

Final Official Statement Dated July 14, 2015

New Issue: Book-Entry Only

**Ratings: Moody's Investors Service, Inc.: Aa1 / MIG 1
Standard & Poor's Corporation: AA+ / SP-1+
Fitch Ratings: AAA / F1+**

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds and the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds and the Notes may be includable in the calculation of certain taxes under the Code, including the federal alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds and the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. See "Tax Matters" herein.



City of Danbury, Connecticut

\$18,000,000

General Obligation Bonds, Issue of 2015

Dated: Date of Delivery

**Due: Serially on July 15, 2016-2035,
as detailed inside this front cover:**

The Bonds will bear interest payable January 15, 2016 and semiannually thereafter on July 15 and January 15 in each year until maturity. The Bonds are issuable only as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "Book-Entry-Only System" herein.

The Bonds are subject to redemption prior to maturity as herein provided.

\$25,000,000

General Obligation Bond Anticipation Notes

Dated: July 23, 2015

Due: July 21, 2016

The Notes will be issued in book-entry-only form and will bear interest at such rate or rates per annum as are specified by the successful bidder or bidders as set forth on the inside front cover, in accordance with the Notice of Sale dated July 7, 2015. The Notes, when issued, will be registered in the name of Cede & Co., as Noteowner and nominee for DTC, New York, New York. See "Book-Entry-Only Transfer System" herein.

The Bonds and the Notes will be general obligations of the City of Danbury, Connecticut and the City will pledge its full faith and credit to pay the principal of and the interest on the Bonds and the Notes when due. See "Security and Remedies" herein.

The Registrar, Transfer Agent, Paying Agent, and Certifying Agent will be U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.

The Bonds and the Notes are offered for delivery when, as and if issued, subject to the approving opinion of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut and certain other conditions. It is expected that delivery of the Bonds and the Notes in book-entry-only form will be made to DTC on or about July 23, 2015.

UBS Financial Services Inc.

City of Danbury, Connecticut
\$18,000,000
General Obligation Bonds, Issue of 2015

Dated: *Date of Delivery*

Due: *Serially on July 15, 2016-2035,
as detailed below:*

Maturity Schedule

<i>Year</i>	<i>Principal</i>	<i>Coupon</i>	<i>Yield</i>	<i>CUSIP</i>	<i>Year</i>	<i>Principal</i>	<i>Coupon</i>	<i>Yield</i>	<i>CUSIP</i>
2016	\$ 900,000	3.000%	0.300%	2358656P2	2026*	\$ 900,000	3.000%	2.700%	2358656Z0
2017	900,000	5.000%	0.650%	2358656Q0	2027*	900,000	3.000%	2.850%	2358657A4
2018	900,000	5.000%	0.950%	2358656R8	2028	900,000	3.000%	3.000%	2358657B2
2019	900,000	5.000%	1.130%	2358656S6	2029	900,000	3.000%	3.100%	2358657C0
2020	900,000	5.000%	1.400%	2358656T4	2030	900,000	3.000%	3.180%	2358657D8
2021	900,000	5.000%	1.660%	2358656U1	2031	900,000	3.250%	3.250%	2358657E6
2022	900,000	5.000%	1.950%	2358656V9	2032	900,000	3.250%	3.350%	2358657F3
2023	900,000	5.000%	2.100%	2358656W7	2033	900,000	3.250%	3.400%	2358657G1
2024*	900,000	3.000%	2.300%	2358656X5	2034	900,000	3.375%	3.450%	2358657H9
2025*	900,000	3.000%	2.500%	2358656Y3	2035	900,000	3.375%	3.500%	2358657J5

* Priced assuming redemption on July 15, 2023; however any such redemption is at the option of the City.

\$25,000,000
General Obligation Bond Anticipation Notes

Dated: *July 23, 2015*
Rate: *2.00%*

Due: *July 21, 2016*
CUSIP: *2358657K2*

Amount: *\$10,000,000*
Amount: *\$15,000,000*

Yield: *0.31%*
Yield: *0.33%*

No person has been authorized by the City to give any information or to make any representations not contained in this Official Statement or any supplement, which may be issued hereto, and if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds or the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and the Notes and may not be reproduced or used in whole or in part for any other purpose. The information, estimates and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds and the Notes shall, under any circumstances, create any implication that there has been no material change in the affairs of the City since the date of this Official Statement.

The independent auditors for the City are not passing upon and do not assume responsibility for the accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in their opinion in Appendix A), and they make no representation that they have independently verified the same.

Other than as to matters expressly set forth in Appendix B, Bond Counsel are not passing on and do not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and make no representation that they have independently verified the same.

Table of Contents

	<u>Page</u>		<u>Page</u>
Bond Issue Summary	1	Property Tax Receivables.....	24
Note Issue Summary	2	Ten Largest Taxpayers	24
I Bond and Note Information	3	V Debt Summary	25
Introduction.....	3	Principal Amount of Bonded Indebtedness.....	25
Financial Advisor.....	3	Short Term Debt.....	26
Description of the Bonds.....	3	Other Obligations	26
Redemption Provisions	3	General Fund - Annual Bonded Debt	
Description of the Notes.....	4	Maturity Schedule	27
Authorization and Purpose.....	4	Self Supporting Debt - Annual Bonded	
Proceeds of the Issue	4	Maturity Schedule	28
School Projects.....	4	Total General Obligation Annual Bonded Debt	
Book-Entry-Only Transfer System.....	5	Maturity Schedule	29
Security and Remedies	6	Overlapping/Underlying Debt.....	29
Qualification for Financial Institutions	7	Debt Statement	30
Availability of Continuing Information.....	7	Current Debt Ratios.....	30
Ratings	7	Bond Authorization Procedure.....	31
Bond Insurance.....	7	Temporary Financing	31
II The Issuer	8	Clean Water Fund Program.....	31
Description of the Municipality.....	8	Statement of Debt Limitation	33
Form of Government	8	Debt Authorized But Unissued.....	34
Principal Municipal Officials	9	Ratios of Net Long-Term Debt to Valuation,	
Municipal Services.....	9	Population and Income.....	34
Enterprise Funds.....	13	Ratio of Total Service Expenditures To Total General	
Employee Relations and Collective Bargaining	15	Fund Expenditures and Other Financing Uses	35
Municipal Employees.....	15	Capital Improvement Program	35
Employee Bargaining Organization	15	VI Financial Information	36
Educational Services	15	Fiscal Year	36
School Facilities	16	Basis of Accounting	36
School Enrollment.....	16	Budget Procedure	36
III Economic and Demographic Information	17	Investment Policy.....	36
Population and Density	17	Audit	36
Age Distribution of the Population	17	Liability Insurance.....	36
Income Distribution.....	17	Pension Plans	37
Income Levels	18	Other Post Employment Benefits	38
Educational Attainment.....	18	General Fund Revenues and Expenditures.....	39
Major Employers.....	18	Analysis of General Fund Equity	39
Employment by Industry	19	VII Legal and Other Information	40
Employment Data.....	19	Litigation	40
Age Distribution of Housing	20	Tax Matters	40
Housing Inventory.....	20	Original Issue Discount.....	41
Building Permits.....	20	Original Issue Premium.....	41
Owner-Occupied Housing Values.....	21	Transcript and Closing Documents	42
IV Tax Base Data	22	Concluding Statement	43
Property Tax.....	22		
Assessments.....	22	Appendix A - Excerpts from the City's 2014 CAFR	
Levy.....	23	Appendix B - Form of Legal Opinion of Bond Counsel – The Bonds	
Comparative Assessed Valuations.....		Appendix C - Form of Legal Opinion of Bond Counsel – The Notes	
Exempt Property.....	23	Appendix D - Form of Continuing Disclosure Agreement – The Bonds	
Property Tax Levies and Collections.....	24	Appendix E - Form of Continuing Disclosure Agreement – The Notes	
		Appendix F - Notice of Sale – The Bonds	
		Appendix G - Notice of Sale & Bid Form – The Notes	

(This page intentionally left blank)

