflows of resources	1,906,922	-	1,906,922
Net Position (Deficit)			
Net Investment in capital assets	200,188,682	124,554,541	324,743,223
Restricted for			
Culture and recreation	5,396	-	5,396
Loans	(541,082)	-	(541,082)
Unrestricted (deficit)	(131,477,153)	29,844,171	(101,632,982)
Total net position (deficit)	\$ 68,175,843	\$ 154,398,712	\$ 222,574,555

See Notes to Financial Statements.

Component Units

	Danbury Parking Authority	Richter Park Authority	Tarrywile Park Authority	Danbury Museum and Historical Society Authority	Charles Ives Authority for the Performing Arts
\$	218,936	\$ 138,370	\$ 144,764	\$ 75,720	\$ 64,599
	-	-	-	-	-
	-	-	-	-	-
	49,294	-	10,645	-	23,555
	-	-	-	-	41,553
	-	-	-	1,250	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	3,588	84,900	-	-	3,800
	-	-	10,991	-	-
	-	842,385	-	292,792	-
	199,477	2,273,357	79,215	578,701	14,892
	471,295	3,339,012	245,615	948,463	148,399
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	124,943	317,275	11,943	57,944	68,633
	23,440	69,103	49,118	2,833	734
	12,642	182,195	-	-	-
	-	-	-	-	-
	8,000	542,257	-	-	-
	2,000	795,070	11,763	16	-
	171,025	1,905,900	72,824	60,793	69,367
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	189,477	1,994,447	79,215	871,493	14,892
	-	-	4,814	20,353	-
	-	-	-	-	-
	110,793	(561,335)	88,762	(4,176)	64,140
\$	300,270	\$ 1,433,112	\$ 172,791	\$ 887,670	\$ 79,032

City of Danbury, Connecticut

Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ (24,108,092)	\$ 3,565,479	\$ -	\$ -
Public safety	(52,714,836)	4,278,270	542,121	-
Public works	(24,344,364)	452,660	4,673,957	2,238,441
Health and welfare	(6,580,927)	400,127	469,021	947,682
Culture and recreation	(12,668,352)	224,400	7,296	-
Education	(175,282,101)	3,656,198	71,719,271	14,404,734
Interest on long-term debt	(1,830,478)	-	-	-
Total governmental activities	(297,529,150)	12,577,134	77,411,666	17,590,857
Business-type activities:				
Water	(8,085,988)	8,995,954	-	242,095
Sewer	(10,433,054)	11,577,684	-	200,820
Ambulance	(2,923,927)	3,572,495	-	-
Total business-type activities	(21,442,969)	24,146,133	-	442,915
Total primary government	(318,972,119)	36,723,267	77,411,666	18,033,772
Component Units				
Danbury Parking Authority	(1,091,473)	1,018,811	-	-
Richter Park Authority	(2,417,091)	2,259,774	-	-
Tarrywile Park Authority	(392,004)	150,147	-	-
Danbury Museum and Historical Society Authority	(217,519)	319,439	-	-
Charles Ives Authority for the Performing Arts	(588,953)	450,358	-	-
Total component units	\$ (4,707,040)	\$ 4,198,529	\$ -	\$ -

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

Change in net position (deficit)

Net position (deficit) - beginning, as restated (Note 1)

Net position (deficit) - 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
\$ (20,542,613)	\$ -	\$ (20,542,613)	\$ -	\$ -	\$ -	\$ -	\$ -
(47,894,445)	-	(47,894,445)	-	-	-	-	-
(16,979,306)	-	(16,979,306)	-	-	-	-	-
(4,764,097)	-	(4,764,097)	-	-	-	-	-
(12,436,656)	-	(12,436,656)	-	-	-	-	-
(85,501,898)	-	(85,501,898)	-	-	-	-	-
(1,830,478)	-	(1,830,478)	-	-	-	-	-
(189,949,493)	-	(189,949,493)	-	-	-	-	-
-	1,152,061	1,152,061	-	-	-	-	-
-	1,345,450	1,345,450	-	-	-	-	-
-	648,568	648,568	-	-	-	-	-
-	3,146,079	3,146,079	-	-	-	-	-
(189,949,493)	3,146,079	(186,803,414)	-	-	-	-	-
-	-	-	(72,662)	-	-	-	-
-	-	-	-	(157,317)	-	-	-
-	-	-	-	-	(241,857)	-	-
-	-	-	-	-	-	101,920	-
-	-	-	-	-	-	-	(138,595)
-	-	-	(72,662)	(157,317)	(241,857)	101,920	(138,595)
190,022,731	-	190,022,731	-	-	-	-	-
5,501,381	4,889	5,506,270	-	-	218,153	-	85,998
121,400	24,501	145,901	-	-	148	-	-
925,000	(925,000)	-	-	-	-	-	-
196,570,512	(895,610)	195,674,902	-	-	218,301	-	85,998
6,621,019	2,250,469	8,871,488	(72,662)	(157,317)	(23,556)	101,920	(52,597)
61,554,824	152,148,243	213,703,067	372,932	1,590,429	196,347	785,750	131,629
\$ 68,175,843	\$ 154,398,712	\$ 222,574,555	\$ 300,270	\$ 1,433,112	\$ 172,791	\$ 887,670	\$ 79,032

City of Danbury, Connecticut

Balance Sheet - Governmental Funds
June 30, 2015

	General	Miscellaneous Special Revenue	Vision 2020	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 11,693,839	\$ 4,383,152	\$ 12,393,543	\$ 19,254,687	\$ 47,725,221
Investments	11,417,220	-	-	-	11,417,220
Receivables (net of allowances for collection losses):					
Property taxes	7,740,798	-	-	-	7,740,798
Contract receivable	-	-	-	178,490	178,490
State and federal governments	2,072,400	958,260	5,461,734	4,831,211	13,323,605
Accounts receivable	2,364,652	14,268	-	521,056	2,899,976
Inventories	-	-	-	51,242	51,242
Other assets	4,357,152	-	-	-	4,357,152
Due from other funds	13,786,113	898,200	-	19,497	14,703,810
Total assets	\$ 53,432,174	\$ 6,253,880	\$ 17,855,277	\$ 24,856,183	\$ 102,397,514
Liabilities					
Accounts payable	\$ 3,189,178	\$ 631,208	\$ 1,508,564	\$ 4,518,412	\$ 9,847,362
Accrued wages	1,967,317	-	-	85,140	2,052,457
Due to other funds	8,003,492	1,466,074	1,339	10,188,678	19,659,583
Unearned revenue	177,886	2,935,971	-	1,417,690	4,531,547
Bond anticipation notes payable	-	-	20,500,000	2,500,000	23,000,000
Total liabilities	13,337,873	5,033,253	22,009,903	18,709,920	59,090,949
Deferred Inflows of Resources					
Unavailable revenues	8,654,811	759,789	5,461,734	3,156,608	18,032,942
Total liabilities	8,654,811	759,789	5,461,734	3,156,608	18,032,942
Fund Balances (Deficits)					
Nonspendable	4,357,152	-	-	1,534,375	5,891,527
Restricted	11,735	-	-	836,092	847,827
Committed	-	1,774,707	577,472	6,002,415	8,354,594
Assigned	4,005,403	-	-	-	4,005,403
Unassigned	23,065,200	(1,313,869)	(10,193,832)	(5,383,227)	6,174,272
Total fund balances (deficits)	31,439,490	460,838	(9,616,360)	2,989,655	25,273,623
Total liabilities and fund balances (deficits)	\$ 53,432,174	\$ 6,253,880	\$ 17,855,277	\$ 24,856,183	

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

Capital assets, net of accumulated depreciation of \$335,118,301, 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.	335,118,301
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(316,541,136)
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 (deficit).	40,690
Pension expense	8,649,868
Pension credit	(122,956)
Deferred charges on refundings	1,826,642
Unavailable revenue	16,248,976
Accrued interest	(2,318,165)

Net position (deficit) of governmental activities

\$ 68,175,843

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, 2015

	General	Miscellaneous Special Revenue	Vision 2020	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 188,467,780	\$ -	\$ -	\$ -	\$ 188,467,780
State and federal governments	48,767,079	3,105,951	14,404,734	32,647,745	98,925,509
Licenses and permits	3,855,787	-	-	2,017,717	5,873,504
Charges for services	5,901,523	345,062	-	209,200	6,455,785
Fines and penalties	1,687,742	-	-	-	1,687,742
Investment income	115,630	-	-	5,770	121,400
Contributions	-	39,968	-	70	40,038
Total revenues	248,795,541	3,490,981	14,404,734	34,880,502	301,571,758
Expenditures					
Current					
General government	9,656,623	326,957	-	66,704	10,050,284
Public safety	33,938,144	738,542	-	255,078	34,931,764
Public works	9,416,623	-	-	442,118	9,858,741
Health and welfare	1,973,258	1,095,582	-	1,599,115	4,667,955
Culture and recreation	2,630,485	-	-	36,960	2,667,445
Education	141,957,467	-	-	30,067,560	172,025,027
Pension and other employee benefits	31,009,090	226	-	-	31,009,316
Debt service					
Principal retirements	9,529,250	-	-	-	9,529,250
Interest and other charges	4,974,937	-	523,543	37,396	5,535,876
Capital outlay	1,005,435	1,640,997	7,956,336	9,829,354	20,432,122
Total expenditures	246,091,312	3,802,304	8,479,879	42,334,285	300,707,780
Excess (deficiency) of revenues over (under) expenditures	2,704,229	(311,323)	5,924,855	(7,453,783)	863,978
Other Financing Sources (Uses)					
Transfers in	925,000	813,616	-	5,550,000	7,288,616
Transfers out	(5,550,000)	-	(353,553)	(460,063)	(6,363,616)
Sale of assets	3,253,129	-	-	-	3,253,129
Issuance of bonds	-	-	250,000	-	250,000
Issuance of bond anticipation notes	-	-	5,500,000	2,400,000	7,900,000
Issuance of capital leases	750,000	-	-	-	750,000
Premium on bonds	502,810	-	-	-	502,810
Total other financing sources (uses)	(119,061)	813,616	5,396,447	7,489,937	13,580,939
Net change in fund balances (deficits)	2,585,168	502,293	11,321,302	36,154	14,444,917
Fund Balances (Deficits), Beginning	28,854,322	(41,455)	(20,937,662)	2,953,501	10,828,706
Fund Balances (Deficits), Ending	\$ 31,439,490	\$ 460,838	\$ (9,616,360)	\$ 2,989,655	\$ 25,273,623

See Notes to Financial Statements.

City of Danbury, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) of
 Governmental Funds to the Statement of Activities
 Year Ended June 30, 2015

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

Net change in fund balances – total governmental funds \$ 14,444,917

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 (965,500)

Pension expense 8,649,868

Pension credit (122,956)

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.

Taxes and related interest	115,053
Miscellaneous revenue	44,207
Intergovernmental revenue and other	1,494,151

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. 3,858,233

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. (20,896,954)

Change in net position (deficit) of governmental activities \$ 6,621,019

See Notes to Financial Statements.

City of Danbury, Connecticut

Statement of Net Position - Proprietary Funds
June 30, 2015

	Business-Type Activities - Enterprise Funds				Governmental
	Major		Nonmajor	Totals	Internal Service Funds
	Water	Sewer	Ambulance		
Assets					
Current Assets					
Cash and cash equivalents	\$ 13,000,166	\$ 9,162,380	\$ 733,858	\$ 22,896,404	\$ 5,053,687
Receivables (net of allowances for collection losses):					
Unbilled services	1,415,310	1,518,386	-	2,933,696	-
Special assessments receivable	64,794	251,248	-	316,042	-
User charges	1,272,261	1,490,682	1,382,713	4,145,656	-
Due from other funds	34,374	718,563	-	752,937	7,946,770
Prepaid	297,970	911,874	5,294	1,215,138	-
Other	-	121,942	-	121,942	441,880
Inventories	429,939	-	-	429,939	-
Total current assets	16,514,814	14,175,075	2,121,865	32,811,754	13,442,337
Noncurrent Assets					
Capital assets (net of accumulated depreciation)	70,617,485	77,168,690	772,537	148,558,712	-
Special assessments receivable, net	257,491	1,952,926	-	2,210,417	-
Total noncurrent assets	70,874,976	79,121,616	772,537	150,769,129	-
Total assets	87,389,790	93,296,691	2,894,402	183,580,883	13,442,337
Deferred outflows of resources					
Deferred charges on refunding	413,525	338,138	-	751,663	-
Total deferred outflows of resources	413,525	338,138	-	751,663	-
Liabilities					
Current Liabilities					
Accrued liabilities	355,147	167,960	-	523,107	11,437,795
Accounts payable	170,417	449,814	34,838	655,069	1,855,632
Due to other funds	237,363	3,377,403	-	3,614,766	108,220
Unearned revenues	-	1,136,721	-	1,136,721	-
Bonds and notes payable	1,119,492	1,075,900	-	2,195,392	-
Bond anticipation notes payable	-	700,000	-	700,000	-
Total current liabilities	1,882,419	6,907,798	34,838	8,825,055	13,401,647
Noncurrent Liabilities					
Bonds payable (net of unamortized premium)	8,512,087	12,596,692	-	21,108,779	-
Total noncurrent liabilities	8,512,087	12,596,692	-	21,108,779	-
Total liabilities	10,394,506	19,504,490	34,838	29,933,834	13,401,647
Net Position					
Net investment in capital assets	60,985,906	62,796,098	772,537	124,554,541	-
Unrestricted	16,422,903	11,334,241	2,087,027	29,844,171	40,690
Total net position	\$ 77,408,809	\$ 74,130,339	\$ 2,859,564	\$ 154,398,712	\$ 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, 2015

	Business-Type Activities - Enterprise Funds				Governmental
	Water	Sewer	Ambulance	Totals	Internal Service Funds
Operating Revenues					
Charges for services	\$ 8,995,954	\$ 11,212,904	\$ 3,423,650	\$ 23,632,508	\$ 18,221,575
Septic and connection fees	-	364,780	-	364,780	-
Total operating revenues	8,995,954	11,577,684	3,423,650	23,997,288	18,221,575
Operating Expenses					
Salaries, benefits and claims	4,460,769	288,937	1,978,939	6,728,645	-
Materials and supplies	603,402	-	-	603,402	-
Depreciation	1,525,483	3,057,787	97,631	4,680,901	-
Utilities	868,586	-	-	868,586	-
Administrative and operating	275,544	6,186,070	847,357	7,308,971	18,221,575
Total operating expenses	7,733,784	9,532,794	2,923,927	20,190,505	18,221,575
Operating income	1,262,170	2,044,890	499,723	3,806,783	-
Nonoperating Revenues (Expenses)					
Interest income	23,508	3	990	24,501	-
Interest expense	(352,204)	(400,260)	-	(752,464)	-
Total nonoperating revenues (expenses)	(328,696)	(400,257)	990	(727,963)	-
Net income before capital contributions and transfers	933,474	1,644,633	500,713	3,078,820	-
Capital Contributions	242,095	200,820	148,845	591,760	-
Loss on disposal of capital assets	-	(500,000)	-	(500,000)	-
Sale of assets	4,889	-	-	4,889	-
Transfers out	-	-	(925,000)	(925,000)	-
Change in net position	1,180,458	1,345,453	(275,442)	2,250,469	-
Net Position, Beginning	76,228,351	72,784,886	3,135,006	\$ 152,148,243	\$ 40,690
Net Position, Ending	\$ 77,408,809	\$ 74,130,339	\$ 2,859,564	\$ 154,398,712	\$ 40,690

See Notes to Financial Statements.

City of Danbury, Connecticut

Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Ambulance	Totals	Internal Service Funds
Cash Flows From Operating Activities					
Receipts from customers and users	\$ 8,836,607	\$ 11,142,342	\$ 3,263,172	\$ 23,242,121	\$ 17,347,706
Payments to suppliers/claims paid	(1,871,271)	(6,504,248)	(1,020,405)	(9,395,924)	(14,579,379)
Payments to employees	(4,361,502)	(288,937)	(1,978,939)	(6,629,378)	-
Net cash provided by operating activities	2,603,834	4,349,157	263,828	7,216,819	2,768,327
Cash Flows from NonCapital Financing Activities					
Transfers to other funds	-	-	(925,000)	(925,000)	-
Cash Flows From Capital and Related Financing Activities					
Principal payments on debt	(1,552,750)	(890,074)	-	(2,442,824)	-
Interest paid on debt	(682,055)	(472,555)	-	(1,154,610)	-
Capital contributions	162,630	200,820	-	363,450	-
Purchase of capital assets	(179,710)	(870,658)	(326,428)	(1,376,796)	-
Net cash used in capital and related financing activities	(2,251,885)	(2,032,467)	(326,428)	(4,610,780)	-
Cash Flows From Investing Activities					
Interest received on investments	23,508	3	990	24,501	-
Net cash provided by investing activities	23,508	3	990	24,501	-
Net increase (decrease) in cash and cash equivalents	375,457	2,316,693	(986,610)	1,705,540	2,768,327
Cash and Cash Equivalents					
Beginning	12,624,709	6,845,687	1,720,468	21,190,864	2,285,360
Ending	<u>\$ 13,000,166</u>	<u>\$ 9,162,380</u>	<u>\$ 733,858</u>	<u>\$ 22,896,404</u>	<u>\$ 5,053,687</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating income	\$ 1,262,170	\$ 2,044,890	\$ 499,723	\$ 3,806,783	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	1,525,483	3,057,787	97,631	4,680,901	-
Loss on disposal of capital assets	-	(500,000)	-	(500,000)	-
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(159,347)	(13,798)	(513,413)	(686,558)	(441,880)
Increase in other assets	(88,329)	78,460	352,935	343,066	-
(Decrease) increase in accrued expenses	11,090	(408,137)	(173,048)	(570,095)	3,533,976
Decrease (increase) in due to/from other funds	52,767	589,959	-	642,726	(323,769)
Increase in unearned revenue	-	(500,004)	-	(500,004)	-
Net cash provided by operating activities	\$ 2,603,834	\$ 4,349,157	\$ 263,828	\$ 7,216,819	\$ 2,768,327
Supplemental Schedule of Noncash Financing Activities					
Amortization of gain on refunded debt	\$ 67,296	\$ 42,110	\$ -	\$ 109,406	\$ -
Amortization of premium on refunded debt	\$ 125,446	\$ 99,681	\$ -	\$ 225,127	\$ -

See Notes to Financial Statements.

City of Danbury, Connecticut

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2015

	Trust Funds	Private Purpose Trust Fund	Agency Funds
Assets			
Cash and cash equivalents	\$ 14,319,670	\$ 1,374	\$ 3,734,004
Investments, at fair value			
Common stock	27,859,053	-	-
Debt securities	7,584,510	-	-
Equity and fixed income mutual funds	109,754,145	-	-
Private hedge funds	99,906,113	-	-
Total investments	245,103,821	-	-
Accrued interest and dividends	117,823	-	-
Pending sales	46,149	-	-
Total assets	259,587,463	1,374	3,734,004
Liabilities			
Pending purchases	3,237,464	-	-
Due to other funds	20,948	-	-
Other liabilities	46,129	-	3,734,004
	3,304,541	-	3,734,004
Net Position- Restricted for Pension Benefits and Other Purposes	\$ 256,282,922	\$ 1,374	\$ -

See Notes to Financial Statements.

City of Danbury, Connecticut

Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended June 30, 2015

	Trust Funds	Private Purpose Trust Fund
Additions		
Contributions:		
Employer	\$ 26,787,867	\$ -
Plan members	1,213,641	-
Total contributions	28,001,508	-
Investment Income:		
Net appreciation in fair value of investments	1,230,215	-
Interest and dividends	8,809,109	5
	10,039,324	5
Less investment expenses:		
Investment management fees	807,753	-
Net investment income	9,231,571	5
Deductions		
Benefits	36,716,120	-
Change in net position	516,959	5
Net Position - Restricted for Pension Benefits and Other Purposes		
Beginning of year	255,765,963	1,369
End of year	\$ 256,282,922	\$ 1,374

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. 68, *Accounting and Financial Reporting for Pensions, and its amendment, GASB Statement No. 71*, was implemented on July 1, 2014. These statements revised and established new financial reporting requirements for most governments that provide their employees with pension benefits. Among other requirements, GASB Statement No. 68 required governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time and calls for immediate recognition of more pension expense than is currently required. The effects of the implementation of these statements are that a net pension liability of \$80,327,349 was recorded on the government-wide financial statements and net position was reduced by the same amount. Details can be found in Note 11. The adoption of these GASB standards also provided additional disclosures for the State Teachers' Retirement Plan.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, was implemented on July 1, 2014. This statement provided guidance for determining whether a specific government combination is a government merger, acquisition, or a transfer of operations, which will improve accounting for mergers and acquisitions among state and local governments. 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. The information presented for Tarrywile is for the year ended June 30, 2015.

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 information presented for the Parking Authority is for the year ended June 30, 2015.

Richter Park is responsible for independent control over the operation of the Stanley L. Richter Memorial Park (Richter 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. The information presented for Richter Park is for the year ended December 31, 2014.

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 information presented for the Authority is for the year ended June 30, 2015.

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 information presented for Charles Ives is for the year ended September 30, 2014.

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, and the Housatonic Area Regional Transit 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. This fund is considered major for public interest purposes.

The *Vision 2020 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 amounts reported in the financial statements and accompanying notes. 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 \$5,100,000. 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:

<u>Capital Assets</u>	<u>Years</u>
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 net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports a deferred charge on refunding and deferred outflows related to pension in the government-wide statement of net position. A deferred charge on 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. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 a deferred inflow of resources related to pensions in the government-wide statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). Also, for governmental funds, the City reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes, interest on property taxes, and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available. The City reports advanced property tax collections in the government-wide statement of net position (deficit) and governmental fund balance sheet. Advance property tax collections represent taxes inherently associated with a future period. The amount is recognized during the period in which the revenue is associated.

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.

Net pension liability: The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

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.

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.

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Retirement Plans and additions to/deductions from the Retirement Plans' fiduciary net position have been determined on the same basis as they are reported by the Retirement Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

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 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.

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

- *Net Investment in Capital Assets* – The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- *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.

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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	\$ (131,987,349)
Add: unamortized premium	(9,416,064)
Capital leases payable	(14,739,984)
Compensated absences	(3,168,712)
Heart and hypertension	(2,018,526)
Pollution remediation obligation	(3,172,307)
Landfill closure	(7,250,259)
HUD-Section 108 loans	(734,000)
Legal claims and other	(750,000)
Net pension liability	(90,056,035)
OPEB obligations	(53,047,900)
Easement obligations	(200,000)
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	\$ (316,541,136)

City of Danbury, Connecticut

Notes to Financial Statements

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

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	\$ 11,632,922
Depreciation expense	(12,514,799)
Loss on disposal of capital assets	<u>(83,623)</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>\$ (965,500)</u></u>

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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)	\$ (18,900,000)
Bond premium	(502,810)
Issuance of capital leases	(750,000)
Principal repayments	
General obligation debt	20,351,250
Amortization of premiums	1,475,436
Amortization of premiums deferred charges	(273,381)
Capital leases	<u>2,457,738</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>\$ 3,858,233</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.

City of Danbury, Connecticut

Notes to Financial Statements

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

Compensated absences	\$ 39,993
Heart and hypertension	(1,022,081)
Other post-employment benefits	(8,335,200)
Accrued interest	(26,395)
Net pension liability	(9,728,686)
Landfill closure	425,415
Other liabilities	(2,250,000)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (20,896,954)</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.

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, 2015, \$85,035,285 of the City's bank balance of \$96,018,646 was uninsured and uncollateralized.

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. Treasury Notes	\$ 7,522,491	\$ 3,373,483	\$ 3,958,242	\$ 190,766	\$ -
U.S. Government Agencies	6,821,315	1,190,772	3,569,003	1,066,521	995,019
Asset Backed Securities	1,486,160	1,078,278	407,882	-	-
Fixed Income Funds	24,680,213	-	9,187,954	6,372,988	9,119,271
Foreign Bonds	274,429	238,259	36,170	-	-
Corporate Bonds	2,897,335	2,897,335	-	-	-
Total	\$ 43,681,943	\$ 8,778,127	\$ 17,159,251	\$ 7,630,275	\$ 10,114,290

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. Presented below is the minimum rating as required for each debt type investment:

Average Rating	U.S. Government Agencies	Asset Backed Securities	Fixed Income Funds	Foreign Bonds	Corporate Bonds
AAA	\$ -	\$ 565,509	\$ 12,002,159	\$ -	\$ -
AA+	2,753,928	-	-	-	119,272
AA	-	-	1,877,775	44,944	-
AA-	-	-	-	36,170	-
A+	-	-	-	39,808	250,156
A	-	-	2,882,351	-	305,842
A-	-	-	-	-	638,077
BBB+	-	-	-	153,507	570,559
BBB	-	-	1,886,463	-	502,406
BBB-	-	-	-	-	337,357
BB+	-	-	-	-	92,363
BB	-	-	1,802,973	-	-
B	-	-	1,928,327	-	-
CCC	-	-	1,268,342	-	-
Unrated	4,067,387	920,651	1,031,823	-	81,303
	\$ 6,821,315	\$ 1,486,160	\$ 24,680,213	\$ 274,429	\$ 2,897,335

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	\$ 6,616,142	\$ -
Advance property tax collections	1,783,966	-
Other	254,703	177,886
Miscellaneous special revenue		
Grants and other	759,789	2,935,971
Vision 2020		
Grants and other	5,461,734	-
Nonmajor funds		
Grants and other	3,156,608	1,417,690
	<u>\$ 18,032,942</u>	<u>\$ 4,531,547</u>

Note 5. Interfund Receivables, Payables and Transfers

As of June 30, 2015, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 13,786,113	\$ 8,003,492
Miscellaneous funds	898,200	1,466,074
Vision 202	-	1,339
Water	34,374	237,363
Sewer	718,563	3,377,403
Nonmajor and other funds	7,966,267	10,317,846
Totals	<u>\$ 23,403,517</u>	<u>\$ 23,403,517</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, 2015, were as follows:

	Transfers in:	
	Transfers In	Transfers Out
General Fund	\$ 925,000	\$ 5,550,000
Vision 2020	-	353,553
Miscellaneous special revenue	813,616	-
Nonmajor governmental funds and other	5,550,000	1,385,063
Total	\$ 7,288,616	\$ 7,288,616

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, 2015, was as follows:

	Beginning Balance	Increases/ Transfers	Transfers/ Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 53,058,647	\$ 173,247	\$ (4,267,300)	\$ 48,964,594
Easements	918,950	-	-	918,950
Construction in progress	35,659,690	11,504,056	(33,806,674)	13,357,072
Total capital assets, not being depreciated	89,637,287	11,677,303	(38,073,974)	63,240,616
Capital assets, being depreciated:				
Land improvements	14,535,291	-	-	14,535,291
Buildings and improvements	244,301,239	30,402,596	-	274,703,835
Machinery and equipment	51,447,234	3,838,028	(900,635)	54,384,627
Infrastructure	142,609,638	3,788,969	-	146,398,607
Total capital assets being depreciated	452,893,402	38,029,593	(900,635)	490,022,360
Less accumulated depreciation for:				
Land improvements	5,756,895	700,553	-	6,457,448
Buildings and improvements	73,079,504	5,615,520	-	78,695,024
Machinery and equipment	35,644,995	3,405,322	(817,012)	38,233,305
Infrastructure	91,965,494	2,793,404	-	94,758,898
Total accumulated depreciation	206,446,888	12,514,799	(817,012)	218,144,675
Total capital assets, being depreciated, net	246,446,514	25,514,794	(83,623)	271,877,685
Governmental activities capital assets, net	\$ 336,083,801	\$ 37,192,097	\$ (38,157,597)	\$ 335,118,301

City of Danbury, Connecticut

Notes to Financial Statements

Note 6. Capital Assets (Continued)

	Beginning Balance	Increases/ Transfers/ Reclassifications	Decreases/ Transfers/ Reclassifications	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 1,031,946	\$ -	\$ -	\$ 1,031,946
Construction in progress	10,163,147	1,286,460	(1,266,149)	10,183,458
Total capital assets, not being depreciated	11,195,093	1,286,460	(1,266,149)	11,215,404
Capital assets, being depreciated:				
Buildings and improvements	109,078,829	438,772	-	109,517,601
Machinery and equipment	27,969,990	553,523	(87,614)	28,435,899
Distribution and collection systems	91,332,657	397,286	-	91,729,943
Other	907,217	51,258	-	958,475
Furniture and fixtures	287,704	-	-	287,704
Total capital assets, being depreciated	229,576,397	1,440,839	(87,614)	230,929,622
Less accumulated depreciation for:				
Buildings and improvements	53,034,478	2,645,415	-	55,679,893
Machinery and equipment	10,441,184	886,453	(87,614)	11,240,023
Distribution and collection systems	24,322,444	1,148,179	-	25,470,623
Other	907,217	854	-	908,071
Furniture and fixtures	287,704	-	-	287,704
Total accumulated depreciation	88,993,027	4,680,901	(87,614)	93,586,314
Total capital assets, being depreciated, net	140,583,370	(3,240,062)	-	137,343,308
Business-type capital assets, net	\$ 151,778,463	\$ (1,953,602)	\$ (1,266,149)	\$ 148,558,712

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		\$ 1,589,143
Public safety		2,104,515
Public works, including depreciation of general infrastructure assets		2,931,829
Health and welfare		78,978
Culture and recreation		844,631
Education		4,965,703
Total depreciation expense – governmental activities		<u><u>\$ 12,514,799</u></u>
Business-type activities		
Sewer		\$ 3,057,787
Water		1,525,483
Ambulance		97,631
Total depreciation expense – business-type activities		<u><u>\$ 4,680,901</u></u>

Discretely presented component units: Activity for the Danbury Parking Authority for the year ended June 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated				
Buildings and improvements	\$ 274,257	\$ 10,743	\$ -	\$ 285,000
Machinery and equipment	547,858	4,748	(1,620)	550,986
Computer equipment	22,506	1,163	-	23,669
Total capital assets, being depreciated	<u>844,621</u>	<u>16,654</u>	<u>(1,620)</u>	<u>859,655</u>
Less accumulated depreciation for:				
Buildings and improvements	136,803	13,965	-	150,768
Machinery and equipment	471,011	17,462	(1,620)	486,853
Computer equipment	21,451	1,106	-	22,557
Total accumulated depreciation	<u>629,265</u>	<u>32,533</u>	<u>(1,620)</u>	<u>660,178</u>
Total capital assets, being depreciated, net	<u><u>\$ 215,356</u></u>	<u><u>\$ (15,879)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 199,477</u></u>

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, 2014, 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	3,810,604	65,365	-	3,875,969
Building and improvements	2,466,208	-	-	2,466,208
Machinery and equipment	1,635,899	19,815	(62,565)	1,593,149
Totals, capital assets being depreciated	7,912,711	85,180	(62,565)	7,935,326
Less accumulated depreciation for:				
Course development improvements	2,424,784	175,945	-	2,600,729
Building and improvements	1,802,163	76,443	-	1,878,606
Machinery and equipment	1,087,220	157,137	(61,723)	1,182,634
Total accumulated depreciation	5,314,167	409,525	(61,723)	5,661,969
Total capital assets, being depreciated, net	2,598,544	(324,345)	(842)	2,273,357
Total capital assets, net	\$ 3,440,929	\$ (324,345)	\$ (842)	\$ 3,115,742

Activity for the Tarrywile Park Authority for the year ended June 30, 2015, 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
Total capital assets, being depreciated	351,410	-	-	351,410
Less accumulated depreciation for:				
Buildings and improvements	124,896	8,695	-	133,591
Ground maintenance equipment	42,125	1,944	-	44,069
Administrative equipment	88,272	1,268	-	89,540
Vehicles	2,997	1,998	-	4,995
Total accumulated depreciation	258,290	13,905	-	272,195
Total capital assets, being depreciated, net	\$ 93,120	\$ (13,905)	\$ -	\$ 79,215

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, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated:				
Land	\$ 128,790	\$ -	\$ -	\$ 128,790
Construction in progress	-	164,002	-	164,002
Total capital assets, not being depreciated	128,790	164,002	-	292,792
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	109,305	-	625,262
Machinery and equipment	15,100	6,000	-	21,100
Furniture and fixtures	13,814	4,000	-	17,814
Total accumulated depreciation	544,871	119,305	-	664,176
Total capital assets, being depreciated, net	698,006	(119,305)	-	578,701
Total capital assets, net	\$ 826,796	\$ 44,697	\$ -	\$ 871,493

Activity for the Charles Ives Authority for the Performing Arts for the year ended September 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated				
Machinery and equipment	\$ 114,112	\$ 1,434	\$ -	\$ 115,546
Total capital assets, being depreciated	114,112	1,434	-	115,546
Less accumulated depreciation for:				
Machinery and equipment	94,535	6,119	-	100,654
Total accumulated depreciation	94,535	6,119	-	100,654
Total capital assets, net	\$ 19,577	\$ (4,685)	\$ -	\$ 14,892

City of Danbury, Connecticut

Notes to Financial Statements

Note 7. Bond Anticipation Notes Payable

The City has \$31,600,000 of bond anticipation notes outstanding as of June 30, 2015. The bond anticipation notes bear interest at 1.0% and a yield of 0.11% and mature on July 23, 2015. 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, 2015, were as follows:

Outstanding, July 1, 2014	\$ 40,000,000
Borrowings	31,600,000
Repayments	(40,000,000)
Outstanding, June 30, 2015	<u>\$ 31,600,000</u>
Reported as:	
Long-term debt - governmental	<u>\$ 7,900,000</u>
Short-term debt - governmental	<u>\$ 23,000,000</u>
Short-term debt - business-type	<u>\$ 700,000</u>

Of the \$31,600,000 outstanding at June 30, 2015, \$23,700,000 was rolled into General Obligation Bond Anticipation Notes on July 23, 2015. See Note 16.

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2015, was as follows:

	Beginning Balance*	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds and notes payable					
General obligation bonds	\$ 122,616,599	\$ 11,000,000	\$ 9,529,250	\$ 124,087,349	\$ 10,400,095
Notes payable	806,000	-	72,000	734,000	72,000
Bond anticipation notes	10,750,000	7,900,000	10,750,000	7,900,000	-
Plus deferred amounts:					
Unamortized premiums	10,388,690	502,810	1,475,436	9,416,064	-
Total bonds and notes payable	144,561,289	19,402,810	21,826,686	142,137,413	10,472,095
Capital leases	16,447,722	750,000	2,457,738	14,739,984	3,066,137
Landfill post-closure monitoring	7,675,674	-	425,415	7,250,259	116,172
Pollution remediation obligation	872,307	2,315,505	15,505	3,172,307	-
Compensated absences	3,208,705	1,594,865	1,634,858	3,168,712	1,922,972
Heart and hypertension	996,445	1,022,081	-	2,018,526	438,574
Legal claims and other	750,000	-	-	750,000	-
Easement obligation	250,000	-	50,000	200,000	50,000
Net pension liability	80,327,349	9,728,686	-	90,056,035	-
OPEB obligations	44,712,700	8,335,200	-	53,047,900	-
Governmental activity long-term liabilities	\$ 299,802,191	\$ 43,149,147	\$ 26,410,202	\$ 316,541,136	\$ 16,065,950
Business-type activities					
Bonds and notes payable					
General obligation bonds	\$ 19,393,401	\$ -	\$ 2,380,750	\$ 17,012,651	\$ 1,929,905
Notes payable	5,271,613	-	262,074	5,009,539	265,487
Plus deferred amounts:					
Unamortized premiums	1,507,108	-	225,127	1,281,981	-
Total bonds and notes payable	26,172,122	-	2,867,951	23,304,171	2,195,392
Business-type activity long-term liabilities	\$ 26,172,122	\$ -	\$ 2,867,951	\$ 23,304,171	\$ 2,195,392

* restated for GASB No. 68

Notes payable: The City's notes payable, which are payable from its governmental activities, are as follows at June 30, 2015:

	Outstanding Amount
HUD-Section 108 loan, due in annual installments through 2024 with an interest rate of 3%.	\$ 734,000

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

General obligation bonds: As of June 30, 2015, the outstanding general obligation bonded indebtedness of the City, payable from its governmental activities, was as follows:

	<u>Outstanding Amount</u>
\$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% to 5.00%.	10,494,000
\$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.	4,230,000
\$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% to 5.00%.	24,756,000
\$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% to 4.00%.	17,274,349
\$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%.	13,730,000
\$13,264,000 General Obligation Bonds; issued December 15, 2011; interest at refunding due in annual installments of \$1,038,000 to \$2,569,000; final maturity July 15, 2026; 3.00% to 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% to 4.00%.	9,454,000
\$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% to 4.00%.	12,468,000

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

	<u>Outstanding Amount</u>
\$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% to 5.00%.	6,537,000
\$11,000,000 General Obligation Bonds; issued July 15, 2015; due in annual installments of \$100,000 to \$450,000; final maturity July 15, 2014; interest at 2.00% to 3.375%.	11,000,000
Total bonds and notes payable	<u><u>\$ 124,821,349</u></u>

At June 30, 2015, the outstanding general obligation bonded indebtedness of the City, payable from its business-type activities, was as follows:

	<u>Outstanding Amount</u>
\$240,000 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% to 5%.	\$ 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% to 5%.	506,000
\$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% to 5%.	4,799,000
\$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% to 4%.	1,030,651

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

	<u>Outstanding Amount</u>
\$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% to 5%.	\$ 230,000
\$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% to 5%.	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% to 5%.	846,000
\$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% to 4%.	2,302,000
\$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% to 5%.	4,218,000
Total general obligation bonds	<u>17,012,651</u>
\$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%.	1,900,189
\$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, interest at 2%.	3,109,350
Total notes payable	<u>5,009,539</u>
Total bonds and notes payable	<u>\$ 22,022,190</u>

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

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
2016	\$ 10,472,095	\$ 4,890,812	\$ 15,362,907	\$ 2,195,392	\$ 790,295	2,985,687
2017	10,456,376	4,438,571	14,894,947	2,196,470	696,405	2,892,875
2018	10,405,376	3,987,020	14,392,396	2,197,937	602,555	2,800,492
2019	9,940,376	3,540,452	13,480,828	2,010,514	516,559	2,527,073
2020	9,271,376	3,099,252	12,370,628	1,600,203	440,563	2,040,766
2021-2025	41,746,250	13,133,268	54,879,518	6,856,098	1,367,285	8,223,383
2026-2030	27,864,250	3,047,978	30,912,228	4,372,800	331,086	4,703,886
2031-2035	4,665,250	260,000	4,925,250	592,776	15,490	608,266
Total	\$ 124,821,349	\$ 36,397,353	\$ 161,218,702	\$ 22,022,190	\$ 4,760,238	\$ 26,782,428

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, 2015, the amount of defeased debt outstanding, but removed from the City's government-wide financial statements was approximately \$17,825,000.

Landfill postclosure monitoring: State and federal laws and regulations require that the City place a final cover on its closed landfill and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The landfill's closure project was completed during the year ended June 30, 1999 as the landfill was at 100% capacity. The estimated total current cost of the landfill postclosure care, aggregating \$7,250,259, 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, 2015. 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, 2015 was \$51,847,900. This amount is recorded in the government-wide statements, and will eventually be paid out of the General Fund when due.

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 \$3,168,712 as of June 30, 2015. The General Fund has typically been used to liquidate the liability for compensated absences.

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

Heart and hypertension: The City has certain police officers or their widows receiving benefits under the State's Heart and Hypertension statutes. Additionally, the City pays for medical costs for other officers under the same statutes. The statutes require that the City pay monthly amounts to the officer or surviving spouse for life. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

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 (QECCB) lease/purchase agreement for building improvements. The \$4,248,835 lease has an interest rate of 3.60% and matures on June 28, 2026.

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 no associated construction in progress.

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 August 29, 2014 the City entered into a \$750,000 capital lease agreement with First Niagara Leasing, Inc. for technology related equipment for the Board of Education. The lease has an interest rate of 1.405% and matures on April 15, 2019. Principal and interest payments of \$77,505 are made on a semi-annual basis. The capitalized value of property under capital leases is summarized below:

Buildings and Improvements	\$ 11,308,274
Machinery and Equipment	22,892,734
Accumulated Depreciation	(18,912,260)
Net book value	\$ 15,288,748

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

Future minimum lease payments under capital leases are as follows:

<u>Fiscal Year</u>	
2016	\$ 3,066,137
2017	2,912,663
2018	2,219,291
2019	1,580,575
2020	1,287,569
Thereafter	6,537,297
	<u>17,603,532</u>
Less amount representing interest*	(2,863,548)
	<u><u>\$ 14,739,984</u></u>

* \$1,221,063 will be subsidized by Qualified Energy Conservation Bonds

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, 2014:

Beginning Balance	\$ 874,781
Additions	-
Deductions	(42,281)
Ending Balance	<u><u>\$ 832,500</u></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, 2014, the credit balance was \$300,000.

Authorized but unissued bonds: Bonds authorized but unissued by the City at June 30, 2015, are as follows:

General Purpose	\$ 23,444,920
Schools	66,742,324
Sewer	7,244,879
Water	1,095,420
	<u><u>\$ 98,527,543</u></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.

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

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

	Debt Limit	Indebtedness	Balance
General Purpose	\$ 429,944,274	\$ 129,833,973	\$ 300,110,301
Unfunded Pension Benefit Obligation	573,259,032	-	573,259,032
Schools	859,888,548	130,080,605	729,807,943
Sewers	716,573,790	31,062,489	685,511,301
Urban Renewal	621,030,618	734,000	620,296,618

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$1,337,604,408.

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 \$85.73 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.

City of Danbury, Connecticut

Notes to Financial Statements

Note 9. Commitments and Contingencies (Continued)

Waste water treatment: The City has a 20-year agreement through June 2018 (the Agreement) with Veolia Water to manage its waste water collection and treatment system. As consideration for such Agreement, the City received a \$10 million up-front concession fee. If the Agreement is terminated prior to the end of the 20 year term, the City has to repay the unamortized balance of the concession fee (calculated using the straight-line method over the term of the Agreement). The unamortized balance of the concession fee at June 30, 2015 is \$1,136,721 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 \$410,520.

Note 10. Fund Deficits

The City has the following fund deficits at June 30, 2015, and expects to eliminate the deficits in the future as follows:

Fund	Deficit June 30, 2015	Plan for Eliminating Debt
Capital Projects		
Vision 2020	\$ (9,616,360)	Through future debt issuance/grant reimbursements
Danbury Neighborhood Bond Fund	\$ (29,727)	Through future debt issuance/grant reimbursements
Roads	\$ (841,218)	Through future debt issuance/grant reimbursements
Head Start	\$ (2,417,563)	Through future debt issuance/grant reimbursements
Special Revenue:		
LOCIP	\$ (279,551)	Through future grant reimbursement
CDBG	\$ (53,255)	Through future grant reimbursement/transfers/revenues
Airport	\$ (713,688)	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.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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 reallocated to the City's plans based upon the relative fair values of the assets of each plan.

**Schedule of Plan Net Position
June 30, 2015**

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police	Post-1967 Fire	Post-1983 Police	Post-2011 Fire	OPEB	Totals
Assets									
Cash and Cash Equivalents	\$ 4,457,946	\$ 688,451	\$ 463,911	\$ 1,130,074	\$ 1,833,553	\$ 2,554,095	\$ 147,969	\$ 3,043,671	\$ 14,319,670
Investments, at Fair Value									
Common stock	11,611,392	221,380	275,036	5,063,858	7,668,449	3,018,938	-	-	27,859,053
Debt securities	3,161,153	60,270	74,877	1,378,614	2,087,703	821,893	-	-	7,584,510
Mutual funds	45,744,500	872,152	1,083,537	19,949,688	30,210,793	11,893,475	-	-	109,754,145
Private hedge fund	41,639,932	793,896	986,314	18,159,640	27,500,035	10,826,296	-	-	99,906,113
Total investments	102,156,977	1,947,698	2,419,764	44,551,800	67,466,980	26,560,602	-	-	245,103,821
Accrued Interest and Dividends	50,633	974	1,205	22,071	33,435	9,140	-	365	117,823
Pending Sales	32,966	-	-	-	-	13,183	-	-	46,149
Total assets	106,698,522	2,637,123	2,884,880	45,703,945	69,333,968	29,137,020	147,969	3,044,036	259,587,463
Liabilities									
Accrued expenses and management fees	133,926	1,219	1,446	25,180	37,912	14,914	-	3,022,867	3,237,464
Due to other funds	-	-	-	-	-	-	-	20,948	20,948
Pending Purchases	-	629	781	14,377	21,771	8,571	-	-	46,129
Total liabilities	133,926	1,848	2,227	39,557	59,683	23,485	-	3,043,815	3,304,541
Net position- restricted for pension benefits and other purposes	\$ 106,564,596	\$ 2,635,275	\$ 2,882,653	\$ 45,664,388	\$ 69,274,285	\$ 29,113,535	\$ 147,969	\$ 221	\$ 256,282,922

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, 2015**

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police	Post-1967 Fire	Post-1983 Police	Post-2011 Fire	OPEB	Totals
Additions									
Contributions:									
Employer	\$ 3,776,000	\$ 655,000	\$ 415,000	\$ 803,000	\$ 2,010,000	\$ 2,115,030	\$ 70,797	\$ 16,943,040	\$ 26,787,867
Plan members	217,413	-	-	13,032	482,977	455,189	45,030	-	1,213,641
Total contributions	3,993,413	655,000	415,000	816,032	2,492,977	2,570,219	115,827	16,943,040	28,001,508
Investment Income:									
Net appreciation in fair value of investments	517,996	22,719	22,801	235,252	329,415	101,811	-	221	1,230,215
Interest and dividends	3,664,370	69,957	86,931	1,600,504	2,423,854	963,486	7	-	8,809,109
	4,182,366	92,676	109,732	1,835,756	2,753,269	1,065,297	7	221	10,039,324
Less investment expenses:									
Investment management fees	351,459	9,900	12,523	137,320	205,752	87,094	3,705	-	807,753
Net investment income	3,830,907	82,776	97,209	1,698,436	2,547,517	978,203	(3,698)	221	9,231,571
Deductions									
Benefits paid	8,166,553	1,237,975	876,387	4,120,884	4,354,212	1,017,069	-	16,943,040	36,716,120
Total deductions	8,166,553	1,237,975	876,387	4,120,884	4,354,212	1,017,069	-	16,943,040	36,716,120
Net change in net position	(342,233)	(500,199)	(364,178)	(1,606,416)	686,282	2,531,353	112,129	221	516,959
Net position-restricted for pension benefits									
Beginning 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
End of year	\$ 106,564,596	\$ 2,635,275	\$ 2,882,653	\$ 45,664,388	\$ 69,274,285	\$ 29,113,535	\$ 147,969	\$ 221	\$ 256,282,922

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (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.