Bond Issue Summary

The information in this Bond Issue Summary, the front cover and the inside front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Tuesday, July 14, 2015, 11:30 A.M. (E.D.T.).
Location of Sale:	Danbury City Hall, Finance Department Conference Room, 155 Deer Hill Avenue, Danbury, Connecticut 06810.
Issuer:	City of Danbury, Connecticut (the "City").
Issue:	\$18,000,000 General Obligation Bonds, Issue of 2015 (the "Bonds").
Dated Date:	Date of Delivery.
Interest Due:	January 15, 2016 and semiannually thereafter on July 15 and January 15 in each year until maturity.
Principal Due:	July 15 in each of the years 2016 through 2035, as detailed in this Official Statement.
Purpose and Authority:	A portion of the Bond proceeds are being issued to permanently finance a portion of bond anticipation notes maturing on July 23, 2015, which were issued for various general purpose and school projects, and the balance of the Bond proceeds will provide new money for various general purpose and school projects.
Redemption:	The Bonds are subject to redemption prior to maturity.
Security and Remedies:	The Bonds will be general obligations of the City of Danbury, Connecticut, and the City will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
Credit Rating:	The Bonds have been rated "Aa1" from Moody's Investors Service, "AA+" from Standard & Poor's Corporation, and "AAA" from Fitch Ratings.
Bond Insurance:	The City does not expect to direct purchase a credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date.
Bank Qualification:	The Bonds shall NOT be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, the City will provide or cause to be provided (i) certain annual financial information and operating data, including audited financial statements; (ii) timely notice of the occurrence of certain events within 10 days of the occurrence of such events; and (iii) timely notice of its failure to provide such annual financial information, pursuant to a Continuing Disclosure Agreement to be executed by the City substantially in the form attached as Appendix D to this Official Statement.
Registrar, Transfer Agent, Certifying Agent & Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
Financial Advisor:	Phoenix Advisors, LLC, of Milford, Connecticut. Telephone (203) 878-4945.
Legal Opinion:	Robinson & Cole LLP, of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about July 23, 2015 against payment in federal funds.
Issuer Official:	Questions concerning the City and the Official Statement should be addressed to David W. St. Hilaire, Director of Finance, City of Danbury, 155 Deer Hill Avenue, Danbury, Connecticut 06810. Telephone (203) 797-4652.

Note Issue Summary

The information in this Note Issue Summary, the front cover and the inside front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Tuesday, July 14, 2015, 11:00 A.M. (E.D.T.).
Location of Sale:	Danbury City Hall, Finance Department Conference Room, 155 Deer Hill Avenue, Danbury, Connecticut 06810.
Issuer:	City of Danbury, Connecticut (the "City").
Issue:	\$25,000,000 General Obligation Bond Anticipation Notes (the "Notes").
Dated Date:	July 23, 2015.
Interest Due:	At maturity: July 21, 2016.
Principal Due:	At maturity: July 21, 2016.
Purpose and Authority:	Proceeds of the Notes are being issued to refund a portion of bond anticipation notes maturing on July 23, 2015 and the balance of the Note proceeds will provide new money for general purpose, school and sewer projects.
Redemption:	The Notes are not subject to redemption prior to maturity.
Security and Remedies:	The Notes will be general obligations of the City of Danbury, Connecticut, and the City will pledge its full faith and credit to the payment of principal of and interest on the Notes when due.
Credit Rating:	The Notes have been rated "MIG 1" from Moody's Investors Service, "SP-1+" from Standard & Poor's Corporation, and "F1+" from Fitch Ratings.
Basis of Award:	Lowest Net Interest Cost (NIC), as of the dated date.
Bank Qualification:	The Notes shall NOT be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, the City will provide or cause to be to provide timely notice of the occurrence of certain events within 10 days of the occurrence of such events pursuant to a Continuing Disclosure Agreement to be executed by the City substantially in the form attached as Appendix E to this Official Statement.
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
Financial Advisor:	Phoenix Advisors, LLC, of Milford, Connecticut. Telephone (203) 878-4945.
Legal Opinion:	Robinson & Cole LLP, of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about July 23, 2015 against payment in federal funds.
Issuer Official:	Questions concerning the City and the Official Statement should be addressed to David W. St. Hilaire, Director of Finance, City of Danbury, 155 Deer Hill Avenue, Danbury, Connecticut 06810. Telephone (203) 797-4652.

I. Bond and Note Information

Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the City of Danbury, Connecticut (the "City"), in connection with the original issuance and sale of \$18,000,000 General Obligation Bonds, Issue of 2015 (the "Bonds") and \$25,000,000 General Obligation Bond Anticipation Notes (the "Notes") of the City.

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds and the Notes. Any statement made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

U.S. Bank National Association, 225 Asylum Street, Goodwin Square, Hartford, Connecticut will act as Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds and the Notes.

Bond Counsel are not passing upon and do not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinion) and they make no representation that they have independently verified the same.

Financial Advisor

Phoenix Advisors, LLC, of Milford, Connecticut has served as Financial Advisor to the City with respect to the issuance of the Bonds and the Notes (the "Financial Advisor"). The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto.

The Financial Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

Description of the Bonds

The Bonds will be dated the date of delivery and will mature in the years and in such amounts and shall bear interest at such rate of rates as set forth on the inside front cover of this Official Statement, payable on January 15, 2016 and semiannually thereafter on July 15 and January 15 in each year until maturity. Interest will be calculated on the basis of twelve thirty-day months and a 360-day year. Interest is payable to the registered owner as of the close of business on the last business day of December and June in each year, by check mailed to the registered owner; or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, and the City shall agree.

Redemption Provisions

Bonds maturing on or before July 15, 2023 are not subject to redemption prior to maturity. The Bonds maturing July 15, 2024 and thereafter are subject to redemption prior to maturity, at the election of the City, on or after July 15, 2023 at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the City may determine, at the respective prices (expressed as a percentage of the principal amount of Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
July 15, 2023 and thereafter.....	100%

Notice of redemption shall be given by the City or its agent by mailing a copy of the redemption notice by first-class mail at least thirty (30) days prior to the date fixed for redemption to the registered owner as the same shall last appear on the registration books for the Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice,

if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all the Bonds of any one maturity shall be called for redemption, the particular Bonds, or portions of Bonds, of such maturity to be redeemed shall be selected by lot in such manner as the City in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds, which is obtained by dividing the principal amount of such Bond by \$5,000.

The City, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of portions of the Bonds of any maturity by the City will reduce the outstanding principal amounts of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemption in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocations of reductions of interests in the Bonds to be redeemed will not be governed by the determination of the City authorizing the issuance of the Bonds and will not be conducted by the City, the Registrar or Paying Agent.

Description of the Notes

The Notes will be dated July 23, 2015 and will be due and payable as to both principal and interest at maturity on July 21, 2016. The Notes will bear interest calculated on the basis of twelve 30-day months and a 360-day year at such rate or rates per annum as are specified by the successful bidder or bidders. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC, and its participants pursuant to rules and procedures established by DTC and its participants. See "Book-Entry Only Transfer System". The Notes are not subject to redemption prior to maturity.

Authorization and Purpose

The Bonds and the Notes are issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, the City Charter and certain ordinances adopted by the City Council of the City.

Proceeds of the Issue

Proceeds of the Bonds and the Notes will be used to refund the \$31,600,000 bond anticipation notes maturing on July 23, 2015 and to provide new money borrowing for the projects listed below:

Project	Authorized	Notes Due: 7/23/15	(Reductions) or New Money	This Issue	
				The Notes Due: 7/21/16	The Bonds
Gen. Public Imp. 13-14	\$ 3,000,000	\$ 750,000	\$ 500,000	\$ -	\$ 1,250,000
Gen. Public Imp. 14-15	3,000,000	1,650,000	700,000	-	2,350,000
Gen. Public Imp. 15-16	3,000,000	-	1,000,000	1,000,000	-
Public Safety Bond	45,384,118	-	14,074	-	14,074
Danbury Road Bond 2020.....	16,410,000	-	14,035,926	7,300,000	6,735,926
Vision 2020 Bond-Public Imps.....	2,475,000	-	1,050,000	-	1,050,000
Head Start	5,600,000	2,500,000	-	2,500,000	-
DHS Vision 2020.....	53,500,000	-	1,000,000	1,000,000	-
Danbury Road Bond 2020-School Roof.....	3,590,000	-	3,200,000	2,100,000	1,100,000
Vision 2020 Bond-Public Imps.	44,000,000	26,000,000	(9,400,000)	11,100,000	5,500,000
Vision 2020 Water System.....	550,000	-	-	-	-
Vision 2020 - Sewer upgrade.....	7,975,000	700,000	(700,000)	-	-
Grand Total.....	\$ 188,484,118	\$ 31,600,000	\$ 11,400,000	\$ 25,000,000	\$ 18,000,000

School Projects

Pursuant to Section 10-287i of the Connecticut General Statutes, as amended, the State of Connecticut will provide proportional progress payments for eligible school construction expenses on projects approved on or after July 1, 1996. Debt service reimbursement will continue under the old program for all projects approved prior to July 1, 1996.

Under the old program, the State of Connecticut will reimburse the City for principal and interest costs for eligible school construction projects over the life of outstanding school bonds and the subsequent bond issues necessary to completely fund the approved school projects.

Under the new program, the State of Connecticut will make proportional progress payments for eligible construction costs during construction. The City currently receives approximately 63% of eligible costs in State funding for ongoing school projects.

Book-Entry-Only Transfer System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds and the Notes (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative,

Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City nor the Underwriter takes no responsibility for the accuracy thereof.

Security and Remedies

The Bonds and the Notes will be general obligations of the City of Danbury, Connecticut and the City will pledge its full faith and credit to pay the principal of and interest on the Bonds and the Notes when due. Unless paid from other sources, the Bonds and the Notes are payable from general property tax revenues. The City has the power under Connecticut statutes to levy ad valorem taxes on all taxable property in the City without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or qualified disabled persons taxable at limited amounts. Payment of the Bonds and the Notes is not limited to property tax revenues or any other revenue source, but certain revenues of the City may be restricted as to use and therefore may not be available to pay debt service on the Bonds and the Notes.

There are no statutory provisions for priorities in the payment of general obligations of the City. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds and the Notes or judgments thereon, in priority to other claims.

The City is subject to suit on its general obligation debt and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the City. Courts of competent jurisdiction also have power in appropriate proceedings to order a payment of a judgment on such debt from funds lawfully available therefor or, in the absence thereof, to order the City to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the City and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on such debt would also be subject to the applicable provisions of Federal bankruptcy laws and to provisions of other statutes, if any, hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Under the federal bankruptcy code, the City may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9 Title 11 of the Code, or by state law or a governmental officer or organization empowered by state law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

Qualification for Financial Institutions

The Bonds and the Notes shall NOT be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for certain interest expense allocable to the Bonds and the Notes.

Availability of Continuing Information

The City prepares, in accordance with State law, annual independent audited financial statements and files such annual report with the State Office of Policy and Management within six months of the end of its fiscal year.

In accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, the City will provide or cause to be provided (i) certain annual financial information and operating data, including audited financial statements; (ii) timely notice of the occurrence of certain events within 10 days of the occurrence of such events; and (iii) timely notice of its failure to provide such annual financial information with respect to the Bonds, and provided timely notice of the occurrence of certain events within 10 days of the occurrence of such events, with respect to the Notes, pursuant to Continuing Disclosure Agreements to be executed by the City substantially in the forms attached as Appendices D and E, respectively to this Official Statement.

The City has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). In the past five years, the City has not failed to comply, in all material respects, with its previous undertakings under such agreements. The Financial Advisor will assist the city in complying with its continuing disclosure obligations.

Ratings

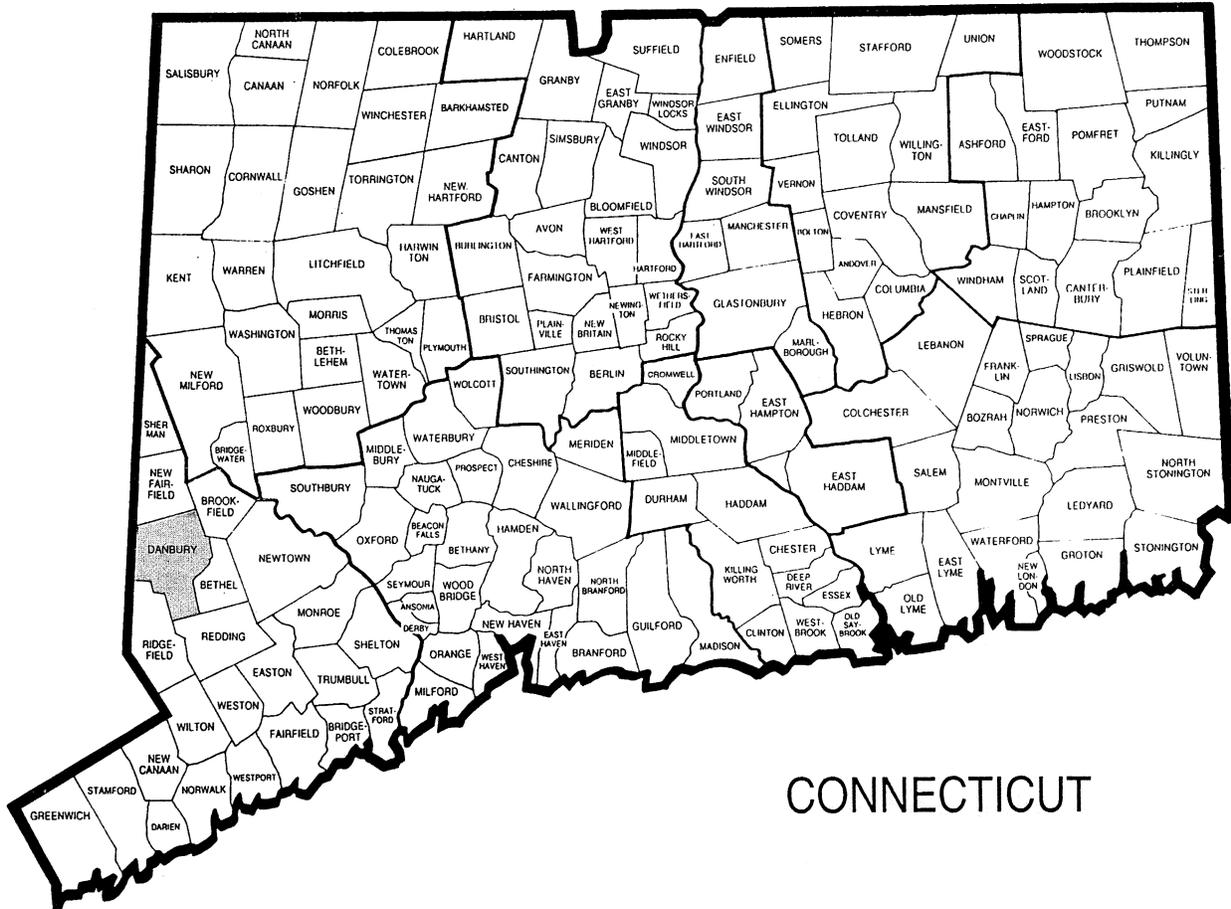
The Bonds were rated as follows: “Aa1” from Moody's Investors Service, “AA+” from Standard & Poor's Corporation, and “AAA” from Fitch Ratings, respectively. The Notes received ratings of “MIG 1” from Moody's Investors Service, “SP-1+” from Standard & Poor's Corporation, and “F1+” from Fitch Ratings, respectively.

The City furnished to the Rating Agencies information and materials that they requested. The ratings, if obtained, will reflect only the view of each rating agency and will be subject to revision or withdrawal, which could affect the market price of the Bonds. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such ratings will continue for any given period of time or that the ratings will not be revised or withdrawn entirely by any agency, if, in the judgment of such rating agency, circumstances so warrant. The rating agencies should be contacted directly for their ratings on the Bonds and the explanation of such rating. However, the City may issue short-term or other debt for which a rating is not required. The City's Financial Advisor, Phoenix Advisors, LLC, recommends that all bonded debt be submitted for a credit rating.

Bond Insurance

The City does not expect to purchase a credit enhancement facility.

II. The Issuer



Description of the Municipality

The City is the largest city in northern Fairfield County. Traversed by I-84 and Route 7, and adjacent to I-684, Danbury is easily accessible to New York City, Hartford and Norwalk, all of which are within 60 miles. Danbury is also accessible by a municipal airport.

According to the U.S. Bureau of Census, American Community Survey (2009-2013), Danbury has a median household income of \$64,969. With a population of approximately 83,684, Danbury is diversely populated. Residents represent more than 60 different nationalities and students entering Danbury public schools speak over 45 different languages. Danbury is a hub for retail shopping. The Danbury Fair Mall remains the largest mall in New England and new shopping centers have attracted tenants such as Bob's Stores, Home Depot, Best Buy, Lowes, P.C. Richards and Wal-Mart.