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:

<u>Asset Class</u>	<u>Target Allocation</u>
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 typically 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.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

The following represents the investments in the pension plans that represent more than 5% of the plan's net position as of June 30, 2015:

FPA Crescent Fund	\$ 12,435,562
Hartford Capital Appec – I	13,541,709
Sequola Fund	15,380,143
Iva World Fund – I	13,400,721

General employees' pension plan:

Plan membership: Eligible regular full-time employees of the City are members of the Plan. At June 30, 2015, Pension Plan membership consisted of the following:

Inactive plan member or beneficiaries currently receiving benefits	528
Inactive plan members entitled to but not yet receiving benefits	158
Active plan members	<u>506</u>
	<u>1,192</u>

Benefits provided:

Plan identification	Single-employer pension plan.
Effective Date	June 1, 1963.
Eligibility Requirements	All full-time employees except Policemen, Firemen and those eligible for State Teachers Retirement System. Redevelopment employees are eligible as long as the Redevelopment Agency pays all costs.
Compensation	W-2 Earnings.
Average Compensation	Average of three highest years of Compensation or all years Compensation if less than three years.
Accrued Benefit	1.5% of Average Compensation times service to date of reference.
Normal Retirement Age	Requirement: The first of the month following age 65. A normal pension is also available for participants retiring with age plus service of 85 or more. Amount: Accrued Benefit based on Average Compensation and service at Normal Retirement Date. The normal form of benefit is a life annuity.
2009 Retirement Incentive	Requirement: As of June 30, 2009, attained age plus years of credited service greater than or equal to 80. Amount: The benefit formula is increased from 1.5% to 2.0% with no actuarial reduction for retirement prior to normal retirement age.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

2013 Retirement Incentive Requirement: As of July 1, 2013, attained age plus years of credited service greater than or equal to 75.

Amount: An immediate retirement benefit, reduced for early retirement where applicable. In addition, each person that elected the incentive received a lump sum payout equal to \$1,000 times pension service.

Early Retirement Requirement: Attainment of age 55.

Amount: Accrued Benefit at termination, reduced by one-half of one percent for each month by which actual commencement precedes the earlier of a member's Normal Retirement Date or the first of the month following the date which causes the sum of the member's age and service to equal 85.

Normal Form of Pension Life Annuity.

Vesting Age Requirement: None.

Service Requirement: According to the following schedule:

Years of Full Employment	Percentage of Vesting
Less than 5	0%
5	50%
6	60%
7	70%
8	80%
9	90%
10 or more	100%

Alternatively, a participant who was hired prior to December 31, 1983 is fully vested if the sum of his age plus years of service is greater than or equal to fifty.

Employee Contributions Effective July 1, 2013, union participants who are members of DMEA or Teamsters make an annual pension contribution equal to 1% of base salary. Effective July 1, 2014, union participants who are members of DMEA or Teamsters make an annual pension contribution equal to 2% of base salary.

Effective July 1, 2013, Non-Union employees hired on or after January 1, 2011 make an annual contribution equal to 5% of base salary. These contributions are refundable upon death or termination. These contributions do not receive any interest credit for participants with less than five years of service. A death benefit for a participant with five or more years of service is credited with 3% interest. An employee that terminates with between five and ten years of service can receive a refund of contributions with 3% interest in lieu of any other partially vested benefit.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Cost of Living Whenever the cost-of-living index (December to December) goes above 115% of the base month index, pensions will be increased 15% on the following July 1. The latest base month was December, 2010.

Net pension liability of the City: The components of the net pension liability of the City at June 30, 2015, were as follows:

General Employees Pension Plan Net Pension Liability	2015	2014
Total pension liability	\$ 139,426,682	\$ 135,754,698
Plan fiduciary net position	106,573,144	106,900,119
Net pension liability	\$ 32,853,538	\$ 28,854,579
Plan fiduciary net position as a percentage of total pension liability	76.44%	78.75%

Rate of return: For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 3.79%. 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
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.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Retirement Age: Retirement probabilities based on table below once participant meets Rule of 85.

Age	Percent	Age	Percent
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, 2015 are summarized in the following table:

<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	100%		4.89%
Long-term inflation expectation			2.70%
Long-term expected nominal return			7.59%

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, 2015 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:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
General Employees Pension Plan			
Net Pension Liability	\$ 49,468,620	\$ 32,853,538	\$ 18,800,544

Changes in the Net Pension Liability

	General Employees Pension Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/14	\$ 135,754,698	\$ 106,900,119	\$ 28,854,579
Changes for the year:			
Service cost	2,132,568	-	2,132,568
Interest	9,705,969	-	9,705,969
Differences between expected and actual experience	-	-	-
Contributions - employer	-	3,776,000	(3,776,000)
Contributions - member	-	217,413	(217,413)
Net investment income	-	3,920,638	(3,920,638)
Benefit payments, including refunds of employee contributions	(8,166,553)	(8,166,553)	-
Administrative expense	-	(74,473)	74,473
Net changes	3,671,984	(326,975)	3,998,959
Balances at 6/30/15	\$ 139,426,682	\$ 106,573,144	\$ 32,853,538

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

For the year ended June 30, 2015, the City recognized pension expense of \$4,812,951. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

General Employees Pension Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	2,942,671	-
Total	\$ 2,942,671	\$ -

Amounts reported in deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	General Employees Pension Plan
2016	\$ 735,668
2017	735,668
2018	735,668
2019	735,667

Pre-67 Police Pension Plan:

Plan membership: Eligible regular full-time employees of the City are members of the Plan. At June 30, 2015, Pension Plan membership consisted of the following:

Inactive plan member or beneficiaries currently receiving benefits	32
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	<u>0</u>
	<u>32</u>

Benefits provided:

Plan identification	Single-employer pension plan.
Effective Date	July 1, 1967.
Eligibility Requirements	Hired by Police Dept. before July 1, 1967 and contributed to the plan.
Retirement Benefit	All participants are retired and have had their benefits calculated.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Death Benefit after Retirement 50% of the annuitant's retirement benefit payable to surviving spouse until death or remarriage

Cost of Living All pension payments are to be increased to correspond to any increase in salary by members of the same grade and rank of retired member while in active service.

Net pension liability of the City: The components of the net pension liability of the City at June 30, 2015, were as follows:

Pre-1967 Police Pension Plan			
Net Pension Liability		2015	2014
Total pension liability	\$	7,553,761	\$ 8,238,533
Plan fiduciary net position		2,635,275	3,135,282
Net pension liability	\$	4,918,486	\$ 5,103,251
Plan fiduciary net position as a percentage of total pension liability		34.89%	38.06%

Rate of return: For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 3.39%. 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
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.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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, 2015 are summarized in the following table:

<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	100%		4.89%
Long-term inflation expectation			2.70%
Long-term expected nominal return			7.59%

Discount rate: The discount rate used to measure the total pension liability as of June 30, 2015, 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:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Pre-67 Police Pension Plan			
Net Pension Liability	\$ 5,281,863	\$ 4,918,486	\$ 4,587,822

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Changes in the Net Pension Liability

	Pre-1967 Police Pension Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/14	\$ 8,238,533	\$ 3,135,282	\$ 5,103,251
Changes for the year:			
Service cost	-	-	-
Interest	553,203	-	553,203
Differences between expected and actual experience	-	-	-
Contributions - employer	-	655,000	(655,000)
Contributions - member	-	-	-
Net investment income	-	88,860	(88,860)
Benefit payments, including refunds of employee contributions	(1,237,975)	(1,237,975)	-
Administrative expense	-	(5,892)	5,892
Net changes	(684,772)	(500,007)	(184,765)
Balances at 6/30/15	\$ 7,553,761	\$ 2,635,275	\$ 4,918,486

For the year ended June 30, 2015, the City recognized pension expense of \$375,852. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Pre-1967 Police Pension Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	93,980	-
Total	\$ 93,980	\$ -

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Amounts reported in deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Pre-1967 Police Pension Plan</u>
2016	\$ 23,495
2017	23,495
2018	23,495
2019	23,495

Pre-67 Fire Pension Plan

Plan membership: Eligible regular full-time employees of the City are members of the Plan. At June 30, 2015, Pension Plan membership consisted of the following:

Inactive plan member or beneficiaries currently receiving benefits	22
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	<u>0</u>
	<u>22</u>

Benefits provided:

Plan identification	Single-employer pension plan.
Effective Date	July 1, 1967.
Eligibility Requirements	Hired by Fire Dept. before July 1, 1967 and contributed to the plan.
Retirement Benefit	All participants are retired and have had their benefits calculated.
Death Benefit after Retirement	50% of the annuitant's retirement benefit payable to surviving spouse until death or remarriage
Cost of Living	All pension payments are to be increased to correspond to any increase in salary by members of the same grade and rank of retired member while in active service.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Net pension liability: The components of the net pension liability of the City of Danbury Pre-67 Fire Department at June 30, 2015 were as follows:

Pre-1967 Fire Pension Plan Net Pension Liability	2015	2014
Total pension liability	\$ 6,140,850	\$ 6,571,981
Plan fiduciary net position	2,882,653	3,246,640
Net pension liability	\$ 3,258,197	\$ 3,325,341
Plan fiduciary net position as a percentage of total pension liability	46.94%	49.40%

Rate of return: For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 3.63%. 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
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.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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, 2015, are summarized in the following table:

<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	100%		4.89%
Long-term inflation expectation			2.70%
Long-term expected nominal return			7.59%

Discount rate: The discount rate used to measure the total pension liability as of June 30, 2015 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	\$ 3,631,890	\$ 3,258,197	\$ 2,924,056

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Changes in the Net Pension Liability

	Pre-1967 Fire Pension Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/14	\$ 6,571,981	\$ 3,246,640	\$ 3,325,341
Changes for the year:			
Service cost	-	-	-
Interest	445,256	-	445,256
Differences between expected and actual experience	-	-	-
Contributions - employer	-	415,000	(415,000)
Contributions - member	-	-	-
Net investment income	-	104,536	(104,536)
Benefit payments, including refunds of employee contributions	(876,387)	(876,387)	-
Administrative expense	-	(7,136)	7,136
Net changes	(431,131)	(363,987)	(67,144)
Balances at 6/30/15	\$ 6,140,850	\$ 2,882,653	\$ 3,258,197

For the year ended June 30, 2015, the City recognized pension expense of \$256,055. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Pre-1967 Fire Pension Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ -	\$ -
Changes of assumptions		-	-
Net difference between projected and actual earnings on pension plan investments		91,327	-
Total		\$ 91,327	\$ -

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Amounts reported in deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Pre-1967 Fire Pension Plan</u>
2016	\$ 22,832
2017	22,832
2018	22,832
2019	<u>22,831</u>

Post-67 Police Pension Plan

Plan membership: Eligible regular full-time employees of the City are members of the Plan. At June 30, 2015, Pension Plan membership consisted of the following:

Inactive plan member or beneficiaries currently receiving benefits	86
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	<u>13</u>
	<u>99</u>

Benefits provided:

Plan identification	Single-employer pension plan.
Effective Date	July 1, 1967.
Eligibility Requirements	Hired by Police Dept. on or after July 1, 1967 and before April 20, 1983 and contributes to the plan.
Compensation	Total salary or wages earned by a participant from the City for a particular year.
Final Compensation	The highest-paid year of service.
Normal Retirement Age	Age 65.
Credited Service	Latest period of continuous service during which the participant contributes
Normal Retirement Benefit	Two percent of Final Compensation times years of Credited Service. Maximum benefit equals 68% of Final Compensation.
Early Retirement	Age 55 or 27 years of Credited Service. Normal retirement benefit formula applies.
Vesting	15 years of service and employee contributions remain in plan.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Employee Contributions	4% of Compensation, no interest is credited on contribution.
Disability (service-connected)	66 2/3% of Final Compensation payable for the Participant's lifetime.
Death Benefit during Active Employment	50% of Final Compensation paid to surviving spouse until death or remarriage.
Death Benefit after Retirement	50% of the annuitant's retirement benefit payable to surviving spouse until death or remarriage.
Cost of Living	All pension payments are to be increased to correspond to any increase in salary by members of the same grade and rank of retired member while in active service.

Net pension liability: The components of the net pension liability of the City at June 30, 2015 were as follows:

Post-1967 Police Pension Plan Net Pension Liability	2015	2014
	<hr/>	<hr/>
Total pension liability	\$ 57,920,766	\$ 58,965,087
Plan fiduciary net position	45,664,389	47,267,854
Net pension liability	<hr/> <hr/>	<hr/> <hr/>
	\$ 12,256,377	\$ 11,697,233
Plan fiduciary net position as a percentage of total pension liability	78.84%	80.16%

Rate of return: For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 3.79%. 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, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Method:	Entry Age Normal Cost Method
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.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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, 2014, 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, 2015 are summarized in the following table:

<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>		<u>4.89%</u>
Long-term inflation expectation			2.70%
Long-term expected nominal return			7.59%

Discount rate: The discount rate used to measure the total pension liability as of June 30, 2015 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.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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:

Post-67 Police Pension Plan	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 18,005,447	\$ 12,256,377	\$ 7,402,804

Changes in the Net Pension Liability

	Post-1967 Police Pension Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/14	\$ 58,965,087	\$ 47,267,854	\$ 11,697,233
Changes for the year:			
Service cost	100,676	-	100,676
Interest	4,135,500	-	4,135,500
Differences between expected and actual experience	(1,159,613)	-	(1,159,613)
Contributions - employer	-	803,000	(803,000)
Contributions - member	-	13,032	(13,032)
Net investment income	-	1,722,288	(1,722,288)
Benefit payments, including refunds of employee contributions	(4,120,884)	(4,120,884)	-
Administrative expense	-	(20,901)	20,901
Net changes	(1,044,321)	(1,603,465)	559,144
Balances at 6/30/15	\$ 57,920,766	\$ 45,664,389	\$ 12,256,377

For the year ended June 30, 2015, the City recognized pension expense of \$78,894. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Post-1967 Police Pension Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,268,946	-
Total	\$ 1,268,946	\$ -

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Amounts reported in deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Post-1967 Police Pension Plan</u>
2016	\$ 317,236
2017	317,236
2018	317,236
2019	317,238

Post-67 Fire Pension Plan

Plan membership: Eligible regular full-time employees of the City are members of the Plan. At June 30, 2015, Pension Plan membership consisted of the following:

Inactive plan member or beneficiaries currently receiving benefits	84
Inactive plan members entitled to but not yet receiving benefits	5
Active plan members	<u>104</u>
	<u>193</u>

Plan identification	Single-employer pension plan.
Effective Date	July 1, 1967.
Eligibility Requirements	Hired by Fire Dept. on or after July 1, 1967 and before January 1, 2012 and contributes to the plan.
Compensation	Total salary or wages earned by a participant from the City for a particular year.
Final Compensation	The highest-paid year of service.
Normal Retirement Age	Age 65.
Credited Service	Latest period of continuous service during which the participant contributes
Normal Retirement Benefit	Two percent of Final Compensation times years of Credited Service. Maximum benefit equals 68% of Final Compensation.
Early Retirement	Age 55 or 27 years of Credited Service. Normal retirement benefit formula applies.
Vesting	Termination prior to retirement eligibility results in forfeiture of accrued benefit.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Employee Contributions	<p>Prior to July 1, 2012: 5% of Compensation, no interest is credited on contribution.</p> <p>Effective July 1, 2012: 5.5% of Compensation, no interest is credited on contribution.</p> <p>Effective July 1, 2013: 6% of Compensation, no interest is credited on contribution.</p>
Disability (service-connected)	66 2/3% of Final Compensation payable for the Participant's lifetime.
Disability (non-service connected)	<p>With less than 10 years of service - 2% of Final Compensation times years of credited service.</p> <p>With 10 or more years of service - 25% of final pay plus 2% of Final Compensation times years of credited service in excess of 10 years.</p>
Death Benefit during Active Employment	<p>(service related): 50% of Final Compensation</p> <p>(Non-service related): With less than 10 years of service: 2% of Final Compensation times years of credited service or return of contributions. With 10 or more years of service: 25% of Final Compensation.</p> <p>Prior Valuation: 50% of Final Compensation</p>
Death Benefit after Retirement	<p>(service related): 100% of the annuitant's retirement benefit payable to surviving spouse until death or remarriage.</p> <p>(Non-service related): 50% of the annuitant's retirement benefit payable to surviving spouse until death or remarriage.</p>
Cost of Living	All pension payments are to be increased to correspond to any increase in salary by members of the same grade and rank of retired member while in active service.

Rate of return: For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 3.84%. 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, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Method:	Entry Age Normal Cost Method
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

Net pension liability: The components of the net pension liability of the City at June 30, 2015 were as follows:

Post-1967 Fire Pension Plan		
Net Pension Liability	2015	2014
	<hr/>	<hr/>
Total pension liability	\$ 88,632,015	\$ 84,072,799
Plan fiduciary net position	69,274,284	68,583,724
Net pension liability	<hr/> <hr/> \$ 19,357,731	<hr/> <hr/> \$ 15,489,075
Plan fiduciary net position as a percentage of total pension liability	78.16%	81.58%

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, 2014, as a level percentage of pay.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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, 2015 are summarized in the following table:

<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	100%		4.89%
Long-term inflation expectation			2.70%
Long-term expected nominal return			7.59%

Discount rate: The discount rate used to measure the total pension liability as of June 30, 2015 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	\$ 30,807,444	\$ 19,357,731	\$ 9,898,321

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Changes in the Net Pension Liability

	Post-1967 Fire Pension Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/14	\$ 84,072,799	\$ 68,583,724	\$ 15,489,075
Changes for the year:			
Service cost	1,659,154	-	1,659,154
Interest	6,060,488	-	6,060,488
Differences between expected and actual experience	699,463	-	699,463
Changes of assumptions	494,323	-	494,323
Contributions - employer	-	2,010,000	(2,010,000)
Contributions - member	-	482,977	(482,977)
Net investment income	-	2,575,947	(2,575,947)
Benefit payments, including refunds of employee contributions	(4,354,212)	(4,354,212)	-
Administrative expense	-	(24,152)	24,152
Net changes	4,559,216	690,560	3,868,656
Balances at 6/30/15	\$ 88,632,015	\$ 69,274,284	\$ 19,357,731

For the year ended June 30, 2015, the City recognized pension expense of \$3,037,582. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Post-1967 Fire Pension Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 550,641	\$ -
Changes of assumptions	389,148	-
Net difference between projected and actual earnings on pension plan investments	1,863,379	-
Total	\$ 2,803,168	\$ -

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Amounts reported in deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Post-1967 Fire Pension Plan</u>
2016	\$ 719,842
2017	719,842
2018	719,842
2019	643,642

Post-83 Police Pension Plan

Plan membership: Eligible regular full-time employees of the City are members of the Plan. At June 30, 2015, Pension Plan membership consisted of the following:

Inactive plan member or beneficiaries currently receiving benefits	26
Inactive plan members entitled to but not yet receiving benefits	10
Active plan members	<u>131</u>
	<u>167</u>

Benefits Provided:

Plan identification	Single-employer pension plan.
Effective Date	April 20, 1983.
Eligibility Requirements	Hired by Police Department after April 20, 1983 and contributing to the Plan.
Compensation	Total straight-time wages paid by the City.
Average Compensation	The average annual compensation during the three highest-paid years of service.
Normal Retirement Age	Age 65.
Credited Service	Latest period of continuous service during which the participant contributes
Normal Retirement Benefit	Effective March 19, 2007, three percent of Average Compensation per year of service for the final five years of service, and two percent of Average Compensation per year of service prior to the final five years, but in no case greater than sixty-eight percent of pay.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Early Retirement	25 years of Credited Service or Age 55. Normal Retirement Benefit formula applies.
Vesting	15 years of service and employee contributions remain in plan.
Employee Contributions	4.5% of Compensation, refundable upon death or termination. These contributions do not receive any interest credit.
Disability (service-connected)	50% of Average Compensation offset by Workers' Compensation that exceeds 50% of Average Compensation.
Death Benefit during Active Employment	50% of Average Compensation payable to widow until death or remarriage
Death Benefit after Retirement	50% of the annuitant's retirement benefit payable to surviving spouse until death or remarriage.
Cost of Living	2% per year after the completion of five years of retirement or one year of disability retirement.