Cultural activities abound in the City through the Charles Ives Center-the largest outdoor concert site in Western Connecticut, Richter Park- containing one of the top 25 public golf courses in the country, Candlewood Lake - the largest man-made lake in New England, and other smaller sites, museums and festivals.

Form of Government

The City operates under a Charter, which was last revised in November, 2009. The City is governed by a Mayor and a twenty-one member City Council. The Mayor is the City's chief executive and the City Council is the legislative body.

Principal Municipal Officials

Office	Name	Manner of Selection	Term	Years of Service	Employment Last Five Years
Mayor.....	Mark D. Boughton	Elected	12/13-11/15	13	Mayor
Treasurer.....	Daniel P. Jowdy	Elected	12/13-11/15	11	Funeral Director
Council.....	21 members	Elected	12/13-11/15	Various	Various
Director of Finance.....	David W. St. Hilaire	Appointed ¹ Civil Service	Indefinite	8 ³	Deputy Chief Fiscal Officer
Tax Collector.....	Scott Ferguson	Appointed ¹ Civil Service	Indefinite	9	Manager, Taxes
Assessor.....	Colleen LaHood	Civil Service	Indefinite	28	Assessor
Superintendent of Schools...	Dr. Sal Pascarella	Appointed ²	Contract	8	Superintendent
Corporation Counsel.....	Robert J. Yamin	Appointed ¹	Indefinite	13	Attorney

¹ Appointed by the Mayor.

² Appointed by the Board of Education.

³ Mr. St. Hilaire started with the City on July 16, 2007. He was previously the Deputy Chief Fiscal Officer for the County of Rensselaer, New York.

Municipal Services

Police Department

The Danbury Police Department's mission is to provide an environment for the people of Danbury, free from the fear of crime, where people can enjoy a high quality of life, and the community can prosper.

The Danbury Police Department currently has 147 sworn officers, with an authorized strength of 154 officers. Five civilian support personnel are also assigned to the Police Department. The Danbury Police Department is a Community Policing orientated department.

The Department continues the process to complete the Tier 1 State of Connecticut Accreditation. Legal challenges have slowed the process. This self-assessment process will reduce liability for actions. It will also force the Department to create written protocols and constantly update them.

On April 1, 2014, the Danbury Police Department implemented a new Computer Aided Dispatch/Records Management System, in conjunction with Danbury Fire Department and EMS, as part of the City's new Constituent Relations Management (CRM). Kronos timekeeping and the Telestaff scheduling systems will also be implemented during the year.

In March 2015 the Fire, Police, and EMS dispatching services was privatized, civilianized, and centralized into the dispatch center located at the Police Department Building. The new PD Station was completed in 2008 with the intention of combining all Dispatch services into this location with eventual goal of becoming a regional dispatch center.

Danbury was recognized by the annual CQ Press survey as one of the safest cities in New England for the seventh consecutive year.

Fire Department and EMS

The mission of the Danbury Fire Department is to provide for the protection of life, property and the environment for all citizens in the safest and most efficient manner possible. This is accomplished with an aggressive Fire Education, Prevention and Inspection Program, rapid professional responses, up-to-date emergency equipment and continuing training for both Career and Volunteer Divisions of the Department.

Current initiatives include the implementation of the new Computer Aided Dispatch with the NexGen system and the new Computer Aided Dispatch (NexGen Public Safety software system) for the Police Department and EMS. We have also brought on board the Telestaff scheduling and the Firehouse Software package to assist in our operations. The Telestaff program will assist in tracking of schedules, overtime and other various leaves and allow us to better track our budget allocations. The Firehouse program is a system specifically designed to assist in Fire Department operations in all facets from fire response to inspection tracking and maintenance of gear and equipment.

The programs of the Community Risk Reduction division of the Department include all facets of the efforts to reduce fire risks in the City. Based in City Hall adjacent to the Permit Center, this Division is led by the Fire Marshal and staffed by a cadre of six Deputy Fire Marshals. The Community Risk Reduction programs include pre-

construction plan reviews, prescribed inspections of occupancies, complaint response and public education. The public education activities include programs developed and delivered to students in City schools, target populations such as senior citizen groups as well as business and social organizations.

The missions involving emergency response are carried out by a Career Division comprising administrative and response staff in five locations, operating with 12 fire trucks of various configurations, 17 sedans and SUVs and various equipment trailers. Volunteer companies combined with volunteer Fire Police continue to support the Department in emergency situations including fire response, flood remediation and traffic control. The Volunteers operate with approximately 110 volunteers from 12 stations with fire response apparatus and rescue equipment.

With fire suppression as our core mission, the Department continues to face the challenges of potential terrorism and hazardous material spills. The Department is part of a regional Hazardous Material response team with trained Hazardous Material technicians assigned to each shift. As a member of this regional effort, our response region extends from Ridgefield to the Massachusetts border. In addition, Danbury Fire is a member of the state-wide response network staffing other state response apparatus. These regional resources include a Hazardous Material response vehicle, foam trailer, a Mass DECON trailer and Mass Casualty trailer.

Additional specialized training in various technical rescue modalities is also ongoing. This training, utilizing the instructors of the Connecticut Fire Academy, has included basic rescue training or C.O.R.E., below grade, trench and confined space certifications and most recently heavy equipment rescue. The Department will continue these training initiatives. Future programs will include advanced rescue programs and other such classes as the demands on the Department continue to evolve.

All firefighters are cross-trained to an advanced life support first responder level. The Fire Department operates six engine companies with one special response vehicle and one truck company. Each company is equipped with automatic defibrillators and other advanced life support equipment. With rapid response times due to geographic distribution of fire stations, this complement of equipment and professionally trained personnel helps make Danbury a safe community in which to work and live. The deployment schedule for ambulances coupled with our first responder engine companies has improved response time throughout the City. This response model has benefited residents in all areas of the City with timely lifesaving emergency medical care.

The City has contracted with Western Connecticut Health Network (“WCHN”), the parent of Danbury Hospital, to staff and operate the Emergency Medical Services Division. The Emergency Medical Division is headed by an EMS Coordinator and comprised of Emergency Medical Technicians (“EMT”), AEMT (intermediates), EMT Paramedics, and EMS-I (instructors). These employees also include Fire and WCHN personnel. The City, under the auspices of the Fire Department, maintains the required State permits to operate an emergency medical response and transport entity. This division operates a number of paramedic-staffed ambulances and one lead medic vehicle.

Training programs for both career and volunteer members are continuous and have expanded to meet recent challenges and demands of the fire and emergency services. Hundreds of continuing classroom and practical hours keep firefighters abreast of current risks, equipment use, standards, regulations and safety practices. All career recruits attend an initial 15 week session at the Connecticut State Fire Academy. This basic training, at one of the premier fire training institutions in the country, prepares recruits for the challenges they will face. Many members continue their education through the National Fire Academy, State Fire Academy and other institutions of higher learning including Naugatuck Valley Technical College and the University of New Haven.

The Department continues public education activities throughout the community with mock crash simulations in local high schools, Juvenile Fire Setter Intervention programs, and File of Life senior citizen programs (sponsored by the Danbury Professional Firefighters Local 801). An initiative of the Department has placed automatic defibrillators in municipal buildings and City schools. A recently awarded federal grant will facilitate distribution of smoke detectors throughout our community. These programs, response and mitigation and fire suppression actions, each contribute to making the quality of life in the City among the best in the nation.

Parks and Recreation

Excluding school facilities, the City has 1,607 acres designated for park and recreational use distributed as follows: 186 acres of City parks, 256 acres of natural resource areas, and 1,054 acres of special use parks. The Parks & Recreation Department uses 15 schools for playgrounds/ball fields, which account for 55 acres.

The City also contains recreational facilities and parks owned and maintained by state and community organizations. Wooster Mountain State Park (428 acres), administered by Squantz Pond State Park, contains a few lightly used hiking trails and a shooting range operated by the Danbury Shooting Sports Associates. Lattins Cove (5 acres) operates a State boat launch on Lake Candlewood. Privately owned recreational facilities include such diverse

organizations as the Swampfield Land Trust, the Portuguese Cultural Center, the Ridgewood Country Club, private and parochial schools and the Western Connecticut State University. The facilities and parks owned and maintained by the City include:

- *Bear Mountain Park* (140 acres): mostly undeveloped, passive recreation with a conservational outlook, Ranger Cottage and parking with many diverse hiking trails.
- *Blind Brook Playground* (.5 acres) playground.
- *Danbury Green* (1 acre): benches, walkway and band shell.
- *Elmwood Park* (2 acres): park benches for passive recreation, fountain.
- *Farrington Property* (192 acres): hiking trails.
- *Hatter’s Community Park* (32 acres): bowling alley, Park & Recreation Office, picnic pavilion, 3 softball fields, banquet hall and playground.
- *Highland Playground* (8 acres): playground and spray-park.
- *John Perry Field*: All-purpose field turf surface used for football, soccer, lacrosse (boys & girls) and field hockey, located in Rogers Park (3 acres)
- *Joseph Sauer Memorial Park* (2 acres): park for the elderly, basketball court.
- *Kennedy Park* (1 acre): park benches for passive recreation.
- *Lake Candlewood Park* (11 acres): swimming, picnicking, motorized boating and boat ramp.
- *Lake Kenosia Park* (25 acres): picnicking, non-motorized boating, four soccer fields and playground.
- *Mill Plain Swamp* (34 acres): no facilities.
- *Old Quarry Nature Center* (40 acres): trails, bird watching, natural setting.
- *Richter Park* (230 acres): 18 hole golf course, pro shop, restaurant, playhouse, basketball court, fishing, hiking trail, two tennis courts, winter recreation. (Richter Park Drive).
- *Rogers Park* (56 acres): 8 tennis courts, handball/paddleball court, 4 softball fields, 6 baseball fields, 1 all purpose turf field, and 6 volleyball courts. *Rogers Park Playground* (1 acre) and spray-park.
- *Rogers Park Pond* (7 acres): interpretative trails and footbridge.
- *Rowan Street Playground* (3 acres): playground.
- *Stephen A. Kaplanis Field* (5 ½ acres): All-purpose field turf surface used for football, soccer, lacrosse (boys & girls) and field hockey.
- *Still River Greenway* (35 acres): hiking trails, education station, boat launch, bird sanctuary and footbridge.
- *Tom West Park* (.5 acre): playground.

Tarrywile Park is a passive recreational area. It is 722 acres split into two distinct sections by Brushy Hill Road. It has several buildings on the property of which the following are most noteworthy:

- *Mansion* - 3 stories, built in late 1897 - 18 rooms - renovated for Community Center.
- *Castle* - 3 stories, built 1897 from natural quarry stone - use undetermined - large renovation project.
- *Carriage House* - park residence.
- *Farm House* - park residence.
- *Dairy Barns* - Red barn is an environmental education center with renovated Silo. The milking parlor was recently renovated.
- *Gate House* - park residence.
- *Greenhouse* – used by Danbury High School “Green Room Program” for students at risk.
- *School building* - use to remain as a pre-school.

Danbury Public Library

The Danbury Public Library opened in 1970 on the primary downtown intersection of Main and West Streets.

Current services include:

- *Hours*: The library is open a total of 51 hours per week, Monday – Sunday, from September through May, and 44 hours per week, Monday – Saturday, during the summer.
- *E-books*: The library provides access, with a valid Danbury Library card, to a growing collection of e-books that can be downloaded to an e-reader, smart phone, tablet or personal computer.

– *Audio-Video Department:* A 4,200 square foot area holds more than 20,000 non-print items: DVDs, compact discs, books on CD, Playaways (books on MP3), and Blu-ray discs.

– *Personal computers for the public use:* Access to word processing, spreadsheet programs, the Internet and a variety of on-line databases is available on 94 computers for the public. Free high-speed wireless Internet access is available in the library, as well as on the library plaza.

– *Library Technology Center:* A 4,300 square foot computer lab with 23 workstations can be used by the public for Internet access, word processing, on-line access to the library catalog, resume and typing programs and multilingual access to the Internet. Library staff members offer introductory as well as specialized Internet and computer classes to the public on a regular basis in English or Spanish.

– *Language Center:* The 12 computers in the Language Center Computer Lab are installed with state-of-the-art interactive ELLIS English Learning software, and a bi-lingual instructor is available at various times during the week to assist new students. Various print and non-print materials that teach reading comprehension, pronunciation and vocabulary are available for self-study. The Language Center also carries materials on learning languages other than English. Access to an online language learning database is available in the library or remotely from a home computer.

– *Program Rooms:* The Farioly Program Room, which seats up to 70, has kitchen facilities, and the Lower Level Meeting Room, which seats up to 30, can be reserved by the public for programs and workshops. A third conference room in the Technology Center can be reserved for smaller gatherings and seats 12.

– *Danbury Library Homepage:* Connecting to the library’s home page (danburylibrary.org) allows off-site customers to view the library’s catalog, reserve books, subscribe to an on-line newsletter, visit selected web sites of current interest, and retrieve full-text magazine articles 24 hours a day, seven days a week.

A Board of Directors, appointed by the Mayor, governs the Danbury Public Library. The Mayor also appoints a Library Director to promote library services, supervise a staff of 46, and manage an operating budget of \$1.9 million.

– *Danbury Innovation Center (Hackerspace):* The Danbury Hackerspace is a non-profit collaborative work space and educational resource for projects related to business and technology, where members and the general public can learn, create and share technology, art, craft and culture. The use shall include, but not be limited to, maintaining a physical space for workshops, project collaboration, project storage, shared equipment, libraries, exhibitions, lectures and all lawful activities in the furtherance of the stated purposes or those incidental to them. The City of Danbury has provided the space, which is connected to the Danbury Library, to help launch the hackerspace and build a community of entrepreneurs, makers, craftspeople, and artists. The Danbury Hackerspace includes 3D printers, prototyping tools, a mockup studio, a common work area, program space, separate co-working space, and the Innovation Cafe.

Solid Waste - Recycling

The City is a member of the Housatonic Resources Recovery Authority (“HRRRA”) which has legal authority to site and contract for long-term garbage disposal services. The HRRRA has ruled out consideration of construction of a waste to energy incineration facility in the region. They have signed a contract with the owner of such a facility located in Bridgeport, Connecticut. The City executed a parallel contract with HRRRA, which commits its solid waste to this regional solution, which began July 1, 1993 and runs through 2018. This service is funded through tipping fees and garbage rate charges by the haulers to their customers. The tipping fee for the 2014 calendar year was \$85.42 per ton. The tipping fee for the 2015 calendar year is \$85.73 per ton. Approximately, twenty independent haulers collect solid waste in the City. There is no municipal garbage collection.

The City of Danbury landfill closed on December 31, 1996. The final closure and capping of the landfill was completed in 1998. The project includes installation of a gas recovery system including a full synthetic geomembrane cap. The total cost of this project was \$11 million. The cost of the project has been funded under the Cityworks 2000 bond issue in the amount of \$2.4 million and from a portion of the proceeds the City received in connection with privatization of its wastewater treatment plant in the amount of \$8.1 million.

The citywide recycling program was implemented in 1991. Municipal recycling trucks remain available for use by all City residents. There is also curbside recycling offered citywide by independent haulers. In addition, the City has contracted with Automated Waste Disposal to operate a municipal solid waste and recycling center drop off location for residents who do not wish to contract with an independent hauler.

On April 21, 2004, the City entered into a 12 year contract with Total Landscaping and Tree Service, LLC for the management and operation of a wood waste facility and a leaf composting facility. The wood waste and leaf composting operations are conducted at City owned facilities. Total Landscaping and Tree Service is responsible for accepting and processing wood waste and leaves deposited at these City owned facilities as generated by the City or its residents.

Enterprise Funds

Sewer Fund

On October 1, 1997, the City entered into a 20-year contract with Veolia Water North America (d.b.a. U.S. Filter Operating Services, Inc.) for the management, operation and maintenance of the City's 15.5 MGD wastewater treatment facility and its 13 pump stations. The contract has been amended to increase the number of pump stations to 19 and address changes in operational requirements. The City will continue to exercise control over its rate setting and inter-municipal agreements. The City retains full legal title and ownership of the facility. Veolia Water North America operates and maintains the facility in accordance with the terms and conditions of the City's NPDES permit (# CT0100145). The contract with Veolia contains additional performance standards, such as Veolia implementing a program to provide year round nitrification process to ensure the quality of effluent, which are above the requirements of the City's current NPDES permit. A laboratory is maintained on site by Veolia Water North America to ensure proper operation of the plant process, and to comply with the Connecticut Department of Energy and Environmental Protection requirements.