Net pension liability: The components of the net pension liability of the City at June 30, 2015 were as follows:

Post-1983 Police Pension Plan		
Net Pension Liability	2015	2014
	<hr/>	<hr/>
Total pension liability	\$ 46,492,098	\$ 42,391,697
Plan fiduciary net position	29,104,395	26,580,553
Net pension liability	<hr/> <u>\$ 17,387,703</u>	<hr/> <u>\$ 15,811,144</u>
Plan fiduciary net position as a percentage of total pension liability	62.60%	62.70%

Rate of return: For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 3.75%. 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, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Method:	Entry Age Normal Cost Method
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, 2014, 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, 2015 are summarized in the following table:

<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>		<u>4.89%</u>
Long-term inflation expectation			2.70%
Long-term expected nominal return			7.59%

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, 2015 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:

Post-83 Police Pension Plan	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 25,031,390	\$ 17,387,703	\$ 11,189,591

Changes in the Net Pension Liability

	Post-1983 Police Pension Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/14	\$ 42,391,697	\$ 26,580,553	\$ 15,811,144
Changes for the year:			
Service cost	1,388,686	-	1,388,686
Interest	3,137,854	-	3,137,854
Differences between expected and actual experience	(107,160)	-	(107,160)
Changes of assumptions	698,090	-	698,090
Contributions - employer	-	2,115,030	(2,115,030)
Contributions - member	-	455,189	(455,189)
Net investment income	-	993,903	(993,903)
Benefit payments, including refunds of employee contributions	(1,017,069)	(1,017,069)	-
Administrative expense	-	(23,211)	23,211
Net changes	4,100,401	2,523,842	1,576,559
Balances at 6/30/15	\$ 46,492,098	\$ 29,104,395	\$ 17,387,703

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

For the year ended June 30, 2015, the City recognized pension expense of \$2,363,642. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Post-1983 Police Pension Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (96,654)
Changes of assumptions	629,650	-
Net difference between projected and actual earnings on pension plan investments	790,141	-
Total	\$ 1,419,791	\$ (96,654)

Amounts reported in deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Post-1983 Police Pension Plan</u>
2016	\$ 255,469
2017	255,469
2018	255,469
2019	255,470
2020	57,934
Thereafter	243,326

Post-11 Fire Pension Plan

Plan membership: Eligible regular full-time employees of the City are members of the Plan. At June 30, 2015, Pension Plan membership consisted of the following:

Inactive plan member or beneficiaries currently receiving benefits	0
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	<u>14</u>
	<u>14</u>

Benefits provided:

Plan identification	Single-employer pension plan.
Effective Date	Original Plan - January 1, 2012.
Eligibility Requirements	Hired by Fire Dept. on or after January 1, 2012 and contributes to the plan.
Compensation	Base salary.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Average Compensation	Base salary for the three years preceding retirement.
Credited Service	Latest period of continuous service during which the participant contributes
Normal Retirement Age	Age 55 or 30 years of Credited Service but not later than age 65.
Early Retirement	25 years of Credited Service.
Normal Retirement Benefit	Two percent of Average Compensation times years of Credited Service. Maximum benefit equals 60% of Average Compensation.
Early Retirement Benefit	Normal Retirement Benefit, reduced by 0.5% for each month prior to Normal Retirement Eligibility.
Vesting	10 years of service, benefits begin at age 65.
Employee Contributions	6% of Compensation.
Disability (service-connected)	50% of Average Compensation payable for the Participant's lifetime, or Normal Retirement benefit, if greater.
Disability (non-service-connected)	Two percent of Average Compensation times years of Credited Service. Maximum benefit equals 60% of Final Compensation, if greater
Death Benefit during Active Employment (service connected)	Two percent of average Compensation times Average Compensation. The minimum benefit is 50% of Average Compensation and the maximum benefit is 60% of Average Compensation
Death Benefit during Active Employment (nonservice connected)	Two percent of average Compensation subject to a 60% maximum if 10 or more years of service. Return of employee contributions if less than 10 years of service
Death Benefit after Retirement	50% of the annuitant's retirement benefit payable to surviving spouse until death or remarriage.
Cost of Living	There is no provision for any automatic post-retirement increases.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Net pension liability: The components of the net pension liability of the City of Danbury's Post-2011 Fire Department Pension Plan at June 30, 2015 were as follows:

Post-2011 Fire Pension Plan Net Pension Liability	2015	2014
Total pension liability	\$ 171,973	\$ 82,564
Plan fiduciary net position	147,970	35,838
Net pension liability	\$ 24,003	\$ 46,726
Plan fiduciary net position as a percentage of total pension liability	86.04%	43.41%

Rate of return: For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 0.01%. 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
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, 2014, as a level percentage of pay.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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, 2015 are summarized in the following table:

<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	100%		4.89%
Long-term inflation expectation			2.70%
Long-term expected nominal return			7.59%

Discount rate: The discount rate used to measure the total pension liability as of June 30, 2015 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 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Post-11 Fire Pension Plan			
Net Pension Liability	\$ 66,470	\$ 24,003	\$ (8,949)

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Changes in the Net Pension Liability

	Post-2011 Fire Pension Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/14	\$ 82,564	\$ 35,838	\$ 46,726
Changes for the year:			
Service cost	78,741	-	78,741
Interest	12,904	-	12,904
Differences between expected and actual experience	(27,709)	-	(27,709)
Changes of assumptions	25,473	-	25,473
Contributions - employer	-	70,797	(70,797)
Contributions - members	-	45,030	(45,030)
Net investment income	-	10	(10)
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	-	(3,705)	3,705
Net changes	89,409	112,132	(22,723)
Balances at 6/30/15	\$ 171,973	\$ 147,970	\$ 24,003

For the year ended June 30, 2015, the City recognized pension expense of \$46,613. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Post-2011 Fire Pension Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (26,302)
Changes of assumptions	24,180	-
Net difference between projected and actual earnings on pension plan investments	5,805	-
Total	\$ 29,985	\$ (26,302)

Amounts reported in deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

<u>Year Ended June 30,</u>	<u>Post-2011 Fire Pension Plan</u>
2016	\$ 1,337
2017	1,337
2018	1,337
2019	1,338
2020	(114)
Thereafter	(1,552)

Connecticut State Teachers' Retirement System

Description of system: Certified staff within the City's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the "System") is a cost sharing multiple employer defined benefit pension system with a special funding situation, as such the City does not accrue any portion of the net pension liability associated with the Teachers' Retirement System.

The System is considered 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 at www.ct.gov.

The System is administered under the provisions of Chapter 167a of the Connecticut General Statutes (CGS). Participation in the System is restricted to certified staff employed in the public schools of Connecticut and members of the professional staff of the State Department of Education or the board of Governors of Higher Education and their constituent units. Participation in the System is mandatory for certified personnel of local boards of education who are employed for an average of at least one-half of a school day. Members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units may elect to participate in this system, the State Employees' Retirement System, or the Alternate Retirement System (TIAA-CREF).

Summary of significant accounting policies: For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The City has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$17,630,000 as payments made by the State of Connecticut on-behalf of the City. The City does not have any liability for the Connecticut Teachers' Retirement System.

Benefits provided: The benefits provided to participants by the System are as follows:

Normal Benefit: A member at age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut is eligible for vested benefits of 2% of average annual salary times years of credited service (maximum benefit is 75% of average annual salary.)

Prorated benefit: A member who completes 10 years of Connecticut public school service is eligible for a vested benefit commencing at age 60. The benefit is 2% less 0.1% for each year less than 20 years of average annual salary times years of credited service.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Minimum benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly retirement benefit of \$1,200 to teachers who retire under the Normal Benefit provisions and who have completed at least 25 years of full time Connecticut service at retirement.

Contribution requirements: The pension contributions made by the State to the System are determined on an actuarial reserve basis as described in CGS Sections 10-1831 and 10-183z. Participants are required to contribute 6.0% of their annual salary rate to the System as required by CGS Section 10-183b (7). For the 2014/2015 school year, \$5,066,641 mandatory contributions were deducted from the salaries of teachers who were participants of the System during that school year. The estimated covered payroll for the City is \$69,885,000. The School District is not required to make contributions to the plan.

Actuarial assumptions: The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010. The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following key actuarial assumptions:

Inflation	3.00 Percent
Salary increases, including inflation	3.75-7.00 Percent
Long-term investment rate of return net of pension investment expense, Including inflation	8.50 Percent

Mortality rates were based on the RP-2000 Combined Mortality Table RP-2000 projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

The long-term expected rate of return on pension investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Large cap U.S. equities	21.0%	7.30%
Developed non- U.S. equities	18.0%	7.50%
Emerging markets (non- U.S.)	9.0%	8.60%
Core fixed income	7.0%	1.70%
Inflation linked bond fund	3.0%	1.30%
Emerging market bond	5.0%	4.80%
High yield bonds	5.0%	3.70%
Real estate	7.0%	5.90%
Private equity	11.0%	10.90%
Alternative investments	8.0%	0.70%
Liquidity fund	6.0%	0.40%
	100.0%	

Discount rate: The discount rate used to measure the total pension liability was 8.50 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension liabilities, pension expense, and deferred inflows/outflows of resources: The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 68 and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the City. The portion of the State's net pension liability that was associated with the City was \$58,817,682 and 100% of the collective net pension liability is allocated to the State. The City's proportionate share of the net pension liability is \$0.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate:

The following presents the City's proportionate share of the net pension liability of the System, calculated using the discount rate of 8.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.50 percent) or 1-percentage-point higher (9.50 percent) than the current rate.

	1% Decrease 7.50%	Current Discount Rate 8.50%	1% Increase 9.50%
State's Share of the NPL associated with the City	\$ 222,490,517	\$ 174,346,320	\$ 133,422,326

The City recognized the total pension expense associated with the City as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the City. For the fiscal year ended June 30, 2015, the City recognized \$13,080,959 as the amount expended by the State on behalf of the City to meet the State's funding requirements.

Other Information: Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the City has no obligation to contribute to the plan.

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, 2014. 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.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Membership in the plan consisted of the following at July 1, 2014, the date of the last actuarial valuation.

General Government employees:

Retirees and beneficiaries receiving benefits	380
Active plan members	477
Total	857

Board of Education employees:

Retirees and beneficiaries receiving benefits	89
Active plan members	1,144
Total	1,233

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, 2014, was estimated to be \$229,068,600 and \$30,191,100 for City and Board of Education employees, respectively. The City's contributions represent payments made for premiums for insured individuals.

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

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
General Government Employees:				
6/30/2015	\$ 14,032,300	\$ 8,212,700	58.5%	\$ 42,513,900
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
Board of Education Employees:				
6/30/2015	\$ 2,052,900	\$ 737,300	35.9%	\$ 10,534,000
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

	General Government Employees	Board of Education Employees
Annual required contribution	\$ 14,226,800	\$ 2,101,800
Interest on net OPEB obligation	3,268,600	1,145,300
Adjustments to ARC	(2,763,100)	(694,200)
Annual OPEB cost	14,732,300	2,552,900
Contributions made	8,212,700	737,300
Increase in net OPEB liability	6,519,600	1,815,600
Net OPEB obligation, beginning of year	35,994,300	8,718,400
Net OPEB obligation, end of year	\$ 42,513,900	\$ 10,534,000

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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:						
7/1/2014	\$ 1,053,900	\$ 229,068,600	\$ 228,014,700	0.5%	\$ 32,589,100	700.0%
Board of Education Employees:						
7/1/2014	\$ 146,100	\$ 30,191,100	\$ 30,045,000	0.5%	\$ 78,443,500	38.0%

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

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

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

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

Valuation Date:	July 1, 2014
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%

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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 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 \$4,000,000. 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.

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
2015	\$ 8,559,451	\$ 18,221,575	\$ 15,343,231	\$ 11,437,795
2014	\$ 5,265,903	\$ 21,223,171	\$ 17,929,623	\$ 8,559,451

City of Danbury, Connecticut

Notes to Financial Statements

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, 2015, 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, 2015 as HART would experience financial stress without such revenue supplement.

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

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

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

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

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, 2015, for the City governmental funds:

	General Fund	Miscellaneous Special Revenue	Vision	Nonmajor Governmental Funds
Fund Balances (Deficits)				
Non-spendable:				
Inventory	\$ -	\$ -	\$ -	\$ 51,242
Permanent fund principal	-	-	-	1,483,133
Prepaid	4,357,152	-	-	-
Total nonspendable	4,357,152	-	-	1,534,375
Restricted:				
Public safety	-	-	-	70,054
Education	-	-	-	140,551
Health and welfare	-	-	-	487,827
Railyard parking lease	-	-	-	-
Culture and recreation	11,735	-	-	5,396
Capital projects	-	-	-	132,264
Total restricted	11,735	-	-	836,092
Committed:				
General government	-	21,837	-	-
Public safety	-	240,669	-	201,623
Public works	-	1,512,201	-	-
Culture and recreation	-	-	-	163,363
Education	-	-	577,472	-
Capital projects	-	-	-	5,637,429
Total committed	-	1,774,707	577,472	6,002,415
Assigned:				
General government	30,805	-	-	-
Public safety - police	82,976	-	-	-
Public works - maintenance	76,197	-	-	-
Public works - other	37,603	-	-	-
Culture and recreation - library	61,138	-	-	-
Education	1,866,684	-	-	-
Capital Outlay	-	-	-	-
Future appropriation	1,850,000	-	-	-
Total assigned	4,005,403	-	-	-
Unassigned (deficit)	23,065,200	(1,313,869)	(10,193,832)	(5,383,227)
Total fund balance (deficit)	\$ 31,439,490	\$ 460,838	\$ (9,616,360)	\$ 2,989,655

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

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:

- **GASB Statement No. 72, *Fair Value Measurement and Application*.** This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015.
- **GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*,** completes the suite of pension standards. Statement 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statements 67 and 68). The requirements in Statement 73 for reporting pensions generally are the same as in Statement 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015.
- **GASB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*,** addresses reporting by OPEB plans that administer benefits on behalf of governments. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The provisions of this Statement are effective for fiscal years beginning after June 15, 2016.
- **GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*,** addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide:

Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments.

Note 15. Governmental Accounting Standards Board (GASB) Statements (Continued)

Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan.

Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees.

Statement 75 carries forward from Statement 45 the option to use a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through OPEB plans in which there are fewer than 100 plan members (active and inactive). This option was retained in order to reduce costs for smaller governments. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017.

- **GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.** The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted.

- **GASB Statement No. 77, *Tax Abatement Disclosures*.** Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government’s current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government’s financial resources come from and how it uses them, and (4) a government’s financial position and economic condition and how they have changed over time. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:
 - Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
 - The gross dollar amount of taxes abated during the period
 - Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

City of Danbury, Connecticut

Notes to Financial Statements

Note 15. Governmental Accounting Standards Board (GASB) Statements (Continued)

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs.

Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

- The names of the governments that entered into the agreements
- The specific taxes being abated
- The gross dollar amount of taxes abated during the period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.

- **GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*.** This standard narrows the scope and applicability of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan meeting specific criteria; establishes new guidance for these employers, including separate requirements for recognition and measurement of pension expense or expenditures and liabilities, note disclosures and required supplementary information (RSI). The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.
- **GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.** This standard establishes new criteria to continue amortization cost accounting for certain external investment pools in light of recent changes to money market fund criteria. The requirements of this Statement are effective for financial statements for periods beginning after beginning after June 15, 2015. Portfolio quality and monthly shadow pricing are effective for periods beginning after December 15, 2015. Earlier application is encouraged.

Note 16. Subsequent Event

General obligation bonds and bond anticipation notes: On July 23, 2015, the City issued \$25,000,000 of General Obligation Bond Anticipation Notes and \$18,000,000 of General Obligation Bonds. The notes mature on July 21, 2016, with interest 2.0%, effective rate of 0.31% and the bonds mature through 2035 with interest ranging from 3.0% to 5.0% and payments from \$900,000 annually.

**Required Supplementary
Information - *unaudited***

City of Danbury, Connecticut

Required Supplementary Information - Unaudited
 Schedule of Changes in the City's Net Pension Liability and Related Ratios and Schedule of Investment Returns
 Last Two Fiscal Years

	2015		2014	
	General Employees Retirement		General Employees Retirement	
Changes in Net Pension Liability				
Total Pension Liability				
Service cost	\$	2,132,568	\$	2,070,454
Interest on total pension liability		9,705,969		9,548,761
Differences between expected and actual experience		-		-
Changes of assumptions		-		-
Benefit payments		(8,166,553)		(10,813,036)
Net change in total pension liability		3,671,984		806,179
Total Pension Liability, Beginning		135,754,698		134,948,519
Total pension liability, ending (a)		139,426,682		135,754,698
Fiduciary Net Position				
Employer contributions		3,776,000		3,665,000
Member contributions		217,413		120,469
Investment income net of investment expenses		3,920,638		14,322,567
Benefit payments		(8,166,553)		(10,813,036)
Administrative expenses		(74,473)		-
Net change in plan fiduciary net position		(326,975)		7,295,000
Fiduciary Net Position, Beginning		106,900,119		99,605,119
Fiduciary net position, ending (b)		106,573,144		106,900,119
Net pension liability, ending = (a) - (b)	\$	32,853,538	\$	28,854,579
Fiduciary Net Position as a % of Total Pension Liability				
		76.44%		78.75%
Covered Payroll	\$	26,806,000	\$	26,025,000
Net Pension Liability as a % of Covered Payroll		122.56%		110.87%
		2015		2014
Annual money-weighted rate of return, net of investment expense		3.79%		14.78%

City of Danbury, Connecticut

Required Supplementary Information - Unaudited

Schedule of Changes in the City's Net Pension Liability and Related Ratios and Schedule of Investment Returns (Continued)
Last Two Fiscal Years

	2015		2014	
	Pre-1967 Police Pension Plan		Pre-1967 Police Pension Plan	
Changes in Net Pension Liability				
Total Pension Liability				
Service cost	\$	-	\$	-
Interest on total pension liability		553,203		602,880
Benefit payments		(1,237,975)		(1,336,484)
Net change in total pension liability		(684,772)		(733,604)
Total Pension Liability, Beginning		8,238,533		8,972,137
Total pension liability, ending (a)		7,553,761		8,238,533
Fiduciary Net Position				
Fiduciary Net Position				
Employer contributions		655,000		805,000
Member contributions		-		-
Investment income net of investment expenses		88,860		383,393
Benefit payments		(1,237,975)		(1,336,484)
Administrative expenses		(5,892)		-
Net change in plan fiduciary net position		(500,007)		(148,091)
Fiduciary Net Position, Beginning		3,135,282		3,283,373
Fiduciary net position, ending (b)		2,635,275		3,135,282
Net pension liability, ending = (a) - (b)	\$	4,918,486	\$	5,103,251
Fiduciary Net Position as a % of Total Pension Liability		34.89%		38.06%
Covered Payroll		N/A		N/A
Net Pension Liability as a % of Covered Payroll		0.00%		0.00%
		2015		2014
Annual money-weighted rate of return, net of investment expense		3.39%		11.34%

City of Danbury, Connecticut

Required Supplementary Information - Unaudited

Schedule of Changes in the City's Net Pension Liability and Related Ratios and Schedule of Investment Returns (Continued)
Last Two Fiscal Years

	2015	2014
	Pre-1967 Fire Pension Plan	Pre-1967 Fire Pension Plan
Changes in Net Pension Liability		
Total Pension Liability		
Service cost	\$ -	\$ -
Interest on total pension liability	445,256	475,224
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Benefit payments	(876,387)	(900,366)
Net change in total pension liability	(431,131)	(425,142)
Total Pension Liability, Beginning	6,571,981	6,997,123
Total pension liability, ending (a)	6,140,850	6,571,981
Fiduciary Net Position		
Employer contributions	415,000	497,000
Member contributions	-	-
Investment income net of investment expenses	104,536	420,984
Benefit payments	(876,387)	(900,366)
Administrative expenses	(7,136)	-
Net change in plan fiduciary net position	(363,987)	17,618
Fiduciary Net Position, Beginning	3,246,640	3,229,022
Fiduciary net position, ending (b)	2,882,653	3,246,640
Net pension liability, ending = (a) - (b)	\$ 3,258,197	\$ 3,325,341
Fiduciary Net Position as a % of Total Pension Liability	46.94%	49.40%
Covered Payroll	N/A	N/A
Net Pension Liability as a % of Covered Payroll	0.00%	0.00%
	2015	2014
Annual money-weighted rate of return, net of investment expense	3.63%	12.93%

City of Danbury, Connecticut

Required Supplementary Information - Unaudited

Schedule of Changes in the City's Net Pension Liability and Related Ratios and Schedule of Investment Returns (Continued)
Last Two Fiscal Years

	2015	2014
	Post-1967 Police Pension Plan	Post-1967 Police Pension Plan
Changes in Net Pension Liability		
Total Pension Liability		
Service cost	\$ 100,676	\$ 97,744
Interest on total pension liability	4,135,500	4,122,607
Differences between expected and actual experience	(1,159,613)	-
Changes of assumptions	-	-
Benefit payments	(4,120,884)	(3,972,610)
Net change in total pension liability	(1,044,321)	247,741
Total Pension Liability, Beginning	58,965,087	58,717,346
Total pension liability, ending (a)	57,920,766	58,965,087
Fiduciary Net Position		
Employer contributions	803,000	799,000
Member contributions	13,032	12,953
Investment income net of investment expenses	1,722,288	6,359,533
Benefit payments	(4,120,884)	(3,972,610)
Administrative expenses	(20,901)	-
Net change in plan fiduciary net position	(1,603,465)	3,198,876
Fiduciary Net Position, Beginning	47,267,854	44,068,978
Fiduciary net position, ending (b)	45,664,389	47,267,854
Net pension liability, ending = (a) - (b)	\$ 12,256,377	\$ 11,697,233
Fiduciary Net Position as a % of Total Pension Liability	78.84%	80.16%
Covered Payroll	\$ 1,138,000	\$ 1,220,000
Net Pension Liability as a % of Covered Payroll	1077.01%	958.79%
	2015	2014
Annual money-weighted rate of return, net of investment expense	3.79%	14.80%

City of Danbury, Connecticut

Required Supplementary Information - Unaudited

Schedule of Changes in the City's Net Pension Liability and Related Ratios and Schedule of Investment Returns (Continued)
Last Two Fiscal Years

	2015		2014	
	Post-1967 Fire Pension Plan		Post-1967 Fire Pension Plan	
Changes in Net Pension Liability				
Total Pension Liability				
Service cost	\$	1,659,154	\$	1,610,829
Interest on total pension liability		6,060,488		5,821,541
Differences between expected and actual experience		699,463		-
Changes of assumptions		494,323		-
Benefit payments		(4,354,212)		(4,021,371)
Net change in total pension liability		4,559,216		3,410,999
Total Pension Liability, Beginning		84,072,799		80,661,800
Total pension liability, ending (a)		88,632,015		84,072,799
Fiduciary Net Position				
Employer contributions		2,010,000		1,975,315
Member contributions		482,977		470,868
Investment income net of investment expenses		2,575,947		8,987,928
Benefit payments		(4,354,212)		(4,021,371)
Administrative expenses		(24,152)		-
Net change in plan fiduciary net position		690,560		7,412,740
Fiduciary Net Position, Beginning		68,583,724		61,170,984
Fiduciary net position, ending (b)		69,274,284		68,583,724
Net pension liability, ending = (a) - (b)	\$	19,357,731	\$	15,489,075
Fiduciary Net Position as a % of Total Pension Liability				
		78.16%		81.58%
Covered Payroll				
	\$	8,461,000	\$	8,923,000
Net Pension Liability as a % of Covered Payroll				
		228.79%		173.59%
Annual money-weighted rate of return, net of investment expense				
		3.84%		14.78%

City of Danbury, Connecticut

Required Supplementary Information - Unaudited

Schedule of Changes in the City's Net Pension Liability and Related Ratios and Schedule of Investment Returns (Continued)
Last Two Fiscal Years

	2015	2014
	Post-1983 Police Pension Plan	Post-1983 Police Pension Plan
Changes in Net Pension Liability		
Total Pension Liability		
Service cost	\$ 1,388,686	\$ 1,348,239
Interest on total pension liability	3,137,854	2,890,233
Differences between expected and actual experience	(107,160)	-
Changes of assumptions	698,090	-
Benefit payments	(1,017,069)	(715,125)
Net change in total pension liability	4,100,401	3,523,347
Total Pension Liability, Beginning	42,391,697	38,868,350
Total pension liability, ending (a)	46,492,098	42,391,697
Fiduciary Net Position		
Employer contributions	2,115,030	2,081,655
Member contributions	455,189	434,604
Investment income net of investment expenses	993,903	3,067,009
Benefit payments	(1,017,069)	(715,125)
Administrative expenses	(23,211)	-
Net change in plan fiduciary net position	2,523,842	4,868,143
Fiduciary Net Position, Beginning	26,580,553	21,712,410
Fiduciary net position, ending (b)	29,104,395	26,580,553
Net pension liability, ending = (a) - (b)	\$ 17,387,703	\$ 15,811,144
Fiduciary Net Position as a % of Total Pension Liability	62.60%	62.70%
Covered Payroll	\$ 10,247,000	\$ 9,879,000
Net Pension Liability as a % of Covered Payroll	169.69%	160.05%
	2015	2014
Annual money-weighted rate of return, net of investment expense	3.75%	13.36%

City of Danbury, Connecticut

Required Supplementary Information - Unaudited

Schedule of Changes in the City's Net Pension Liability and Related Ratios and Schedule of Investment Returns (Continued)
Last Two Fiscal Years

	2015	2014
	Post-2011 Fire Pension Plan	Post-2011 Fire Pension Plan
Changes in Net Pension Liability		
Total Pension Liability		
Service cost	\$ 78,741	\$ 76,448
Interest on total pension liability	12,904	6,116
Differences between expected and actual experience	(27,709)	-
Changes of assumptions	25,473	-
Benefit payments	-	-
Net change in total pension liability	89,409	82,564
Total Pension Liability, Beginning	82,564	-
Total pension liability, ending (a)	171,973	82,564
Fiduciary Net Position		
Employer contributions	70,797	-
Member contributions	45,030	35,835
Investment income net of investment expenses	10	3
Benefit payments	-	-
Administrative expenses	(3,705)	-
Net change in plan fiduciary net position	112,132	35,838
Fiduciary Net Position, Beginning	35,838	-
Fiduciary net position, ending (b)	147,970	35,838
Net pension liability, ending = (a) - (b)	\$ 24,003	\$ 46,726
Fiduciary Net Position as a % of Total Pension Liability	86.04%	43.41%
Covered Payroll	\$ 749,360	\$ 597,250
Net Pension Liability as a % of Covered Payroll	3.20%	7.82%
	2015	2014
Annual money-weighted rate of return, net of investment expense	0.01%	0.02%

City of Danbury, Connecticut

Required Supplementary Information - Unaudited
Schedules of Employer Contributions - Pensions
June 30, 2015

Schedule of Contributions - General Employees										
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined calculation	\$ 3,776,000	\$ 3,665,000	\$ 3,559,000	\$ 2,639,000	\$ 2,529,000	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to actuarially determine calculation	3,776,000	3,665,000	3,559,000	2,639,000	2,529,000	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	\$ 26,806,000	\$ 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
Contributions as a percentage of covered-employee payroll	14.09%	14.08%	14.09%	9.81%	9.79%	0.00%	0.00%	0.00%	0.00%	0.00%
Schedule of Contributions - Pre-1967 Police										
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined calculation	\$ 655,000	\$ 805,000	\$ 805,000	\$ 904,000	\$ 904,000	\$ 845,000	\$ 845,000	\$ 857,000	\$ 857,000	\$ 978,000
Contributions in relation to actuarially determine calculation	655,000	805,000	805,000	904,000	904,000	845,000	845,000	857,000	857,000	978,000
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	N/A									
Schedule of Contributions Pre - 1967 Fire										
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined calculation	\$ 415,000	\$ 497,000	\$ 497,000	\$ 488,000	\$ 488,000	\$ 552,000	\$ 552,000	\$ 865,000	\$ 611,000	\$ 584,000
Contributions in relation to actuarially determine calculation	415,000	497,000	497,000	488,000	488,000	552,000	552,000	865,000	611,000	584,000
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	-	-	-	-	-	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	N/A									
Schedule of Contributions - Post 1967 Police										
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined calculation	\$ 803,000	\$ 799,000	\$ 748,000	\$ 798,000	\$ -	\$ -	\$ -	\$ -	\$ 713,000	\$ 690,000
Contributions in relation to actuarially determine calculation	803,000	799,000	748,000	798,000	-	-	-	-	713,000	690,000
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	\$ 1,138,000	\$ 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
Contributions as a percentage of covered-employee payroll	70.56%	65.49%	63.12%	71.57%	0.00%	0.00%	0.00%	0.00%	41.02%	37.20%
Schedule of Contributions - Post 1967 Fire										
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined calculation	\$ 2,010,000	\$ 1,975,000	\$ 1,363,000	\$ 1,429,000	\$ 311,000	\$ 272,000	\$ -	\$ -	\$ 342,000	\$ 281,000
Contributions in relation to actuarially determine calculation	2,010,000	1,975,315	1,363,000	1,429,000	311,000	272,000	-	-	342,000	281,000
Contribution deficiency (excess)	\$ -	\$ (315)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	\$ 8,461,000	\$ 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
Contributions as a percentage of covered-employee payroll	23.76%	22.14%	15.73%	16.99%	3.70%	3.22%	0.00%	0.00%	4.50%	4.33%
Schedule of Contributions - Post 1983 Police Pension Plan										
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined calculation	\$ 2,114,000	\$ 2,081,000	\$ 1,517,000	\$ 1,602,000	\$ 1,047,000	\$ 1,018,000	\$ 889,000	\$ 910,000	\$ 910,000	\$ 984,000
Contributions in relation to actuarially determine calculation	2,115,030	2,081,655	1,517,000	1,419,000	1,047,000	1,018,000	889,000	910,000	910,000	984,000
Contribution deficiency (excess)	\$ (1,030)	\$ (655)	\$ -	\$ 183,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	\$ 10,247,000	\$ 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
Contributions as a percentage of covered-employee payroll	20.64%	21.07%	15.82%	15.24%	11.24%	11.73%	10.24%	11.74%	11.74%	12.93%

City of Danbury, Connecticut

Required Supplementary Information - Unaudited
 Schedules of Employer Contributions - Pensions (Continued)
 June 30, 2015

Schedule of Contributions - Post 2011 Fire Pension Plan											
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	
Actuarially determined calculation	\$ 41,000	\$ 40,613	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Contributions in relation to actuarially determine calculation	70,797	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ (29,797)</u>	<u>\$ 40,613</u>	<u>\$ -</u>	<u>-</u>							
Covered - employee payroll	\$ 749,360	\$ 597,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Contributions as a percentage of covered-employee payroll	9.45%	0.00%	N/A	N/A							

City of Danbury, Connecticut

**Schedule of the City's Proportionate Share of the Net Pension Liability - Teachers' Retirement System
Required Supplementary Information - unaudited
For the Year Ended June 30, 2015**

Measurement Date June, 30	2014
City's proportion of the net pension liability	0.00%
City's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the City	<u>\$ 174,346,320</u>
Total	<u>\$ 174,346,320</u>
City's covered-employee payroll	<u>\$ 69,885,000</u>
City's proportionate share of the net pension liability as a percentage of its covered payroll	<u>0.00%</u>
System fiduciary net position as a percentage of the total pension liability	<u>61.51%</u>

Notes to Connecticut State Teachers' Retirement System

Changes of Assumptions

In 2011, rates of withdrawal, retirement and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were Study for the System for the five year period ended June 30, 2010.

Method and assumptions used in calculations of actuarially determined contributions

The actuarially determined contributions in the schedule of employer contributions are calculated as of June 30 each biennium for the fiscal years ending two and three years after the valuation date. The following actuarial methods and assumptions were used to determine the most recent contributions reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Single equivalent amortization period	22.4 years
Asset valuation method	4-year smoothed market
Inflation	3.00 percent
Salary increase	3.75-7.00 percent, including inflation
Investment rate of return	8.50 percent, net of investment related expense

City of Danbury, Connecticut

Required Supplementary Information - Unaudited
Schedules of Funding Progress and Employer Contributions - OPEB
June 30, 2015

Schedule of Funding Progress - 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 Percentage of Covered Payroll
General Government Employees						
07/01/2014	\$ 1,053,900	\$ 229,068,600	\$ 228,014,700	5.0%	\$ 32,589,100	700.0%
07/01/2012	-	134,076,100	134,076,100	0.0%	32,315,500	415.0%
07/01/2010	-	124,038,200	124,038,200	0.0%	33,256,200	373.0%
07/01/2008	-	102,450,000	102,450,000	0.0%	34,705,900	295.0%
07/01/2006	-	73,448,012	73,448,012	0.0%	NA	NA
Board of Education Employees						
07/01/2014	\$ 146,100	\$ 30,191,100	\$ 30,045,000	0.5%	\$ 78,443,500	38.0%
07/01/2012	-	20,393,300	20,393,300	0.0%	73,580,400	28.0%
07/01/2010	-	19,730,300	19,730,300	0.0%	72,319,700	27.3%
07/01/2008	-	20,134,000	20,134,000	0.0%	66,898,500	30.0%
07/01/2006	-	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
2015	\$ 14,226,800	58.0%	\$ 2,101,800	35.0%
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
 Statement of Revenues, Expenditures and Changes in Unassigned Fund Balances - Budgetary Basis -
 Budget and Actual - General Fund
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Revenues				
General property taxes	\$ 188,578,289	\$ 188,578,289	\$ 188,467,780	\$ (110,509)
Federal and state governments	37,201,924	37,720,630	31,137,079	(6,583,551)
Licenses and permits	4,347,900	4,347,900	3,855,787	(492,113)
Charges for services	1,588,857	1,588,857	2,426,112	837,255
Fines and penalties	1,252,500	1,252,500	1,687,742	435,242
Investment income	200,000	200,000	115,630	(84,370)
Total revenues	233,169,470	233,688,176	227,690,130	(5,998,046)
Expenditures				
Current:				
General government	9,960,215	10,204,081	9,652,413	551,668
Public safety	31,460,256	32,921,145	32,628,538	292,607
Public works	9,829,404	10,055,816	9,413,822	641,994
Health and welfare	2,109,995	2,060,995	1,973,258	87,737
Culture and recreation	2,772,468	2,810,646	2,630,486	180,160
Education	122,003,866	122,003,866	121,981,640	22,226
Pension and other employee benefits	35,188,796	35,145,838	31,009,090	4,136,748
Capital outlay	-	265,884	254,153	11,731
Contingency	475,000	271,041	-	271,041
Debt service:				
Principal retirements	10,580,000	10,647,000	9,529,250	1,117,750
Interest	5,770,000	5,703,000	4,976,223	726,777
Total expenditures	230,150,000	232,089,312	224,048,873	8,040,439
Excess (deficiency) of revenues over (under) expenditures	3,019,470	1,598,864	3,641,257	2,042,393
Other Financing Sources (Uses)				
Sale of assets	1,850,000	2,345,606	3,755,940	1,410,334
Transfers in	680,530	1,605,530	1,348,627	(256,903)
Transfers (out)	(5,550,000)	(5,550,000)	(5,550,000)	-
Total other financing sources (uses)	(3,019,470)	(1,598,864)	(445,433)	1,153,431
Revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ -	\$ 3,195,824	\$ 3,195,824

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 \$1,939,312.
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, 2015**

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, 2015, there was \$811,318 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	\$ 232,794,697	\$ 229,598,873
Encumbrances and continued appropriations		
June 30, 2014	-	1,633,865
June 30, 2015	-	(811,358)
State Teachers' Retirement on-behalf payments, not recognized for budgetary purposes	17,630,000	17,630,000
Reclassified to General Fund, as funds were previously reported as Special Revenue Funds, and no longer meet the definition in accordance with GASB 54	1,645,366	1,523,316
Public safety off-duty services	1,406,417	1,316,616
Issuance of capital lease	750,000	750,000
Balance, GAAP basis	<u>\$ 254,226,480</u>	<u>\$ 251,641,312</u>

Special Revenue Funds: The City does not have legally adopted annual budgets for its special revenue funds except for the Animal Control 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, 2015

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary Basis	Final Budget
General Government				
Common Council	\$ 23,850	\$ 23,850	\$ 16,221	\$ 7,629
Mayor's Office	361,636	354,086	350,713	3,373
Legislative Assistant	59,974	61,177	60,840	337
Ordinances	25,000	25,000	15,143	9,857
Probate Court	20,700	20,700	19,659	1,041
Registrars and Elections	209,452	253,411	242,663	10,748
City Treasurer	23,370	23,458	23,452	6
Director of Finance	901,633	934,110	912,326	21,784
Data Processing/Information Technology	1,283,160	1,298,160	1,270,766	27,394
Independent Audit	40,000	50,700	30,955	19,745
Bureau of Assessments	413,966	360,226	340,643	19,583
Board of Assessments and Appeal	7,200	7,200	4,093	3,107
Tax Collector	642,584	581,607	557,462	24,145
Purchasing	258,471	257,466	252,931	4,535
Corporation Counsel	824,942	891,134	891,127	7
Town Clerk	416,682	395,230	318,020	77,210
Annual Report	10,000	10,000	10,000	-
Permit Coordination	329,582	329,804	329,452	352
Planning	500,733	506,839	504,860	1,979
Office of Economic Development	103,688	104,938	99,796	5,142
Danbury Conservation Commission	10,024	10,024	8,607	1,417
HR/Civil Service	344,570	528,311	493,206	35,105
Mayor's Discretionary Fund	15,000	22,550	21,135	1,415
Fair Rent Commission	500	500	-	500
City Memberships	85,870	85,870	85,087	783
Lake Authority	57,338	61,646	61,646	-
Retirement Administration	20,000	20,000	12,684	7,316
Labor Negotiations	170,200	186,107	184,907	1,200
Public Buildings	1,234,855	1,218,097	1,124,622	93,475
City Hall Building	465,839	461,982	408,605	53,377
Library Building	240,684	257,720	225,759	31,961
Police Station Building	554,733	561,182	508,005	53,177
Senior Center Building	58,520	58,520	46,630	11,890
Old Jail Building	32,478	32,183	28,423	3,760
Old Library Building	57,403	56,198	49,514	6,684
Park Buildings	155,578	154,095	142,461	11,634
Total general government	9,960,215	10,204,081	9,652,413	551,668

(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	Variance With
	Original	Final	Budgetary Basis	Final Budget
Public Safety				
Police Department	\$ 16,401,328	\$ 15,785,268	\$ 15,618,908	166,360
Fire Department	12,736,412	12,357,330	12,316,178	41,152
Emergency Services Dispatch	-	2,596,495	2,554,841	41,654
Building Inspector	681,325	536,520	515,146	21,374
Department of Civil Preparedness	126,855	126,855	126,853	2
Department of Consumer Protection	56,874	53,132	49,757	3,375
Unified Neighborhood Inspection Team	180,045	180,677	172,484	8,193
Airport	544,337	551,788	541,291	10,497
HART	733,080	733,080	733,080	-
Total public safety	31,460,256	32,921,145	32,628,538	292,607
Public Works				
Director of Public Works	230,989	238,394	230,764	7,630
Highways	2,721,792	2,715,668	2,593,743	121,925
State Aid-Highways	360,000	360,000	280,775	79,225
Snow & Ice Removal	872,500	875,500	870,910	4,590
Street Lighting	511,500	511,500	477,186	34,314
Park Maintenance	1,291,509	1,285,372	1,204,534	80,838
Forestry	272,762	287,588	280,560	7,028
Public Buildings-Maint & Repair	643,700	709,060	620,311	88,749
Equipment Maintenance	1,442,273	1,572,119	1,475,850	96,269
Recycling/Solid Waste	284,000	308,200	225,812	82,388
Engineering	965,254	980,075	952,645	27,430
Construction Services	233,125	212,340	200,732	11,608
Total public works	9,829,404	10,055,816	9,413,822	641,994
Health and Welfare				
Health, House and Welfare Department	1,314,544	1,245,544	1,191,585	53,959
Veterans Advisory Center	68,695	48,695	38,116	10,579
Elderly Services	251,858	241,858	218,659	23,199
Elderly Transportation	12,000	12,000	12,000	-
Community Services	462,898	512,898	512,898	-
Total health and welfare	2,109,995	2,060,995	1,973,258	87,737
Education	122,003,866	122,003,866	121,981,640	22,226

(Continued)

City of Danbury, Connecticut

General Fund Expenditures and Encumbrances - Budgetary Basis -
 Budget and Actual - Unaudited (Continued)
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Culture and Recreation				
Danbury Public Library	\$ 1,966,270	\$ 2,005,185	\$ 1,865,030	140,155
Recreation	344,035	343,298	308,919	34,379
Tarrywile Park Authority	218,153	218,153	218,153	-
Cultural Commission	72,718	72,718	69,870	2,848
Lake Kenosia Commission	15,236	15,236	12,458	2,778
Ives Authority Performing Arts	55,404	55,404	55,404	-
Long Ridge Library	9,860	9,860	9,860	-
Danbury Museum/Hist Soc Authority	90,792	90,792	90,792	-
Total culture and recreation	2,772,468	2,810,646	2,630,486	180,160
Pension and Other Employee Benefits	35,188,796	35,145,838	31,009,090	4,136,748
Debt Service				
Redemption of debt	10,580,000	10,647,000	9,529,250	1,117,750
Interest - bonds	5,770,000	5,703,000	4,976,223	726,777
Total debt service	16,350,000	16,350,000	14,505,473	1,844,527
Capital Outlay	-	265,884	254,153	11,731
Contingency	475,000	271,041	-	271,041
Transfer Out	5,550,000	5,550,000	5,550,000	-
Total	\$ 235,700,000	\$ 237,373,428	\$ 229,598,873	\$ 7,774,555

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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.

Metro North 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.

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.

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

Roads Fund – to account for proceeds of specific general obligation bonds for various projects to further develop the City.

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, 2015

	Special Revenue			
	School Lunch Program	Community Development Block Grant	Metro North Lease	Library Board Library Fund
Assets				
Cash and Cash Equivalents	\$ 76,273	\$ 460,947	\$ 2,658	\$ 107,759
Receivables				
Accounts receivable, net	178,490	-	-	-
Federal and State government	564,290	104,297	-	-
Other	-	-	1,034	-
Inventories	51,242	-	-	-
Due from Other Funds	-	-	-	-
Total assets	\$ 870,295	\$ 565,244	\$ 3,692	\$ 107,759
Liabilities				
Accounts payable	\$ 687,287	\$ 65,641	\$ 2,564	\$ 102,363
Accrued wages	-	-	-	-
Bond anticipation notes payable	-	-	-	-
Unearned revenue	-	-	-	-
Due to other funds	-	552,858	1,128	-
Total liabilities	687,287	618,499	3,692	102,363
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances (Deficits)				
Nonspendable	51,242	-	-	-
Restricted	131,766	487,827	-	5,396
Committed	-	-	-	-
Unassigned	-	(541,082)	-	-
Total fund balances (deficits)	183,008	(53,255)	-	5,396
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 870,295	\$ 565,244	\$ 3,692	\$ 107,759

Special Revenue

Animal Control	School- Based Health Center Grant	LOCIP	Airport	State & Fed. School Projects	ARRA	Neighborhood Stabilization Projects
\$ 264,947	\$ 391,002	\$ 375,497	\$ 154,329	\$ 2,447,055	\$ -	\$ 83
-	-	-	-	-	-	-
-	-	279,452	647,106	968,287	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	152	19,345	-	-	-
<u>\$ 264,947</u>	<u>\$ 391,002</u>	<u>\$ 655,101</u>	<u>\$ 820,780</u>	<u>\$ 3,415,342</u>	<u>\$ -</u>	<u>\$ 83</u>
\$ 49,073	\$ 174,754	\$ 29,487	\$ 37,362	\$ 2,130,349	\$ -	\$ -
10,374	-	-	-	74,766	-	-
-	-	-	-	-	-	-
-	216,248	-	-	1,201,442	-	-
3,877	-	625,713	850,000	-	-	83
<u>63,324</u>	<u>391,002</u>	<u>655,200</u>	<u>887,362</u>	<u>3,406,557</u>	<u>-</u>	<u>83</u>
-	-	279,452	647,106	-	-	-
-	-	279,452	647,106	-	-	-
-	-	-	-	-	-	-
-	-	132,264	70,054	8,785	-	-
201,623	-	-	-	-	-	-
-	-	(411,815)	(783,742)	-	-	-
<u>201,623</u>	<u>-</u>	<u>(279,551)</u>	<u>(713,688)</u>	<u>8,785</u>	<u>-</u>	<u>-</u>
<u>\$ 264,947</u>	<u>\$ 391,002</u>	<u>\$ 655,101</u>	<u>\$ 820,780</u>	<u>\$ 3,415,342</u>	<u>\$ -</u>	<u>\$ 83</u>

(Continued)

City of Danbury, Connecticut

Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 June 30, 2015

	Capital Projects			
	City Projects	SECP	Danbury Neighborhood Bond	Head Start
Assets				
Cash and Cash Equivalents	\$ 4,943,746	\$ 818,477	\$ 856,584	\$ 1,500,040
Receivables				
Accounts receivable, net	-	-	-	-
Federal and State government	75,458	734,595	-	434,821
Other	520,022	-	-	-
Inventories	-	-	-	-
Due from Other Funds	-	-	-	-
Total assets	\$ 5,539,226	\$ 1,553,072	\$ 856,584	\$ 1,934,861
Liabilities				
Accounts payable	\$ 254,984	\$ -	\$ -	\$ 11,750
Accrued wages	-	-	-	-
Bond anticipation notes payable	-	-	-	2,500,000
Unearned revenue	-	-	-	-
Due to other funds	2,821,042	800,000	886,311	1,405,853
Total liabilities	3,076,026	800,000	886,311	3,917,603
Deferred Inflows of Resources				
Unavailable revenue	37,729	734,595	-	434,821
Total deferred inflows of resources	37,729	734,595	-	434,821
Fund Balances (Deficits)				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	2,425,471	18,477	89,131	11,100
Unassigned	-	-	(118,858)	(2,428,663)
Total fund balances (deficits)	2,425,471	18,477	(29,727)	(2,417,563)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 5,539,226	\$ 1,553,072	\$ 856,584	\$ 1,934,861