All residential and other sewage collected flows to the treatment plant through lateral and trunk sewers. In those geographic areas where sewage cannot flow by gravity, pumping stations lift the sewage to a higher point in elevation so it may flow by gravity to the treatment plant. Sewers are inspected for blockage and other physical conditions. Collection system sewer gravity lines in Danbury are inspected and maintained by the Danbury Public Utilities Department.

Funds for the operation of the Wastewater Division, including payments to Veolia under its contract, are provided by a sewer use charge. The sewer use charge also pays for the debt service on the debt issued to construct the treatment plant and trunk sewers. The assessment of benefits for lateral sewer lines is calculated in accordance with City ordinances using a formula that includes the following four elements: area of lot or parcel, frontage of lot or parcel, number of existing building units or number of units allowed by zoning on lot or parcel and property valuation for tax purposes of lot or parcel. An individual's assessment represents a proportionate portion of the assessable cost of sewer extensions.

Sewer rates will not increase for fiscal year 2015-16. The historical sewer rate increases for the last five years were as follows:

<i>Fiscal Year Ending</i>	<i>Annual % Increase</i>
June 30, 2016	0.00%
June 30, 2015	4.75%
June 30, 2014	0.00%
June 30, 2013	4.75%
June 30, 2012	0.00%

The City has inter-municipal agreements with the Towns of Bethel, Brookfield, Newtown and Ridgefield which address and spell out the mechanism for payment of the capital improvements to the upgraded facility as well as the future operating and maintenance payments to the City for the treatment of the sewage that is generated from within each of the other towns. Both the capital and operation and maintenance formulas are a function of each municipality's proportionate share of the flow either reserved in the plant for capital expenses or actually flowing to the plant for operation and maintenance expenses. The plant is fully operational.

Water Fund

The City's raw water supply has 9 reservoirs with a total capacity of 3.0 billion gallons of water. The safe yield of the City water system is 8.6 million gallons per day. Presently, the Danbury Water Department produced and distributed an average of 7.0 million gallons per day.

A water quality monitoring program has been established to ensure compliance with the standard for quality of drinking water listed in the State of Connecticut Public Health Code and in the Federal Safe Drinking Water Act. All the drinking water provided at the treatment plants and well field is chlorinated and fluoridated as required by the Connecticut Department of Public Health Service. Testing for water quality is performed by the Danbury Water Department laboratory and outside laboratory services.

The Water Department completed major programs directed at improving the purity, adequacy, and safety of the supply. It is the intent of the City to develop a water supply system consistent with its plan of development. A Vulnerability Assessment for the water system was submitted to the United States Environmental Protection Agency in December 2003 as required by federal regulations.

The City previously was under State order to repair its dams. The reconstruction of dams at Lower Kohanza, West Lake, Boggs Pond, Margerie, Padanaram and Upper Kohanza was completed in 1993-96. All reservoir dams are inspected annually for review of proper operation and maintenance.

Metered and non-metered rates provide funds for the operation, maintenance, and debt service of the water system. Water rates will not increase for fiscal year 2015-16. The historical water rate increases for the last five years were as follows:

<i>Fiscal Year Ending</i>	<i>Annual % Increase</i>
June 30, 2016	0.00%
June 30, 2015	4.25%
June 30, 2014	0.00%
June 30, 2013	4.25%
June 30, 2012	0.00%

The rate structure is intended to provide sufficient funds for the Water System to be self-sustaining.

The City has an ongoing meter replacement program to ensure better accuracy and efficiency of measuring metered water use. This program included the replacement of all existing water meters older than 5 years and the installation of an automatic meter reading system. Although meter replacement project funding has been expended, routine replacement work on aging meters continues to be performed by Public Utilities personnel from the operating budget.

Employee Relations and Collective Bargaining

Municipal Employees

Fiscal Year Ended June 30	2015	2014	2013	2012	2011
General Government.....	550	539	511	506	518
Board of Education.....	1,686	1,617	1,571	1,542	1,532
Total.....	2,236	2,156	2,082	2,048	2,050

Employee Bargaining Organizations

Board of Education Groups	Number of Employees	Current Contract Expiration Date
Non-Bargaining Employees.....	44	N/A
DSAA - School Administrators.....	43	6/30/2017
NEA Teachers.....	886	6/30/2017
Local 677 Teamsters Custodians.....	73	6/30/2016
CSEA Paraprofessionals.....	446	6/30/2016
School Nurses Association.....	24	6/30/2017
Local 677 Teamsters School Lunch.....	71	6/30/2018
Danbury Association of School Secretaries.....	76	6/30/2018 ¹
Safety Advocates.....	23	6/30/2018
Total.....	1,686	
City Groups		
Local 891 Council 15 AFSCME Police ²	154	6/30/2015 ³
UPSEIU (formerly DMEA) Municipal Employees.....	95	6/30/2017
Local 677 Teamsters.....	108	6/30/2017
Local 801 AFL CIO Firefighters.....	118	6/30/2015 ³
Non-Bargaining Employees.....	75	N/A
Total.....	550	

¹ Settlement reached, awaiting ratification.

² Includes two canine control officers.

³ In negotiation.

The Connecticut General Statutes Sections 7-473c, 7-474 and 10-153a-10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certificated teachers and certain other employees. The legislative body of an affected municipality may reject the arbitration panel's decision by a two-thirds majority vote. The State and the employee organization must be advised in writing of the reasons for rejection. The State will then appoint a new panel of three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel shall give priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capability of a municipality, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In the light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

Educational Services

The Board of Education of the City is comprised of eleven elected members each serving a four year term, as provided by the City Charter. The Mayor serves as an ex-officio member. The Board of Education is responsible for maintaining public elementary and secondary schools. There are fourteen (14) elementary schools, two (2) middle schools, one (1) high school and one (1) alternative high school providing educational programs to students in grades pre-kindergarten through twelve.

III. Economic and Demographic Information

Population and Density

Year	Actual		Density ²
	Population ¹	% Increase	
2013 ³	81,967	1.3%	1,862.9
2010	80,893	8.1%	1,838.5
2000	74,848	14.1%	1,701.1
1990	65,585	8.5%	1,490.6
1980	60,470	18.4%	1,374.3
1970	51,066	-	1,160.6

¹ U.S. Department of Commerce, Bureau of Census.

² Per square mile: 44.0 square miles.

³ American Community Survey 2009-2013

Age Distribution of the Population

Age	City of Danbury		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years	5,134	6.3%	197,395	5.5%
5 to 9 years	4,542	5.5	220,139	6.1%
10 to 14 years	4,246	5.2	236,742	6.6%
15 to 19 years	5,837	7.1	255,816	7.1%
20 to 24 years	5,850	7.1	229,708	6.4%
25 to 34 years	13,594	16.6	428,258	12.0%
35 to 44 years	12,052	14.7	469,746	13.1%
45 to 54 years	11,433	13.9	568,510	15.9%
55 to 59 years	5,396	6.6	246,210	6.9%
60 to 64 years	4,161	5.1	210,753	5.9%
65 to 74 years	5,065	6.2	269,422	7.5%
75 to 84 years	2,904	3.5	164,260	4.6%
85 years and over	1,753	2.1	86,602	2.4%
Total.....	81,967	100%	3,583,561	100%

Median Age (Years) 2013..... 36.3 40.2

Median Age (Years) 2010.¹..... 35.2 37.4

¹ U.S. Department of Commerce, Bureau of Census, 2010.