Capital Projects					Permanent Fund	
Public Safety Bond	Century 21 PI	Open Space	CRM	Roads	Farioly Library	Totals
\$ 671,276	\$ 1,624,934	\$ 633,138	\$ 2,274,249	\$ 197	\$ 1,651,496	\$ 19,254,687
-	-	-	-	-	-	178,490
-	689,788	-	-	333,117	-	4,831,211
-	-	-	-	-	-	521,056
-	-	-	-	-	-	51,242
-	-	-	-	-	-	19,497
<u>\$ 671,276</u>	<u>\$ 2,314,722</u>	<u>\$ 633,138</u>	<u>\$ 2,274,249</u>	<u>\$ 333,314</u>	<u>\$ 1,651,496</u>	<u>\$ 24,856,183</u>
\$ 33,670	\$ -	\$ 98,713	\$ -	\$ 840,415	\$ -	\$ 4,518,412
-	-	-	-	-	-	85,140
-	-	-	-	-	-	2,500,000
-	-	-	-	-	-	1,417,690
5,903	310	-	2,229,600	1,000	5,000	10,188,678
<u>39,573</u>	<u>310</u>	<u>98,713</u>	<u>2,229,600</u>	<u>841,415</u>	<u>5,000</u>	<u>18,709,920</u>
-	689,788	-	-	333,117	-	3,156,608
-	689,788	-	-	333,117	-	3,156,608
-	-	-	-	-	1,483,133	1,534,375
-	-	-	-	-	-	836,092
631,703	1,624,624	749,516	44,649	42,758	163,363	6,002,415
-	-	(215,091)	-	(883,976)	-	(5,383,227)
<u>631,703</u>	<u>1,624,624</u>	<u>534,425</u>	<u>44,649</u>	<u>(841,218)</u>	<u>1,646,496</u>	<u>2,989,655</u>
<u>\$ 671,276</u>	<u>\$ 2,314,722</u>	<u>\$ 633,138</u>	<u>\$ 2,274,249</u>	<u>\$ 333,314</u>	<u>\$ 1,651,496</u>	<u>\$ 24,856,183</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, 2015

	Special Revenue			
	School Lunch Program	Community Development Block Grant	Metro North Lease	Library Board Library Fund
Revenues				
Federal and state governments	\$ 3,121,965	\$ 947,682	\$ -	\$ 7,226
Licenses and permits	2,004,946	-	-	-
Charges for services	-	-	31,988	37,899
Investment income	-	-	-	193
Contributions	-	-	-	70
Total revenues	5,126,911	947,682	31,988	45,388
Expenditures				
General government	-	43,304	23,400	-
Public safety	-	-	-	-
Public works	-	442,118	-	-
Culture and recreation	-	-	-	36,960
Health and welfare	-	1,012,974	-	-
Education	5,099,194	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	8,588	6,911
Total expenditures	5,099,194	1,498,396	31,988	43,871
Excess (deficiency) of revenues over (under) expenditures	27,717	(550,714)	-	1,517
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Bond anticipation note proceeds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Total revenue and other financing sources (uses) over (under) expenditures	27,717	(550,714)	-	1,517
Fund Balances (Deficits), Beginning	155,291	497,459	-	3,879
Fund Balances (Deficits), Ending	\$ 183,008	\$ (53,255)	\$ -	\$ 5,396

Special Revenue

Animal Control	School-Based Health Center Grant	LOCIP	Airport	State & Fed. School Projects	ARRA	Neighborhood Stabilization Projects
\$ -	\$ 469,021	\$ 340,910	\$ 324,307	\$ 24,977,151	\$ -	\$ -
12,771	-	-	-	-	-	-
1,301	138,012	-	-	-	-	-
423	-	-	-	-	-	-
-	-	-	-	-	-	-
14,495	607,033	340,910	324,307	24,977,151	-	-
-	-	-	-	-	-	-
255,078	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	586,141	-	-	-	-	-
-	-	-	-	24,968,366	-	-
-	-	-	-	-	-	-
593	9,981	477,764	282,668	-	-	-
255,671	596,122	477,764	282,668	24,968,366	-	-
(241,176)	10,911	(136,854)	41,639	8,785	-	-
300,000	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
300,000	-	-	-	-	-	-
58,824	10,911	(136,854)	41,639	8,785	-	-
142,799	(10,911)	(142,697)	(755,327)	-	-	-
\$ 201,623	\$ -	\$ (279,551)	\$ (713,688)	\$ 8,785	\$ -	\$ -

(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, 2015

	Capital Projects			
	City Projects	SECP	Danbury Neighborhood Bond	Head Start
Revenues				
Federal and state governments	\$ 754,581	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Contributions	-	-	-	-
Total revenues	754,581	-	-	-
Expenditures				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Education	-	-	-	-
Interest	-	-	-	37,396
Capital outlay	6,667,614	191,726	95,192	50,786
Total expenditures	6,667,614	191,726	95,192	88,182
Excess (deficiency) of revenues over (under) expenditures	(5,913,033)	(191,726)	(95,192)	(88,182)
Other Financing Sources (Uses)				
Transfers in	5,250,000	-	-	-
Transfers out	(97,721)	-	(362,342)	-
Bond anticipation note proceeds	2,400,000	-	-	-
Total other financing sources (uses)	7,552,279	-	(362,342)	-
Total revenue and other financing sources (uses) over (under) expenditures	1,639,246	(191,726)	(457,534)	(88,182)
Fund Balances (Deficits), Beginning	786,225	210,203	427,807	(2,329,381)
Fund Balances (Deficits), Ending	\$ 2,425,471	\$ 18,477	\$ (29,727)	\$ (2,417,563)

Capital Projects					Permanent Fund	Totals
Public Safety Bond	Century 21 PI	Open Space	CRM	Roads	Farioly Library	
\$ -	\$ 1,704,902	\$ -	\$ -	\$ -	\$ -	\$ 32,647,745
-	-	-	-	-	-	2,017,717
-	-	-	-	-	-	209,200
-	-	-	-	-	5,154	5,770
-	-	-	-	-	-	70
-	1,704,902	-	-	-	5,154	34,880,502
-	-	-	-	-	-	66,704
-	-	-	-	-	-	255,078
-	-	-	-	-	-	442,118
-	-	-	-	-	-	36,960
-	-	-	-	-	-	1,599,115
-	-	-	-	-	-	30,067,560
-	-	-	-	-	-	37,396
210,341	-	831,875	154,097	841,218	-	9,829,354
210,341	-	831,875	154,097	841,218	-	42,334,285
(210,341)	1,704,902	(831,875)	(154,097)	(841,218)	5,154	(7,453,783)
-	-	-	-	-	-	5,550,000
-	-	-	-	-	-	(460,063)
-	-	-	-	-	-	2,400,000
-	-	-	-	-	-	7,489,937
(210,341)	1,704,902	(831,875)	(154,097)	(841,218)	5,154	36,154
842,044	(80,278)	1,366,300	198,746	-	1,641,342	2,953,501
\$ 631,703	\$ 1,624,624	\$ 534,425	\$ 44,649	\$ (841,218)	\$ 1,646,496	\$ 2,989,655

City of Danbury, Connecticut

**Schedule of Revenues and Expenditures
Budget and Actual - Animal Control Fund - Unaudited
For the Year Ended June 30, 2015**

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Town clerk fees	\$ 12,500	\$ 12,500	\$ 12,771	271
City contribution	300,000	300,000	300,000	-
Other revenue	2,100	2,100	1,724	(376)
Other financing sources	-	432	-	(432)
Total revenues	314,600	315,032	314,495	(537)
Expenditures	314,600	315,032	255,671	59,361
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 58,824	\$ (58,824)

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, 2015

	Workers' Compensation	Risk Management	Retired Employee Benefits	Total
Assets				
Current Assets				
Cash	\$ -	\$ 5,053,687	\$ -	\$ 5,053,687
Other assets	2,560	439,320	-	441,880
Due from general fund	3,731,983	4,214,787	-	7,946,770
Total assets	3,734,543	9,707,794	-	13,442,337
Liabilities				
Accounts payable	1,260,056	595,576	-	1,855,632
Due to other funds	-	108,220	-	108,220
Accrued claims and judgments	2,474,487	8,963,308	-	11,437,795
Total liabilities	3,734,543	9,667,104	-	13,401,647
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, 2015

	Workers' Compensation	Risk Management	Retired Employee Benefits	Total
Operating Revenues				
Charges for services	\$ 1,547,241	\$ 16,674,334	\$ -	\$ 18,221,575
Total operating revenues	1,547,241	16,674,334	-	18,221,575
Operating Expenses				
Claims	1,547,241	16,674,334	-	18,221,575
Total operating expenses	1,547,241	16,674,334	-	18,221,575
Change in net position	-	-	-	-
Fund Net Position, Beginning	-	40,690	-	40,690
Fund Net Position, Ending	\$ -	\$ 40,690	\$ -	\$ 40,690

City of Danbury, Connecticut

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2015

	Workers' Compensation	Risk Management	Retired Employee Benefits	Total
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 1,394,278	\$ 15,953,428	\$ -	\$ 17,347,706
Payments to suppliers/claims paid	(1,642,177)	(11,737,202)	(1,200,000)	(14,579,379)
Net cash provided by (used in) operating activities	(247,899)	4,216,226	(1,200,000)	2,768,327
Net (decrease) increase in cash and cash equivalents	(247,899)	4,216,226	(1,200,000)	2,768,327
Cash and Cash Equivalents, Beginning	247,899	837,461	1,200,000	2,285,360
Cash and Cash Equivalents, Ending	\$ -	\$ 5,053,687	\$ -	\$ 5,053,687
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating income	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Changes in assets and liabilities:				
(Increase) decrease in due from other funds	(150,403)	(281,586)	-	(431,989)
(Increase) decrease accounts receivable	(2,560)	(439,320)	-	(441,880)
(Increase) decrease in due to other funds	-	108,220	-	108,220
Increase (decrease) in accrued expenses and accounts payable	(94,936)	4,828,912	(1,200,000)	3,533,976
Net cash provided by (used in) operating activities	\$ (247,899)	\$ 4,216,226	\$ (1,200,000)	\$ 2,768,327

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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
OPEB Trust	

- 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.

Mad Hacker - to account for funds received for the Mad Hacker Social Media Conference.

Sandy - to account for funds received through donations to assist Danbury residents with recovery from Hurricane Sandy.

Quadracentennial - to account for funds collected for the Quadracentennial celebration in 2084.

Deferred Comp - to account for revenue sharing funds received from the City's deferred compensation provider to offset expenses of administrating the program.

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City of Danbury, Connecticut

Statement of Net Position - Pension Trust Funds
June 30, 2015

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police
Assets				
Cash and Cash Equivalents	\$ 4,457,946	\$ 688,451	\$ 463,911	\$ 1,130,074
Investments, at Fair Value				
Common stock	11,611,392	221,380	275,036	5,063,858
Debt securities	3,161,153	60,270	74,877	1,378,614
Equity and fixed income mutual funds	45,744,500	872,152	1,083,537	19,949,688
Private hedge fund	41,639,932	793,896	986,314	18,159,640
Total investments	102,156,977	1,947,698	2,419,764	44,551,800
Accrued Interest and Dividends	50,633	974	1,205	22,071
Pending Sales	32,966	-	-	-
Total assets	106,698,522	2,637,123	2,884,880	45,703,945
Liabilities				
Accrued expenses and management fees	133,926	1,219	1,446	25,180
Due to other funds	-	-	-	-
Pending Purchases	-	629	781	14,377
Total liabilities	133,926	1,848	2,227	39,557
Net Position - restricted for pension benefits and other purposes	\$ 106,564,596	\$ 2,635,275	\$ 2,882,653	\$ 45,664,388

Post-1967 Fire	Post-1983 Police	Post-2011 Fire	OPEB	Total
\$ 1,833,553	\$ 2,554,095	\$ 147,969	\$ 3,043,671	\$ 14,319,670
7,668,449	3,018,938	-	-	27,859,053
2,087,703	821,893	-	-	7,584,510
30,210,793	11,893,475	-	-	109,754,145
27,500,035	10,826,296	-	-	99,906,113
67,466,980	26,560,602	-	-	245,103,821
33,435	9,140	-	365	117,823
-	13,183	-	-	46,149
69,333,968	29,137,020	147,969	3,044,036	259,587,463
37,912	14,914	-	3,022,867	3,237,464
-	-	-	20,948	20,948
21,771	8,571	-	-	46,129
59,683	23,485	-	3,043,815	3,304,541
\$ 69,274,285	\$ 29,113,535	\$ 147,969	\$ 221	\$ 256,282,922

City of Danbury, Connecticut

Statement of Net Position - Private Purpose Trust Fund
June 30, 2015

	Phoebe M. Harrison
<hr/>	
Assets	
Cash and Cash Equivalents	\$ 1,374
Total assets	<u>1,374</u>
Net position held in trust	<u>\$ 1,374</u>

City of Danbury, Connecticut

Statement of Net Position - Agency Funds
June 30, 2015

	Street Openings	School Activities	Danbury High School Scholarship	Downtown Special Services District	Security Lease Account	Danbury Permits	Mad Hacker	Sandy	Quadracennial	Deferred Comp.	Total
Assets											
Cash and											
cash equivalents	\$ 729,120	\$733,511	\$ 738,217	\$ 53,883	\$ 17,829	\$ 1,322,359	\$ 42	\$19,235	\$ 1,807	\$ 118,001	\$ 3,734,004
Total assets	<u>729,120</u>	<u>733,511</u>	<u>738,217</u>	<u>53,883</u>	<u>17,829</u>	<u>1,322,359</u>	<u>42</u>	<u>19,235</u>	<u>1,807</u>	<u>118,001</u>	<u>3,734,004</u>
Liabilities											
Due to General Fund	-	-	-	-	-	-	-	-	-	-	-
Other Liabilities	729,120	733,511	738,217	53,883	17,829	1,322,359	42	19,235	1,807	118,001	3,734,004
Total liabilities	<u>729,120</u>	<u>733,511</u>	<u>738,217</u>	<u>53,883</u>	<u>17,829</u>	<u>1,322,359</u>	<u>42</u>	<u>19,235</u>	<u>1,807</u>	<u>118,001</u>	<u>3,734,004</u>
Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Danbury, Connecticut

Statement of Changes in Net Position - Pension Trust Funds
For the Year Ended June 30, 2015

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police
Additions				
Contributions				
Employer	\$ 3,776,000	\$ 655,000	\$ 415,000	\$ 803,000
Plan members	217,413	-	-	13,032
Total contributions	3,993,413	655,000	415,000	816,032
Investment Income				
Net appreciation in fair value of investments	517,996	22,719	22,801	235,252
Interest and dividends	3,664,370	69,957	86,931	1,600,504
	4,182,366	92,676	109,732	1,835,756
Less investment expenses:				
Investment management fees	351,459	9,900	12,523	137,320
Net investment income	3,830,907	82,776	97,209	1,698,436
Deductions				
Benefits	8,166,553	1,237,975	876,387	4,120,884
Change in net position	(342,233)	(500,199)	(364,178)	(1,606,416)
Net position - restricted for pension benefits and other purposes				
Beginning of year	106,906,829	3,135,474	3,246,831	47,270,804
End of year	\$ 106,564,596	\$ 2,635,275	\$ 2,882,653	\$ 45,664,388

Post-1967 Fire	Post-1983 Police	Post-2011 Fire	OPEB	Total
\$ 2,010,000	\$ 2,115,030	\$ 70,797	\$ 16,943,040	\$ 26,787,867
482,977	455,189	45,030	-	1,213,641
<u>2,492,977</u>	<u>2,570,219</u>	<u>115,827</u>	<u>16,943,040</u>	<u>28,001,508</u>
329,415	101,811	-	221	1,230,215
2,423,854	963,486	7	-	8,809,109
<u>2,753,269</u>	<u>1,065,297</u>	<u>7</u>	<u>221</u>	<u>10,039,324</u>
205,752	87,094	3,705	-	807,753
<u>2,547,517</u>	<u>978,203</u>	<u>(3,698)</u>	<u>221</u>	<u>9,231,571</u>
4,354,212	1,017,069	-	16,943,040	36,716,120
686,282	2,531,353	112,129	221	516,959
<u>68,588,003</u>	<u>26,582,182</u>	<u>35,840</u>	<u>-</u>	<u>255,765,963</u>
<u>\$ 69,274,285</u>	<u>\$ 29,113,535</u>	<u>\$ 147,969</u>	<u>\$ 221</u>	<u>\$ 256,282,922</u>

City of Danbury, Connecticut

Statement of Changes in Net Position - Private Purpose Trust Fund
For the Year Ended June 30, 2015

Phoebe M.
Harrison

Deductions	
Scholarships:	
Education	\$ (5)
Net investment income	<u>(5)</u>
Change in net position	(5)
Net Position Held in Trust	
Beginning of year	<u>1,369</u>
End of year	<u>\$ 1,374</u>

City of Danbury, Connecticut

Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Street Openings				
Assets				
Cash	\$ 760,700	\$ 186,494	\$ 218,074	\$ 729,120
Liabilities				
Amounts held for others	\$ 760,700	\$ 186,494	\$ 218,074	\$ 729,120
School Activities				
Assets				
Cash	\$ 718,029	\$ 1,992,773	\$ 1,977,291	\$ 733,511
Liabilities				
Amounts held for others	\$ 718,029	\$ 1,992,773	\$ 1,977,291	\$ 733,511
Danbury High School Scholarship				
Assets				
Cash	\$ 716,879	\$ 65,925	\$ 44,587	\$ 738,217
Liabilities				
Amounts held for others	\$ 716,879	\$ 65,925	\$ 44,587	\$ 738,217
Downtown Special Services				
Assets				
Cash	\$ 54,205	\$ 265,780	\$ 266,102	\$ 53,883
Liabilities				
Amounts held for others	\$ 54,205	\$ 265,780	\$ 266,102	\$ 53,883
Security Lease Account				
Assets				
Cash	\$ 19,217	\$ 20,177	\$ 21,565	\$ 17,829
Liabilities				
Amounts held for others	\$ 19,217	\$ 20,177	\$ 21,565	\$ 17,829
Danbury Permits				
Assets				
Cash	\$ 1,367,935	\$ 148,460	\$ 194,036	\$ 1,322,359
Liabilities				
Amounts held for others	\$ 1,367,935	\$ 148,460	\$ 194,036	\$ 1,322,359

City of Danbury, Connecticut

Statement of Changes in Assets and Liabilities (Continued)

Agency Funds

For the Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Mad Hacker				
Assets				
Cash	\$ 4,752	\$ 2,893	\$ 7,603	\$ 42
Liabilities				
Amounts held for others	\$ 4,752	\$ 2,893	\$ 7,603	\$ 42
Sandy				
Assets				
Cash	\$ 19,750	\$ 3,670	\$ 4,185	\$ 19,235
Liabilities				
Amounts held for others	\$ 19,750	\$ 3,670	\$ 4,185	\$ 19,235
Quadracennial				
Assets				
Cash	\$ 1,807	\$ -	\$ -	\$ 1,807
Liabilities				
Amounts held for others	\$ 1,807	\$ -	\$ -	\$ 1,807
Deferred Comp				
Assets				
Cash	\$ 78,751	\$ 39,250	\$ -	\$ 118,001
Liabilities				
Amounts held for others	\$ 78,751	\$ 39,250	\$ -	\$ 118,001
Total Agency Funds				
Assets				
Cash	\$ 3,742,025	\$ 2,725,422	\$ 2,733,443	\$ 3,734,004
Liabilities				
Amounts held for others	\$ 3,742,025	\$ 2,725,422	\$ 2,733,443	\$ 3,734,004

**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, 2015

Governmental Funds Capital Assets	
Land	\$ 48,964,594
Easements	918,950
Land improvements	14,535,291
Buildings and improvements	274,703,835
Machinery and equipment	54,384,627
Infrastructure	146,398,607
Construction in progress	13,357,072
Total governmental funds capital assets	<u>\$ 553,262,976</u>

City of Danbury, Connecticut

Capital Assets Used in the Operation of Governmental Funds -
 Schedule by Function and Activity
 June 30, 2015

	Land	Easements	Land Improvements	Buildings and Improvements	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General Government	\$ 12,933,600	\$ -	\$ -	\$ 25,403,524	\$ 9,168,534	\$ -	\$ 34,800	\$ 47,540,458
Public Safety	7,457,129	-	36,300	41,329,212	18,340,449	4,024,164	35,096	71,222,350
Public Works	19,700	-	72,283	2,442,687	9,802,156	141,334,035	2,658,236	156,329,097
Health & Welfare	821,100	-	-	3,939,240	200,331	-	-	4,960,671
Education	5,431,900	-	6,435,337	185,633,254	14,210,698	42,970	9,492,662	221,246,821
Culture and Recreation	22,301,165	918,950	7,991,371	15,955,918	2,662,459	997,438	1,136,278	51,963,579
Total	\$ 48,964,594	\$ 918,950	\$ 14,535,291	\$ 274,703,835	\$ 54,384,627	\$ 146,398,607	\$ 13,357,072	\$ 553,262,976

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, 2015**

	Governmental Funds					Governmental Funds
	Capital Assets July 1, 2014	Additions	Deletions	Transfers Out of CIP	Transfers from CIP	Capital Assets June 30, 2015
General Government	\$ 48,600,337	\$ 365,479	\$ (1,425,358)	\$ -	\$ -	\$ 47,540,458
Public Safety	70,251,021	1,148,091	(176,762)	(1,108,343)	1,108,343	71,222,350
Public Works	152,758,465	4,143,762	(573,130)	(2,676,681)	2,676,681	156,329,097
Health and Welfare	4,960,671	-	-	-	-	4,960,671
Education	211,288,839	9,957,983	-	(28,349,920)	28,349,920	221,246,822
Culture and Recreation	54,671,355	1,652,524	(4,360,301)	(304,114)	304,114	51,963,578
Total	\$ 542,530,688	\$ 17,267,839	\$ (6,535,551)	\$ (32,439,058)	\$ 32,439,058	\$ 553,262,976

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Other Schedules

City of Danbury, Connecticut

Balance Sheet - By Account - General Fund
June 30, 2015

	General	Continuing Education	Combined
Assets			
Cash and Cash Equivalents	\$ 10,633,397	\$ 1,060,442	\$ 11,693,839
Investments	11,417,220	-	11,417,220
Receivables (Net of Allowances for Collection Losses):			
Property taxes	7,740,798	-	7,740,798
State and federal governments	2,072,400	-	2,072,400
Accounts receivable	2,364,652	-	2,364,652
Other Assets	4,357,152	-	4,357,152
Due From Other Funds	13,786,113	-	13,786,113
Total assets	\$ 52,371,732	\$ 1,060,442	\$ 53,432,174
Liabilities			
Accounts Payable	\$ 3,189,178	\$ -	\$ 3,189,178
Accrued Wages	1,967,317	-	1,967,317
Due to Other Funds	8,003,492	-	8,003,492
Unearned Revenue	177,886	-	177,886
Total liabilities	13,337,873	-	13,337,873
Deferred Inflows of Resources			
Unavailable revenue	8,654,811	-	8,654,811
Total deferred inflows of resources	8,654,811	-	8,654,811
Fund Balances			
Nonspendable	4,357,152	-	4,357,152
Restricted	11,735	-	11,735
Assigned	2,944,961	1,060,442	4,005,403
Unassigned	23,065,200	-	23,065,200
Total fund balances	30,379,048	1,060,442	31,439,490
Total liabilities, deferred inflows of resources and fund balances	\$ 52,371,732	\$ 1,060,442	\$ 53,432,174

City of Danbury, Connecticut

Schedule of Revenues, Expenditures and Changes in Fund Balance - By Account - General Fund
June 30, 2015

	General	Continuing Education	Combined
Revenues			
Property taxes	\$ 188,467,780	\$ -	\$ 188,467,780
State and federal governments	48,767,079		48,767,079
Licenses and permits	3,855,787	-	3,855,787
Charges for services	4,256,157	1,645,366	5,901,523
Fines and penalties	1,687,742	-	1,687,742
Investment income	115,630	-	115,630
Total revenues	247,150,175	1,645,366	248,795,541
Expenditures			
Current:			
General government	9,656,623	-	9,656,623
Public safety	33,938,144	-	33,938,144
Public works	9,416,623	-	9,416,623
Health and welfare	1,973,258	-	1,973,258
Culture and recreation	2,630,485	-	2,630,485
Education	140,434,151	1,523,316	141,957,467
Pension and other employee benefits	31,009,090	-	31,009,090
Debt Service:			
Principal retirements	9,529,250	-	9,529,250
Interest and other charges	4,974,937	-	4,974,937
Capital Outlay	1,005,435	-	1,005,435
Total expenditures	244,567,996	1,523,316	246,091,312
Revenues over (under) expenditures	2,582,179	122,050	2,704,229
Other Financing Sources (Uses)			
Transfers in	925,000	-	925,000
Issuance of capital leases	750,000	-	750,000
Transfers out	(5,550,000)	-	(5,550,000)
Sales of assets	3,253,129	-	3,253,129
Premium on bonds	502,810	-	502,810
Total other financing sources (uses)	(119,061)	-	(119,061)
Net change in fund balances	2,463,118	122,050	2,585,168
Fund Balances, Beginning	27,915,930	938,392	28,854,322
Fund Balances, Ending	\$ 30,379,048	\$ 1,060,442	\$ 31,439,490

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City of Danbury, Connecticut

Schedule of Property Taxes Levied, Collected and Outstanding
 General Fund
 For the Year Ended June 30, 2015

Grand List Year	Taxes Receivable July 1, 2014	Current Levy	Lawful Corrections	Transfers to Suspense	Balance to be Collected
2013	\$ -	\$ 190,536,165	\$ (1,581,280)	\$ -	\$ 188,954,885
2012	3,038,395	-	99,745	-	3,138,140
2011	1,179,448	-	73,640	-	1,253,088
2010	644,930	-	49,935	-	694,865
2009	516,983	-	(3,181)	-	513,802
2008	530,128	-	(6,754)	-	523,374
2007	489,363	-	(3,892)	-	485,471
2006	426,164	-	(1,694)	-	424,470
2005	416,115	-	(1,049)	(332,278)	82,788
2004	69,720	-	(422)	-	69,298
2003	71,605	-	-	-	71,605
2002	72,645	-	-	-	72,645
2001	61,137	-	-	-	61,137
2000	64,677	-	-	-	64,677
1999	60,149	-	-	-	60,149
	7,641,459	190,536,165	(1,374,952)	(332,278)	196,470,394
Less allowance:	(1,500,000)	-	-	-	(1,500,000)
	<u>\$ 6,141,459</u>	<u>\$ 190,536,165</u>	<u>\$ (1,374,952)</u>	<u>\$ (332,278)</u>	<u>\$ 194,970,394</u>

Taxes	Interest	Lien Fees	Total	Taxes Receivable June 30, 2015
\$ 186,199,217	\$ 620,702	\$ 8,375	\$ 186,828,294	\$ 2,755,668
2,116,936	341,138	11,586	2,469,660	1,021,204
625,689	182,018	3,277	810,984	627,399
186,264	104,742	1,064	292,070	508,601
33,169	36,451	674	70,294	480,633
28,239	19,747	4,529	52,515	495,135
22,123	19,483	116	41,722	463,348
10,040	14,546	61	24,647	414,430
12,224	20,283	223	32,730	70,564
2,942	17,243	61	20,246	66,356
2,836	16,828	24	19,688	68,769
2,526	12,263	24	14,813	70,119
2,812	9,976	48	12,836	58,325
1,409	9,076	24	10,509	63,268
1,345	9,326	24	10,695	58,804
189,247,771	1,433,822	30,110	190,711,703	7,222,623
-	-	-	-	(1,500,000)
<u>\$ 189,247,771</u>	<u>\$ 1,433,822</u>	<u>\$ 30,110</u>	<u>\$ 190,711,703</u>	<u>\$ 5,722,623</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)			
	2006	2007	2008	2009
Governmental Activities				
Net investment in capital assets	\$ 136,424	\$ 140,826	\$ 140,361	\$ 139,376
Restricted	1,394	1,399	1,394	1,514
Unrestricted (deficits)	15,317	21,605	13,679	11,197
Total governmental activities net position	\$ 153,135	\$ 163,830	\$ 155,434	\$ 152,087
Business-Type Activities				
Net investment in capital assets	\$ 101,952	\$ 101,853	\$ 110,836	\$ 115,046
Unrestricted (deficits)	7,619	15,525	14,693	13,239
Total business-type activities net position	\$ 109,571	\$ 117,378	\$ 125,529	\$ 128,285
Primary Government				
Net investment in capital assets	\$ 238,376	\$ 242,679	\$ 251,197	\$ 254,422
Restricted	1,394	1,399	1,394	1,514
Unrestricted	22,936	37,130	28,372	24,436
Total primary government net position	\$ 262,706	\$ 281,208	\$ 280,963	\$ 280,372

Source: City CAFR.

	2010	2011	2012	2013	2014	2015
\$	144,512	\$ 145,411	\$ 147,295	\$ 151,177	\$ 164,322	\$ 200,189
	1,531	1,346	791	-	879	(536)
	406	(2,641)	(5,363)	(12,681)	(23,319)	(131,477)
\$	146,449	\$ 144,116	\$ 142,723	\$ 138,496	\$ 141,882	\$ 68,176
\$	116,105	\$ 121,771	\$ 123,938	\$ 125,724	\$ 125,106	\$ 124,555
	16,469	17,880	19,171	23,095	27,042	29,844
\$	132,574	\$ 139,651	\$ 143,109	\$ 148,819	\$ 152,148	\$ 154,399
\$	260,617	\$ 267,182	\$ 271,233	\$ 276,901	\$ 289,428	\$ 324,744
	1,531	1,346	791	-	879	(536)
	16,875	15,239	13,808	10,414	3,723	(101,633)
\$	279,023	\$ 283,767	\$ 285,832	\$ 287,315	\$ 294,030	\$ 222,575

City of Danbury, Connecticut

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

	Fiscal Year				
	2006	2007	2008	2009	2010
Expenses:					
Governmental activities:					
General Government	\$ 12,816,880	\$ 12,302,755	\$ 13,961,569	\$ 18,306,617	\$ 16,731,874
Public Safety	39,411,913	41,643,491	48,028,046	44,778,282	50,989,593
Public Works	12,292,573	14,733,747	21,667,733	15,983,893	15,466,697
Health and welfare	6,143,955	4,431,065	6,179,952	5,058,556	6,134,629
Culture and Recreation	4,425,455	4,924,517	5,490,443	5,090,569	4,543,054
Education	123,823,970	122,426,721	139,538,575	150,405,010	148,223,024
Other	1,004,811	39,999	-	-	-
Interest on long-term debt	3,100,300	3,086,056	5,117,557	4,493,919	4,981,825
Total governmental activities expenses	203,019,857	203,588,351	239,983,875	244,116,846	247,070,696
Business-type activities:					
Sewer	8,408,066	8,651,216	9,792,295	10,133,342	9,804,007
Water	5,832,384	6,424,495	7,158,381	6,936,874	7,256,572
Ambulance	-	-	-	-	-
Total business-type activities expenses	14,240,450	15,075,711	16,950,676	17,070,216	17,060,579
Total primary government expenses	217,260,307	218,664,062	256,934,551	261,187,062	264,131,275
Program revenue:					
Governmental activities:					
Charges for services:					
General Government	10,069,734	9,237,329	8,119,461	5,921,367	6,924,945
Public safety	403,675	358,545	387,935	4,098,282	4,984,991
Public works	-	-	56,745	6,500	35,493
Health and welfare	3,619,202	2,295,664	2,355,045	21,088	177,406
Culture and Recreation	-	-	-	-	535,290
Education	8,950,343	9,250,052	3,009,421	4,007,877	2,994,188
Other	148,575	148,575	-	-	-
Interest on long-term debt	-	-	-	-	-
Operating grants and contributions:					
General Government	747,267	1,040,448	1,900,287	2,848,423	26,357
Public safety	492,472	240,056	589,436	527,560	51,506
Public works	4,884,441	3,428,076	4,209,442	5,736,165	4,229,397
Health and welfare	671,172	710,770	2,729,216	2,498,581	2,276,254
Culture and Recreation	388,621	384,633	225,828	320,543	10,315
Education	33,844,639	36,347,683	55,236,978	50,652,171	52,317,234
Capital grants and contributions:					
General government	333,950	404,946	450,010	1,100,972	1,280,153
Public safety	-	-	-	-	1,230,962
Public works	-	-	117,199	13,952	1,070,163
Health and welfare	404,713	-	-	-	595,157
Culture and recreation	-	397,674	-	557	-
Education	17,632,102	2,765,187	1,039,640	143,125	4,451
Total governmental activities program revenue	82,590,906	67,009,638	80,426,643	77,897,163	78,744,262

Source: City CAFR.

	Fiscal Year				
	2006	2007	2008	2009	2010
Business-type activities:					
Charges for services:					
Sewer	10,489,592	11,865,132	9,888,001	10,493,329	12,113,299
Water	9,409,315	8,235,807	8,344,079	8,104,719	7,757,354
Ambulance	-	-	-	-	-
Operating grants and contributions:					
Sewer	-	-	-	-	-
Water	-	-	-	-	-
Ambulance	-	-	-	-	-
Capital grants and contributions:					
Sewer	1,565,618	408,090	1,466,330	296,344	476,174
Water	1,336,408	1,676,546	4,689,422	338,795	403,578
Ambulance	-	-	-	-	-
Total business-type activities program revenues	22,800,933	22,185,575	24,387,832	19,233,187	20,750,405
Total primary government program revenues	105,391,839	89,195,213	104,814,475	97,130,350	99,494,667
Net (expense) revenue:					
Governmental activities	(120,428,951)	(136,578,713)	(159,557,232)	(166,219,683)	(168,326,434)
Business-type activities	8,560,483	7,109,864	7,437,156	2,162,971	3,689,826
Total primary government net expense	(111,868,468)	(129,468,849)	(152,120,076)	(164,056,712)	(164,636,608)
General revenues and other changes in net position:					
Governmental activities:					
Property taxes	129,588,158	136,344,851	140,195,658	153,095,763	154,691,223
Grants and contributions not restricted to specific programs	7,496,197	7,541,729	7,205,184	8,498,315	7,597,755
Investment earnings	2,283,695	3,387,158	3,760,101	1,963,063	399,378
Transfers and special items	-	-	-	-	-
Gain (loss) on disposal of capital assets	-	-	-	-	-
Total governmental activities	139,368,050	147,273,738	151,160,943	163,557,141	162,688,356
Business-type activities:					
Grants and contributions not restricted to specific programs	-	-	-	-	-
Investment earnings	716,765	697,346	714,594	592,627	598,687
Transfers and special items	-	-	-	-	-
Total business-type activities	716,765	697,346	714,594	592,627	598,687
Total primary government	140,084,815	147,971,084	151,875,537	164,149,768	163,287,043
Changes in net position:					
Governmental activities	18,939,099	10,695,025	(8,396,289)	(2,662,542)	(5,638,078)
Business-type activities	9,277,248	7,807,210	8,151,750	2,755,598	4,288,513
Total primary government	\$ 28,216,347	\$ 18,502,235	\$ (244,539)	\$ 93,056	\$ (1,349,565)

(Continued)

City of Danbury, Connecticut

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

	Fiscal Year				
	2011	2012	2013	2014	2015
Expenses:					
Governmental activities:					
General Government	\$ 15,560,719	\$ 17,961,072	\$ 18,139,632	\$ 20,890,212	\$ 24,108,092
Public Safety	51,277,982	51,989,164	54,529,288	50,075,696	52,714,836
Public Works	12,542,786	18,237,392	17,048,668	20,223,960	24,344,364
Health and welfare	6,673,789	6,085,420	4,676,427	4,551,279	6,580,927
Culture and Recreation	5,265,959	4,559,420	4,432,671	4,952,292	12,668,352
Education	152,260,059	157,904,768	163,206,387	172,350,552	175,282,101
Other	-	-	-	-	-
Interest on long-term debt	4,034,874	5,068,939	3,467,604	3,194,296	1,830,478
Total governmental activities expenses	247,616,168	261,806,175	265,500,677	276,238,287	297,529,150
Business-type activities:					
Sewer	10,217,270	9,576,983	10,203,487	11,339,431	10,433,054
Water	7,227,801	7,547,425	7,683,056	7,743,465	8,085,988
Ambulance	2,160,183	2,405,558	2,630,147	2,788,996	2,923,927
Total business-type activities expenses	19,605,254	19,529,966	20,516,690	21,871,892	21,442,969
Total primary government expenses	267,221,422	281,336,141	286,017,367	298,110,179	318,972,119
Program revenue:					
Governmental activities:					
Charges for services:					
General Government	6,305,828	6,758,805	3,212,332	4,277,479	3,565,479
Public safety	2,155,953	1,662,355	5,845,209	5,854,283	4,278,270
Public works	-	335,333	232,650	245,866	452,660
Health and welfare	306,655	262,310	369,609	329,923	400,127
Culture and Recreation	587,821	244,814	243,015	266,013	224,400
Education	3,203,327	3,109,961	3,152,724	3,658,741	3,656,198
Other	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-
Operating grants and contributions:					
General Government	337,432	344,075	200,996	372,506	-
Public safety	24,417	40,829	-	4,278,270	542,121
Public works	2,000,690	814,078	584,941	2,330,055	4,673,957
Health and welfare	2,218,365	2,870,990	574,275	497,828	469,021
Culture and Recreation	25,880	77,574	16,419	10,733	7,296
Education	57,893,469	59,948,916	61,366,508	65,224,766	71,719,271
Capital grants and contributions:					
General government	298,393	-	7,494	-	-
Public safety	119,968	37,018	-	542,121	-
Public works	204,477	6,540,027	2,783,166	5,852,338	2,238,441
Health and welfare	659,717	884,114	483,821	431,623	947,682
Culture and recreation	-	-	-	7,296	-
Education	-	218,407	-	71,719,271	14,404,734
Total governmental activities program revenue	76,342,392	84,149,606	79,073,159	165,899,112	107,579,657

Source: City CAFR.

	Fiscal Year				
	2011	2012	2013	2014	2015
Business-type activities:					
Charges for services:					
Sewer	11,352,842	11,692,618	12,782,273	12,327,807	11,577,684
Water	8,842,620	7,795,700	9,200,182	8,964,237	8,995,954
Ambulance	2,839,726	2,761,382	3,249,288	2,893,050	3,572,495
Operating grants and contributions:					
Sewer	-	-	-	11,577,684	-
Water	-	-	-	8,995,954	-
Ambulance	-	-	-	3,572,495	-
Capital grants and contributions:					
Sewer	359,239	238,600	583,422	436,676	200,820
Water	826,885	246,230	748,560	-	242,095
Ambulance	-	-	-	-	-
Total business-type activities program revenues	24,221,312	22,734,530	26,563,725	48,767,903	24,589,048
Total primary government program revenues	100,563,704	106,884,136	105,636,884	214,667,015	132,168,705
Net (expense) revenue:					
Governmental activities	(171,273,776)	(177,656,569)	(186,427,518)	(110,339,175)	(189,949,493)
Business-type activities	4,616,058	3,204,564	6,047,035	26,896,011	3,146,079
Total primary government net expense	(166,657,718)	(174,452,005)	(180,380,483)	(83,443,164)	(186,803,414)
General revenues and other changes in net position:					
Governmental activities:					
Property taxes	162,128,659	168,129,234	176,148,559	183,283,690	190,022,731
Grants and contributions not restricted to specific programs	7,425,633	7,477,670	6,860,076	5,512,836	5,501,381
Investment earnings	199,345	410,250	105,309	197,943	121,400
Transfers and special items	(1,964,339)	245,814	364,665	-	925,000
Gain (loss) on disposal of capital assets	1,151,408	-	-	-	-
Total governmental activities	168,940,706	176,262,968	183,478,609	188,994,469	196,570,512
Business-type activities:					
Grants and contributions not restricted to specific programs	-	-	-	-	4,889
Investment earnings	496,851	500,123	17,547	13,317	24,501
Transfers and special items	1,964,339	(245,814)	(364,665)	18,983	(925,000)
Total business-type activities	2,461,190	254,309	(347,118)	32,300	(895,610)
Total primary government	171,401,896	176,517,277	183,131,491	189,026,769	195,674,902
Changes in net position:					
Governmental activities	(2,333,070)	(1,393,601)	(2,948,909)	78,655,294	6,621,019
Business-type activities	7,077,248	3,458,873	5,699,917	26,928,311	2,250,469
Total primary government	\$ 4,744,178	\$ 2,065,272	\$ 2,751,008	\$ 105,583,605	\$ 8,871,488

City of Danbury, Connecticut

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

Function / Program	Fiscal Year				
	2006	2007	2008	2009	2010
Governmental Activities:					
General Government	\$ 11,150,951	\$ 10,682,723	\$ 10,469,758	\$ 11,211,707	\$ 8,231,455
Public safety	896,147	598,601	977,371	806,897	6,267,459
Public works	4,884,441	3,428,076	4,383,386	5,756,617	5,335,053
Health and welfare	4,290,374	3,006,434	5,084,261	4,997,669	3,048,817
Culture and Recreation	793,334	782,307	225,828	321,100	545,605
Education	60,427,084	48,362,922	59,286,039	54,803,173	55,315,873
Other	148,575	148,575	-	-	-
Total governmental activities	82,590,906	67,009,638	80,426,643	77,897,163	78,744,262
Business-type activities:					
Water	10,745,723	9,912,353	13,033,501	8,443,514	8,160,932
Sewer	12,055,210	12,273,222	11,354,331	10,789,673	12,589,473
Ambulance	-	-	-	-	-
Total business-type activities	22,800,933	22,185,575	24,387,832	19,233,187	20,750,405
Total government	\$ 105,391,839	\$ 89,195,213	\$ 104,814,475	\$ 97,130,350	\$ 99,494,667

Source: City CAFR.

		Fiscal Year							
		2011	2012	2013	2014	2015			
\$	6,941,653	\$	7,102,880	\$	3,420,822	\$	4,649,985	\$	3,565,479
	2,300,338		1,740,202		5,845,209		5,854,283		4,820,391
	2,205,167		7,689,438		3,600,757		8,428,259		7,365,058
	3,184,737		4,017,414		1,427,705		1,259,374		1,816,830
	613,701		322,388		259,434		276,746		231,696
	61,096,796		63,277,284		64,519,232		68,883,507		89,780,203
	-		-		-		-		-
	76,342,392		84,149,606		79,073,159		89,352,154		107,579,657
	9,669,505		8,041,930		9,948,742		9,510,836		9,238,049
	11,712,081		11,931,218		13,365,695		12,764,483		11,778,504
	2,839,726		2,761,382		3,249,288		2,893,050		3,572,495
	24,221,312		22,734,530		26,563,725		25,168,369		24,589,048
\$	100,563,704	\$	106,884,136	\$	105,636,884	\$	114,520,523	\$	132,168,705

City of Danbury, Connecticut

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

	2006	2007	2008	2009
General Fund:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved/designated	4,548,297	6,915,844	5,205,086	5,390,780
Unreserved/undesignated	19,759,075	21,403,829	21,776,017	20,919,615
Total General Fund	\$ 24,307,372	\$ 28,319,673	\$ 26,981,103	\$ 26,310,395
All Other Governmental Funds:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	17,235,283	50,395,006	26,264,651	9,520,697
Unreserved, reported in:				
Special revenue funds	1,174,142	2,981,388	(1,530,426)	(458,213)
Capital projects funds	(19,904,624)	(46,859,686)	(32,563,480)	(28,388,175)
Permanent fund	210,205	286,374	350,742	253,618
Total all other government funds	\$ (1,284,994)	\$ 6,803,082	\$ (7,478,513)	\$ (19,072,073)

Note: GASB 54 was implemented in fiscal year 2011.