Source: American Community Survey 2009-2013

Income Distribution

Income	City of Danbury		State of Connecticut	
	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	592	3.1%	29,895	3.3%
10,000 - 14,999.....	248	1.3	19,176	2.1%
15,000 - 24,999.....	1,564	8.2	47,319	5.2%
25,000 - 34,999.....	1,285	6.8	56,997	6.3%
35,000 - 49,999.....	2,194	11.6	86,025	9.5%
50,000 - 74,999.....	3,592	18.9	143,989	15.9%
75,000 - 99,999.....	2,738	14.4	131,874	14.6%
100,000 - 149,999.....	3,957	20.8	187,718	20.8%
150,000 - 199,999.....	1,423	7.5	90,602	10.0%
200,000 and over.....	1,393	7.3	109,982	12.2%
Total.....	18,986	100.0%	903,577	100.0%

Source: American Community Survey 2009-2013

Income Levels

	City of Danbury	State of Connecticut
Per Capita Income, 2013.....	\$ 30,770	\$ 37,892
Median Family Income, 2013.....	\$ 75,121	\$ 117,094
Median Household Income, 2013	\$ 64,969	\$ 69,461

Source: American Community Survey 2009-2013

Educational Attainment Population 25 years and over

	City of Danbury		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	5,405	9.6%	109,133	4.5%
9th to 12th grade.....	4,218	7.5	155,272	6.4
High School graduate.....	16,914	30.0	678,370	27.8
Some college, no degree.....	9,579	17.0	431,469	17.7
Associate's degree	3,390	6.0	178,597	7.3
Bachelor's degree.....	9,892	17.6	498,124	20.4
Graduate or professional degree.....	6,960	12.3	392,796	16.1
Total.....	56,358	100.0%	2,443,761	100.0%
Total high school graduate or higher (%).....	82.9%			89.2%
Total bachelor's degree or higher (%).....	29.9%			36.5%

Source: American Community Survey 2009-2013

Major Employers As of May 2015

Name	Business	Approximate Number of Employees¹
Western CT Health Network (Danbury Hospital) ..	Hospital (excluding affiliates)	2,283
Boehringer-Ingelheim Pharmaceuticals ²	Pharmaceuticals	1,800
Danbury School Systems.....	Education	1,686
Cartus	Relocation firm	1,349
UTC B.F. Goodrich.....	Optical Instruments & Lenses	660
Pitney Bowes.....	Mailing Machines	650
Western CT State University.....	Education	626
City of Danbury.....	Government	550
GE Commerical Finance.....	Financial Services	450
Praxair, Inc.....	Industrial Gases	406
Barden Corporation.....	Manufacturing Precision Ball Bearings	373

¹ Does not include part-time employees

² The facility is on the Danbury/Ridgefield border. The number shown includes all employees at the facility.

Source: Greater Danbury Chamber of Commerce, Inc.

Employment by Industry

Sector	City of Danbury		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	137	0.3%	6,945	0.4%
Construction.....	4,036	9.0	99,444	5.7
Manufacturing.....	5,405	12.0	193,945	11.0
Wholesale trade.....	867	1.9	43,550	2.5
Retail trade.....	6,229	13.8	191,841	10.9
Transportation warehousing, and utilities....	1,324	2.9	65,630	3.7
Information.....	887	2.0	41,588	2.4
Finance, insurance, real estate, and leasing..	2,603	5.8	160,976	9.1
Professional, scientific, management, administrative, and waste management....	6,089	13.5	194,959	11.1
Education, health and social services.....	9,091	20.2	464,177	26.4
Arts, entertainment, recreation, accommodation and food services.....	4,341	9.6	148,097	8.4
Other services (except public admin.).....	3,286	7.3	81,443	4.6
Public Administration.....	778	1.7	66,817	3.8
Total Labor Force, Employed.....	45,073	100%	1,759,412	100.0%

Source: American Community Survey 2009-2013

Employment Data By Place of Residence

Period	City of Danbury		Percentage Unemployed		
	Employed	Unemployed	City of Danbury	Danbury Labor Market	State of Connecticut
May 2015.....	44,209	2,585	5.5	5.4	6.8
Annual Average					
2014.....	43,746	2,471	5.4	5.3	6.7
2013.....	42,539	2,826	6.2	6.3	7.9
2012.....	43,255	3,169	6.8	6.7	8.3
2011.....	41,519	3,323	7.4	7.2	8.8
2010.....	41,394	3,495	7.8	7.6	9.0
2009.....	41,496	3,350	7.5	7.3	8.2
2008.....	42,856	2,120	4.7	4.5	5.7
2007.....	43,113	1,640	3.7	3.6	4.6
2006.....	42,478	1,499	3.4	3.3	4.4
2005.....	41,629	1,704	3.9	3.8	4.9

Source: State of Connecticut, Department of Labor.

Age Distribution of Housing

Year Built	City of Danbury		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	7,133	22.0%	336,587	22.6%
1940 to 1969.....	9,881	30.4	538,727	36.2
1970 to 1979.....	5,076	15.6	200,576	13.5
1980 to 1989.....	4,337	13.4	192,185	12.9
1990 to 1999.....	2,466	7.6	111,295	7.5
2000 or 2009.....	3,306	10.2	102,666	6.9
2010 or later.....	281	0.9	4,959	0.3
Total Housing Units.....	32,480	100.0%	1,486,995	100.0%

Source: American Community Survey 2009-2013

Housing Inventory

Housing Units	City of Danbury		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached.....	14,018	43.2%	882,026	59.3%
1-unit, attached.....	3,385	10.4	80,070	5.4
2 units.....	3,402	10.5	119,386	8.0
3 or 4 units.....	3,298	10.2	132,699	8.9
5 to 9 units.....	2,647	8.1	80,615	5.4
10 to 19 units.....	1,968	6.1	54,993	3.7
20 or more units.....	3,274	10.1	124,355	8.4
Mobile home.....	488	1.5	12,427	0.8
Boat, RV, van, etc.....	-	-	424	0.0
Total Inventory.....	32,480	100.0%	1,486,995	100.0%

Source: American Community Survey 2009-2013

Building Permits

Calendar Year Ending 12/31	Residential		Commercial		Industrial		Total	
	No.	Value	No.	Value	No.	Value	No.	Value
2014	951	\$78,906,280	192	\$48,270,735	10	\$13,451,161	1,153	\$140,628,176
2013	967	42,944,615	219	145,532,615	11	16,709,942	1,197	205,187,172
2012	872	92,841,102	273	72,099,494	4	5,422,450	1,149	170,363,046
2011	829	30,801,215	235	45,597,554	11	4,619,000	1,075	81,017,769
2010	823	29,438,911	225	44,204,745	7	10,037,000	1,055	83,680,656
2009	949	59,205,660	165	25,269,316	11	1,450,559	1,125	85,925,535
2008	808	34,115,571	226	20,464,467	10	51,439,000	1,044	106,019,038
2007	1,220	68,757,868	209	73,443,295	17	45,231,176	1,446	187,432,339
2006	1,368	57,171,613	203	69,518,464	12	28,725,755	1,583	155,415,832
2005	1,441	96,350,821	177	44,660,170	4	25,324,000	1,622	166,334,991

Source: Building Department, City of Danbury

Owner-Occupied Housing Values

Specified Owner-Occupied Units	City of Danbury		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	412	2.3%	20,800	2.3%
\$50,000 to \$99,000.....	409	2.3	24,638	2.7
\$100,000 to \$149,999.....	782	4.3	66,934	7.3
\$150,000 to \$199,000.....	1,800	10.0	135,714	14.8
\$200,000 to \$299,999.....	5,599	31.1	264,832	28.8
\$300,000 to \$499,999.....	7,398	41.1	250,076	27.2
\$500,000 to \$999,999.....	1,481	8.2	114,622	12.5
\$1,000,000 or more.....	118	0.7	41,872	4.6
Total.....	17,999	100.0%	919,488	100.0%
Median Value.....	\$300,000		\$278,900	

Source: American Community Survey 2009-2013

(The remainder of this page intentionally left blank)

IV. Tax Base Data

Property Tax

Assessments

The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the City for inclusion on the Grand List is the responsibility of the Assessor. The Grand List represents the total of assessed value for all taxable real and personal property located within the City as of October 1. A Board of Assessment Appeal determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments are computed at seventy percent (70%) of market value at the time of the last revaluation which was effective for the October 1, 2012 Grand List.

Under Section 12-62 of the General Statutes, the City must do a revaluation every five years and the assessor must fully inspect each parcel once every ten years. The next revaluation will be for the October 1, 2017 Grand List.

When a new structure or modification to an existing structure is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Inspector. A physical appraisal is then completed and the structure classified and priced from a schedule developed as of the revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

Motor vehicle lists are furnished to the City by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule developed by the Connecticut Association of Assessing Officials and as recommended by the State Office of Policy and Management. Section 12-71b of the Connecticut General Statutes (CGS), provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the proration is based on the number of months of ownership between October 1 and the following July 31. Cars purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October Grand List, the taxpayer is entitled to certain credits.

All business personal property (furniture, fixtures, equipment, machinery and leased equipment) is assessed annually. An assessor's check and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at seventy percent (70%) of present market value.

Section 12-124a of the CGS permits a municipality, upon approval by its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at 6% per annum, or at such rate approved by the legislative body, at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien. The City has not approved the use of this abatement provision to date.