Fiscal Year						
2010	2011	2012	2013	2014	2015	
\$ -	\$ 77,934	\$ 597,231	\$ 564,758	\$ 42,062	\$ 4,357,152	
-	-	-	-	-	11,735	
-	515,990	709,030	909,216	295,320	-	
-	6,136,974	4,845,847	4,833,247	4,654,591	4,005,403	
-	21,462,697	22,140,748	22,157,381	23,862,349	23,065,200	
4,153,536	-	-	-	-	-	
21,250,848	-	-	-	-	-	
\$ 25,404,384	\$ 28,193,595	\$ 28,292,856	\$ 28,464,602	\$ 28,854,322	\$ 31,439,490	
\$ -	\$ 1,546,569	\$ 1,545,104	\$ 1,733,074	\$ 1,554,278	\$ 1,534,375	
-	1,346,288	790,706	1,277,469	1,001,015	836,092	
-	13,750,780	13,395,650	15,985,993	4,412,521	7,777,122	
-	90,380	108,912	122,023	4,005,403	-	
-	(5,695,230)	(9,626,807)	(17,931,769)	(4,055,768)	(15,577,059)	
6,669,414	-	-	-	-	-	
(190,068)	-	-	-	-	-	
(10,391,909)	-	-	-	-	-	
159,187	-	-	-	-	-	
\$ (3,753,376)	\$ 11,038,787	\$ 6,213,565	\$ 1,186,790	\$ 6,917,449	\$ (5,429,470)	

City of Danbury, Connecticut

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

	2006	2007	2008	2009
Revenues:				
Property taxes, interest and liens, net	\$ 128,855,805	\$ 133,943,860	\$ 139,210,955	\$ 152,551,430
Intergovernmental	69,473,699	60,140,780	70,240,583	72,956,073
Licenses and permits	6,119,885	4,921,896	3,908,131	3,342,587
Charges for services	9,130,663	9,236,606	11,850,608	10,020,317
Fines and penalties	1,222,113	1,330,121	1,325,037	1,186,314
Interest and dividends	2,357,383	3,483,454	3,838,758	1,963,063
Contributions	752,385	514,844	842,558	668,610
Installment sale proceeds	2,625,000	2,625,000	-	-
Total revenues	220,536,933	216,196,561	231,216,630	242,688,394
Expenditures:				
General Government	8,772,110	9,248,019	10,824,635	10,438,371
Public safety	26,673,001	27,493,478	30,778,325	31,042,636
Public works	8,139,775	8,383,455	12,704,006	11,085,499
Health and welfare	5,928,717	4,153,905	6,214,422	5,978,317
Culture and Recreation	3,160,072	3,206,707	3,296,714	3,276,915
Education	121,160,848	126,004,516	137,525,529	142,973,626
Pension and Other Employee Benefits	18,596,490	16,970,377	19,662,590	19,822,162
General and administrative	-	-	-	-
Capital outlay	34,966,659	27,775,383	42,901,902	36,615,116
Other	-	-	-	-
Debt service:				
Principal	5,600,612	5,767,350	6,599,850	7,810,350
Interest and other charges	2,668,668	3,136,734	3,855,922	4,497,286
Total expenditures	235,666,952	232,139,924	274,363,895	273,540,278
Excess of revenues (under) expenditures	(15,130,019)	(15,943,363)	(43,147,265)	(30,851,884)
Other Financing Sources (Uses)				
Transfers in	713,880	2,237,551	721,184	744,048
Transfers out	(713,880)	(2,237,551)	(721,184)	(744,048)
Issuance of long-term debt	15,888,000	18,302,000	-	17,599,450
Issuance of bond anticipation notes	10,202,000	24,357,500	17,026,950	15,963,762
Issuance of refunding bond	-	-	-	-
Repayment of bond anticipation notes	(10,202,000)	(15,650,000)	(18,302,000)	(17,026,950)
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	1,120,847
Loan Proceeds	-	-	-	-
Lease Financing	239,398	721,128	5,033,950	930,507
Proceeds from sale of property	-	-	-	-
Total other financing sources (uses)	16,872,433	28,043,740	27,527,100	18,587,616
Net changes in fund balance	\$ 1,742,414	\$ 12,100,377	\$ (15,620,165)	\$ (12,264,268)
Debt service as a percentage of noncapital expenditures	4.3%	4.6%	4.7%	5.5%

Fiscal Year

	2010	2011	2012	2013	2014	2015
\$	154,994,853	\$ 162,068,724	\$ 168,088,383	\$ 175,594,707	\$ 181,696,534	\$ 188,467,780
	74,234,415	71,682,473	75,461,328	72,378,403	78,939,815	98,925,509
	2,482,279	3,276,294	3,654,189	4,766,037	6,102,708	5,873,504
	11,366,970	7,166,540	7,333,880	7,037,638	7,721,610	6,455,785
	1,350,435	1,433,856	1,385,509	1,251,864	1,231,133	1,687,742
	399,378	199,345	410,250	105,309	197,943	121,400
	452,629	682,894	1,080,738	51,720	45,260	40,038
	-	-	-	-	-	-
	245,280,959	246,510,126	257,414,277	261,185,678	275,935,003	301,571,758
	11,909,178	9,789,978	9,483,182	9,800,063	10,450,782	10,050,284
	31,903,678	29,948,769	30,012,488	31,263,714	33,066,081	34,931,764
	9,681,536	9,043,532	12,902,841	9,329,736	9,215,428	9,858,741
	5,523,773	5,174,304	5,111,086	3,624,121	3,184,621	4,667,955
	3,117,477	2,931,754	2,652,403	2,525,767	2,533,961	2,667,445
	144,554,555	147,159,602	153,438,299	156,031,358	164,110,112	172,025,027
	22,541,813	25,755,047	26,447,785	30,220,696	28,941,783	31,009,316
	-	-	-	-	-	-
	12,408,898	14,647,171	15,864,404	18,588,662	40,064,928	20,432,122
	-	-	-	-	-	-
	8,671,800	8,413,350	10,181,600	10,937,570	11,191,096	9,529,250
	5,159,630	5,011,122	5,610,243	6,004,475	5,538,964	5,535,876
	255,472,338	257,874,629	271,704,331	278,326,162	308,297,756	300,707,780
	(10,191,379)	(11,364,503)	(14,290,054)	(17,140,484)	(32,362,753)	863,978
	919,361	1,208,452	1,404,242	1,688,362	3,772,000	7,288,616
	(919,361)	(3,066,904)	(1,158,428)	(1,323,697)	(3,772,000)	(6,363,616)
	18,393,000	21,705,000	17,552,320	10,961,846	-	250,000
	18,370,983	12,407,555	-	-	10,750,000	7,900,000
	32,684,000	-	13,264,000	12,712,000	6,617,000	3,253,129
	(15,271,762)	(18,370,983)	(12,407,555)	-	-	-
	-	-	-	-	-	-
	(37,696,163)	-	(15,101,113)	(13,725,286)	(7,278,085)	-
	6,656,563	831,290	3,510,677	1,946,216	1,291,152	502,810
	-	-	-	-	-	-
	1,467,444	12,157,717	2,500,000	-	2,160,000	750,000
	-	2,073,700	-	26,014	-	-
	24,604,065	28,945,827	9,564,143	12,285,455	13,540,067	13,580,939
\$	14,412,686	\$ 17,581,324	\$ (4,725,911)	\$ (4,855,029)	\$ (18,822,686)	\$ 14,444,917
	6.0%	5.8%	6.6%	7.0%	6.7%	5.7%

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
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	158,215,681	10,011,351	12,834,372	181,061,404
2015	164,236,418	13,672,869	10,283,484	188,192,771
Change 2006-2015	49%	24%	27%	45%

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			
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
2015	4,166,825,500	1,425,785,300	495,392,700	553,850,155	514,960,091	1,421,951,600

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)
6,210,479,700	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	0.68%	22.45	12,578,168,997	70.00%
7,059,377,147	-19.82%	26.80	10,084,824,496	70.00%
7,106,826,042	0.67%	27.60	10,152,608,631	70.00%
7,156,813,746	0.70%	28.26	10,224,019,637	70.00%

City of Danbury, Connecticut

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

Taxpayer	2015			2006		
	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	\$ 216,217,900	1	3.02%	\$ 120,688,780	1	1.94%
Eversource (Connecticut Light & Power)	63,231,770	2	0.88%	34,361,270	5	0.55%
Gera Danbury LLC (Danbury Buildings, Inc.)	50,601,900	3	0.71%	80,894,740	2	1.30%
Boehringer-Ingelheim	50,369,600	4	0.70%	50,055,520	3	0.81%
Crown Point Gardens	45,247,300	5	0.63%	N/A		-
BLT Reserve LLC	41,929,190	6	0.59%	N/A		-
Melvyn, Mary & Seymour Powers and Danbury Industrial Corp	40,233,900	7	0.56%	N/A		-
Hawley, Ervie, Germantown Plaza Assoc. & Germantown Medical Center	34,531,670	8	0.48%	26,250,170	8	0.42%
Urstadt & Biddle Properties	29,347,800	9	0.41%	21,437,870	10	0.35%
Building 45 Eagle LLC	29,008,800	10	0.41%	N/A		-
Avalonbay Communities, Inc.	N/A		-	30,083,220	6	0.48%
BF Goodrich Aerospace	N/A		-	27,410,250	7	0.44%
Woodland Group II, LLC	N/A		-	48,805,040	4	0.79%
Ethan Allen Inn/Lake Ave Associates	N/A		-	23,120,700	9	0.37%
Total	\$ 600,719,830		8.39%	\$ 463,107,560		7.46%

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
2006	2004	128,951,428	127,017,517	98.50%	1,415,596	\$ 128,433,113	99.60%
2007	2005	134,112,457	132,134,830	98.53%	1,506,614	133,641,444	99.65%
2008	2006	138,522,443	137,492,791	99.26%	534,742	138,027,533	99.64%
2009	2007	152,748,437	150,822,781	98.74%	1,298,409	152,121,190	99.59%
2010	2008	155,630,690	153,187,028	98.43%	1,563,100	154,750,128	99.43%
2011	2009	163,007,901	160,414,022	98.41%	1,530,655	161,944,677	99.35%
2012	2010	168,403,918	166,361,471	98.79%	1,835,397	168,196,868	99.88%
2013	2011	175,439,500	172,271,426	98.19%	1,968,006	174,239,432	99.32%
2014	2012	181,061,404	177,431,164	98.00%	2,116,936	179,548,100	99.16%
2015	2013	188,193,656	186,199,217	98.94%	-	186,199,217	98.94%

Source: City of Danbury Tax Records

City of Danbury, Connecticut

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

Governmental Activities								
Fiscal Year	Net Bonded Debt	Capital ⁽¹⁾ Leases	Bond Anticipation Notes	Notes Payable	Unamortized Premium	Ratio of Net Bonded Debt to Est. Actual Taxable Value	Debt Per Capita	CWF ⁽²⁾ Notes Payable
2006	\$ 60,967,100	2,574,247	15,650,000	1,405,000	1,795,740	0.76%	782	\$ 18,107,078
2007	79,652,250	2,097,605	18,302,000	1,310,000	1,687,640	0.91%	1,011	15,487,697
2008	96,532,400	6,063,439	17,026,950	1,238,000	1,532,605	1.08%	1,218	12,868,315
2009	106,321,500	5,608,428	15,963,762	1,166,000	1,618,955	1.04%	1,341	10,248,933
2010	114,147,700	5,473,861	18,370,983	1,094,000	6,522,098	1.12%	1,411	10,294,388
2011	127,439,350	16,682,857	12,407,555	1,022,000	6,618,065	1.14%	1,566	7,583,140
2012	134,136,419	18,225,659	-	950,000	9,380,834	1.20%	1,632	8,190,813
2013	134,366,695	16,073,173	-	878,000	10,476,881	1.33%	1,622	5,755,638
2014	122,616,599	16,447,722	10,750,000	806,000	10,388,690	1.21%	1,465	5,271,613
2015	124,087,349	14,739,984	7,900,000	734,000	9,416,064	1.21%	1,481	5,009,539

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.

Business-Type
Activities

General Obligation Bonds	Unamortized Premium	Total Primary Government	Percentage of Personal Income	Total Debt Per Capita ⁽³⁾
\$ 20,452,900	\$ 692,211	\$ 121,644,276	5.10%	1,559
26,027,750	567,289	145,132,231	5.45%	1,843
28,807,600	447,439	164,516,748	6.65%	2,077
28,868,500	333,135	170,129,213	6.63%	2,147
26,772,300	1,055,227	183,730,557	7.33%	2,271
25,790,650	829,273	198,372,890	7.75%	2,438
23,608,581	1,066,812	195,559,118	7.72%	2,380
22,228,305	1,194,959	190,973,651	7.48%	2,306
19,393,401	1,507,108	187,181,133	7.27%	2,237
17,012,651	1,281,981	180,181,568	6.85%	2,151

City of Danbury, Connecticut

Direct Governmental Activities Debt
For the Year Ended June 30, 2015
(Unaudited)

Governmental Unit	Debt Outstanding
General obligation debt	\$ 124,087,349
Capital leases	14,739,984
Bond Anticipation Notes	7,900,000
Notes Payable	734,000
Unamortized Premium	<u>9,416,064</u>
Total direct debt	<u><u>\$ 156,877,397</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.

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City of Danbury, Connecticut

Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)
(Unaudited)

	2006	2007	2008	2009
Debt Limit	\$ 902,119	\$ 947,064	\$ 984,120	\$ 1,077,930
Total Net Debt Applicable to Limit	77,042	71,737	73,858	86,346
Legal Debt Margin	825,077	875,327	910,262	991,584
Total net debt applicable to the limit as a percentage of debt limit	9.34%	8.20%	8.11%	8.71%

	2010	2011	2012	2013	2014	2015
\$	1,094,883	\$ 1,144,174	\$ 1,184,927	\$ 1,238,585	\$ 1,278,159	\$ 1,337,604
	93,488	109,330	116,046	117,134	107,767	101,572
	1,001,395	1,034,844	1,068,881	1,121,451	1,170,392	1,236,032
	9.34%	10.56%	10.86%	10.44%	9.21%	8.22%

City of Danbury, Connecticut

Computation of Legal Debt Limitation
June 30, 2015
(Unaudited)

Total Tax Collections (Including Interest and Lien Fees) for the Year Ended June 30, 2015	\$ 190,711,703
Reimbursement for Revenue Loss: Tax relief for elderly	<u>374,641</u>
Base	<u>\$ 191,086,344</u>
Debt Limit	<u><u>\$ 1,337,604,408</u></u>

Debt Limitation	General Purpose	Schools	Sewer & Water	Urban Renewal	Unfunded Pension Benefit Obligation
2-1/4 times base	\$ 429,944,274	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	859,888,548	-	-	-
3-3/4 times base	-	-	716,573,790	-	-
3-1/4 times base	-	-	-	621,030,618	-
3 times base	-	-	-	-	573,259,032
Total debt limitation	<u>429,944,274</u>	<u>859,888,548</u>	<u>716,573,790</u>	<u>621,030,618</u>	<u>573,259,032</u>
Debt as Defined by Statute:					
Bonds payable	101,571,681	22,515,668	22,022,190	\$ 734,000	-
Bond anticipation notes payable	2,400,000	28,500,000	700,000	-	-
Capital leases	2,417,372	12,322,613	-	-	-
Bonds authorized but not issued, issue dates not yet established	23,444,920	66,742,324	8,340,299	-	-
Total indebtedness	<u>129,833,973</u>	<u>130,080,605</u>	<u>31,062,489</u>	<u>734,000</u>	<u>-</u>
Debt limitation in excess of indebtedness	<u><u>\$ 300,110,301</u></u>	<u><u>\$ 729,807,943</u></u>	<u><u>\$ 685,511,301</u></u>	<u><u>\$ 620,296,618</u></u>	<u><u>\$ 573,259,032</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
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	2,474,307	31,231	36.9	10,119	4.5%
2009	79,256	2,566,468	32,382	37.4	10,279	7.7%
2010	80,893	2,507,926	31,003	36.2	10,497	7.5%
2011	81,354	2,559,478	31,461	36.4	10,727	7.2%
2012	82,176	2,534,143	30,838	36.4	10,825	6.9%
2013	82,818	2,552,037	30,815	36.5	10,918	6.3%
2014	83,684	2,574,957	30,770	36.3	10,996	5.1%
2015	83,784	2,631,739	31,411	36.8	10,996	4.3%

Sources: City Records

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

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

(1) 1980-2014 U.S. Census Bureau adjusted for inflation-American Community survey 5 years estimates

City of Danbury, Connecticut

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

Employer	2014 *			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Western Ct Health Network - Danbury	2,283	1	5.04%	2,870	1	6.66%
Boehringer-Ingelheim Pharmaceuticals	1,800	2	3.97%	2,300	2	5.33%
Danbury School Systems	1,449	3	3.20%	1,425	4	3.30%
Cartus (formerly Cendant Mobility)	1,349	4	2.98%	1,670	3	3.87%
GE Commercial Finance (formerly G.E. Capital)	688	5	1.52%	1,200	5	2.78%
UTC B. F. Goodrich	660	6	1.46%	514	8	1.19%
Pitney Bowes	650	7	1.43%	650	7	1.51%
Western CT State University	626	8	1.38%	900	6	2.09%
City of Danbury	540	9	1.19%	514	8	1.19%
Praxair, Inc.	406	10	0.90%	400	10	0.93%

Sources: Greater Danbury Chamber of Commerce

* The City's most recent analysis was conducted 2014.

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City of Danbury, Connecticut

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

	2015	2014	2013	2012	2011
Functions/Program					
Governmental Services:					
City Council	-	-	-	-	-
Mayor's Office	5	6	6	5	6
Legislative Assistant	1	1	1	1	1
Registrars/Jury Committee	2	2	2	2	2
Finance/Insurance	13	14	13	14	15
Info Technology	2	5	5	4	4
Assessments	7	7	8	8	8
Tax Collector	9	9	9	9	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	15	14	15
Economic Development	1	1	1	1	-
Human Resources	2	2	2	2	2
Recreation:					
General & Administrative	1	1	2	2	2
Parks	-	-	-	-	-
Police:					
Officers	156	156	154	154	155
Civilians	8	9	10	10	10
Fire:					
Firefighters and Officers	128	128	127	127	128
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	17	18
Forestry	4	4	4	4	4
Street Sweeping, Snow Removal	43	43	22	21	21
Street Maintenance & Lighting	-	-	21	21	22
Traffic Control (Engineering)	3	3	3	3	3
Construction Services	3	3	3	3	3
Water:					
Administration	6	7	7	7	7
Transmission	21	20	21	21	21
Purification	12	12	10	10	10
Sewer Maintenance	-	-	-	-	-
Stormwater	-	-	-	-	-
Other Programs/Functions:					
Consumer Protection	1	1	1	1	1
UNIT	3	3	3	3	4
Engineering	7	7	8	10	8
Library	20	20	24	25	26
Health & Human Services	13	13	16	15	17
Social Services	2	2	3	3	3
Airport	5	5	5	5	5
Total	553	559	566	565	574

Source: City Records

2010	2009	2008	2007	2006
-	-	-	-	1
5	6	6	6	6
1	1	1	1	1
2	2	2	2	2
15	15	14	15	15
5	5	4	4	4
8	8	8	11	11
10	10	11	11	11
3	3	3	3	3
3	3	3	4	4
6	6	7	7	7
5	5	6	6	6
9	9	9	9	9
6	6	6	6	7
15	15	16	14	14
-	-	1	1	1
2	2	2	2	2
2	2	2	2	2
-	-	-	-	-
156	156	158	155	155
10	10	8	8	6
127	127	127	108	109
2	2	2	2	2
2	2	6	7	6
7	7	7	7	7
18	18	18	19	19
4	4	6	4	4
21	21	22	23	23
21	21	21	16	15
3	3	3	3	3
3	3	-	-	-
7	7	7	6	5
20	20	21	16	16
11	11	12	11	11
-	-	-	-	-
-	-	-	-	-
1	1	1	1	-
4	4	5	4	1
9	9	10	11	12
25	25	27	27	28
17	17	11	11	13
4	4	11	11	10
5	5	5	5	4
574	575	589	559	555

City of Danbury, Connecticut

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

Function/Program	Fiscal Year			
	2006	2007	2008	2009
Police:				
Calls for service	60,970	66,418	58,248	57,188
Adult arrest	2,097	1,631	1,389	2,316
Juvenile arrest	426	287	320	511
Traffic citations	3,201	6,290	2,725	4,112
Fire:				
Total fire runs	2,111	2,339	1,309	3,018
Total rescue runs	2,414	2,730	2,740	4,127
Building safety:				
Total building permits	1,583	1,446	1,044	1,125
Total value all permits	\$ 155,415,832	\$ 187,432,339	\$ 106,019,038	\$ 85,925,535
Library, volumes in collection	114,415	111,828	120,150	121,342

Source: City Records

***Through 12/28/2015**

Fiscal Year						
2010	2011	2012	2013	2014*	2015	
57,521	56,154	54,963	58,304	51,830	60,031	
7,995	1,960	1,548	1,903	1,047	1,363	
263	345	269	255	130	176	
4,080	4,448	3,964	5,157	5,914	5,178	
3,454	3,426	4,352	4,465	4,093	4,140	
4,310	4,765	5,060	4,772	5,344	4,887	
1,055	1,075	948	1,012	1,153	1,101	
\$ 83,680,656	\$ 81,017,769	\$ 156,234,998	\$ 190,248,335	\$ 140,628,176	\$ 164,374,257	
122,316	123,463	121,584	121,511	119,576	110,070	

City of Danbury, Connecticut

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

Function/Program	Calendar Year			
	2006	2007	2008	2009
Police:				
Stations	1	1	1	1
Fire:				
Fire Stations (Career)	4	5	5	5
Fire Stations (Volunteer)	12	12	12	12
Public Works:				
Buildings	4	6	6	5
Streets (Miles)	238	241	241	241
Street Lights	2,768	2,807	2,868	2,869
Parks & Recreation:				
Acreage	1,326	1,326	1,381	1,381
Parks	15	15	15	17
Golf Course	1	1	1	1
Baseball/Softball Diamonds	13	13	17	15
Ice Skating Pond	-	-	-	-
Soccer/Football/Lacrosse Fields	6	8	11	8
Basketball Courts	2	2	4	2
Tennis Courts	10	10	16	10
Spray Park	-	2	2	2
Swimming pools	-	-	-	-
Volleyball Courts	-	6	6	6
Handball Courts	-	-	-	2
Parks with Playground Equipment	5	7	8	9
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	13	14	14
Schools	18	18	18	22
Library:				
Facilities	1	1	1	1
Volumes	114,415	111,828	120,150	121,342
Water:*				
Lakes	-	-	-	-
Storage Capacity (MGPD)	2,933	2,933	2,705	2,792
Average Daily Consumption (MGPD)	7.40	7.20	6.55	6.52
Peak Consumption (MGPD)	9.70	9.50	8.70	8.35
Wastewater:				
Sanitary Sewers (miles)	132.30	140.00	133.95	135.36

Source: City Records

Calendar Year						
2010	2011	2012	2013	2014	2015	
1	1	1	1	1	1	1
5	5	5	5	5	5	5
12	12	12	12	12	12	12
5	6	6	6	6	6	6
241	242	242	242	242	242	242
2,869	2,869	2,873	2,873	2,873	2,873	2,873
1,326	1,573	1,607	1,607	1,607	1,607	1,607
13	15	15	15	15	15	17
1	1	1	1	1	1	1
15	19	19	19	19	19	19
-	-	1	1	1	1	1
8	8	8	8	8	8	8
23	21	21	21	21	21	22
16	16	16	16	16	16	16
2	2	2	2	2	2	3
-	-	-	-	-	-	-
6	6	6	6	6	6	7
2	2	2	2	2	2	2
8	9	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	21	21	21	21	21	21
1	1	1	1	1	1	1
122,316	123,463	121,584	121,511	116,247	116,247	110,070
2,484	2,792	2,792	2,792	2,792	2,792	2,792
6.30	6.00	5.90	6.00	6.00	6.00	6.10
8.40	8.40	8.40	7.70	8.40	8.40	8.40
164.00	165.00	166.00	166.00	166.00	166.00	166.00

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