In accordance with CGS 12-65b, the City Council adopted in November 1996 an ordinance authorizing the deferral of assessment increases attributed to construction or improvements to real property. This applies to offices, manufacturers, warehouses or storage areas.

Also, in accordance with CGS 12-65b, the City Council adopted in February 2004 an ordinance authorizing the deferral of assessment increases attributed to the placement of personal property to be located in a manufacturing facility.

Levy

Property taxes are levied on all assessed property on the Grand List of October 1 prior to the beginning of the fiscal year. At the discretion of the City and for the convenience of the taxpayer, tax bills are payable in four installments: July 1, October 1, January 1, and April 1. Payments not received by August 1, November 1, February 1 or May 1, respectively, become delinquent. A margin against delinquencies, legal reductions, and Grand List adjustments, such as assessor errors, is provided by adjusting the Grand List downward when computing anticipated property tax revenue from the current levy. A modest estimate for delinquent taxes and outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Delinquent taxes are billed at least three times a year, with interest charged at the rate of one and one-half percent per month in accordance with CGS, with a minimum charge of \$2.00. Outstanding real estate tax accounts are automatically liened each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Real estate accounts and other accounts are transferred to suspense 15 years after the due date in accordance with CGS.

Comparative Assessed Valuation

Grand List as of 10/1	Residential Real Property (%)	Commercial/ Industrial Real Property (%)	Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List	Manufacturers' Exemptions, ¹		Net Taxable Grand List	Annual Change
						Veterans Relief, and Elderly			
2014	56.1%	30.9%	5.6%	7.4%	\$7,156,813,746	\$209,812,673		\$6,947,001,073	0.86%
2013	56.2	31.1	5.5	7.2	7,106,826,042	219,216,555		6,887,609,487	0.89%
2012 ²	56.4	31.1	5.5	7.0	7,059,377,127	232,270,525		6,827,106,602	-13.47%
2011	59.7	29.2	4.9	6.1	8,777,328,518	887,067,631		7,890,260,887	0.58%
2010 ²	59.9	29.5	4.8	5.8	8,717,670,101	872,588,119		7,845,081,982	-0.20%
2009 ²	60.5	29.0	5.0	5.5	8,749,742,349	888,997,101		7,860,745,248	10.13%
2008 ²	62.1	28.0	4.5	5.4	8,670,308,350	1,532,328,737		7,137,979,613	-1.12%
2007 ²	61.8	28.4	4.4	5.4	7,376,104,210	157,066,247		7,219,037,963	15.44%
2006	60.6	26.6	5.9	7.2	6,359,947,800	106,380,770		6,253,567,030	2.46%
2005	60.8	25.9	5.9	7.4	6,210,479,700	107,256,230		6,103,223,470	-

¹ Manufacturers' Exemptions began in 10/1/91.

² Revaluation. The column entitled "Exemptions" includes exemptions due to phase in of revaluation.

Source: City of Danbury, City Assessor's Office

Exempt Property

The following categories of exempt properties are not included in the grand lists.

	Assessed Value
U.S. Government.....	\$ 73,555,100
State of Connecticut.....	374,448,200
Miscellaneous.....	466,991,600
City of Danbury.....	506,956,700
Total Exempt Property.....	\$ 1,421,951,600
Percent Compared to Gross Grand List ¹	16.58%

¹ Based on a Gross Grand List October 1, 2014 of \$8,578,765,346.

Source: City of Danbury, Assessor's Office

Property Tax Levies and Collections

Grand List as of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Original Annual Levy	Percent of Annual Levy Collected at end of Fiscal Year	Percent of Annual Levy Uncollected at end of Fiscal Year	Percent of Annual Levy Uncollected as of 6/30/15 ¹
2014	2016 ¹	\$6,947,001,073	28.26	\$196,329,248		N/A	
2013	2015 ¹	6,887,609,487	27.60	190,198,289	98.4%	1.6%	1.6%
2012	2014	6,827,106,602	26.80	182,966,457	98.5%	1.5%	0.6%
2011	2013	7,890,260,887	22.45	175,439,500	98.2%	1.8%	0.4%
2010	2012	7,845,081,982	21.69	168,403,918	98.8%	1.2%	0.3%
2009	2011	7,860,745,248	20.96	164,232,064	98.4%	1.6%	0.3%
2008	2010	7,137,979,613	21.66	154,604,081	98.4%	1.6%	0.3%
2007	2009	7,219,037,963	21.35	154,126,461	98.7%	1.3%	0.3%
2006	2008	6,253,567,030	22.20	138,859,007	99.3%	0.7%	0.3%
2005	2007	6,103,223,470	22.05	134,604,812	98.5%	1.5%	0.3%
2004	2006	5,635,804,295	23.03	129,801,428	98.5%	1.5%	0.1%

¹ Subject to audit

Source: City of Danbury, Tax Collector's Office

Property Taxes Receivable

As of June 30	Total	Current Year
2015 ¹	\$7,391,678	\$2,803,913
2014	6,177,235	3,038,395
2013	5,075,342	2,568,724
2012	4,683,195	2,168,012
2011	6,087,661	2,023,921
2010	5,760,498	2,052,476

¹ Subject to audit

Source: Comprehensive Annual Financial Reports, City of Danbury, 2010 - 2014.

Ten Largest Taxpayers

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List ¹
Danbury Mall Associates.....	Shopping Mall	\$216,217,900	3.11%
Eversource Energy ²	Public Utility	63,231,770	0.91%
Gera Danbury LLC.....	Real Estate Investor	50,601,900	0.73%
Boehringer Ingelheim.....	Research Center	50,369,600	0.73%
Crown Point Gardens.....	Land Developer	45,247,300	0.65%
BLT Reserve LLC.....	Land Developer	41,929,190	0.60%
Melvyn, Mary & Seymour Powers Danbury Industrial Corp & MMP Realty...	Industrial Park	40,233,900	0.58%
Hawley, Ervie, Germantown Plaza Assoc. & Germantown Medical Center.....	Shopping Center & Land Developer	34,531,670	0.50%
Urstadt Biddle Properties, Inc.....	Retail	29,347,800	0.42%
Building 45 Eagle LLC.....	Retail	29,008,800	0.42%
Total		\$600,719,830	8.65%

¹ Based on a Net Grand List October 1, 2014 of \$6,947,001,073.

² Subject to audit As of February 2015, Connecticut Light & Power's name was changed to Eversource Energy.

Source: Assessor's Office, City of Danbury

V. Debt Summary
Principal Amount of Bonded Indebtedness
As of July 23, 2015
(Pro Forma)

Date	Purpose	Rate %	Amount of Original Issue	Amount Outstanding	Fiscal Year of Maturity
08/01/08	Public Improvement.....	3.500 - 5.000	\$ 17,599,450	\$ 880,000	2029
08/01/08	Sewer ²	3.500 - 5.000	602,000	30,000	2029
08/01/08	Sewer - Lateral ³	3.500 - 5.000	1,241,050	63,000	2029
08/01/08	Water ¹	3.500 - 5.000	557,500	27,000	2029
07/15/09	Public Improvement.....	3.000 - 5.000	15,263,762	7,630,000	2030
07/15/09	Schools.....	3.000 - 5.000	3,821,238	1,910,000	2030
07/15/09	Water ¹	3.000 - 5.000	915,000	460,000	2030
03/18/10	Public Improvement Refunding.....	2.000 - 5.000	27,512,000	21,518,000	2025
03/18/10	Schools Refunding.....	2.000 - 5.000	5,172,000	3,847,000	2025
03/18/10	Sewer Refunding ²	2.000 - 5.000	2,319,000	1,760,000	2025
03/18/10	Sewer - Lateral Refunding ³	2.000 - 5.000	953,000	826,000	2025
03/18/10	Water Refunding ¹	2.000 - 5.000	2,014,000	1,554,000	2025
07/15/10	Public Improvement.....	2.000 - 4.000	21,625,000	16,143,534	2031
07/15/10	Schools.....	2.000 - 4.000	80,000	59,720	2031
07/15/10	Sewer ²	2.000 - 4.000	900,000	671,868	2031
07/15/10	Water ¹	2.000 - 4.000	395,000	294,878	2031
09/30/10	Sewers - Clean Water Fund Loan ²	2.000	2,549,994	1,900,188	2030
07/15/11	Public Improvement.....	3.000 - 5.000	14,944,042	10,531,000	2031
07/15/11	Schools.....	3.000 - 5.000	2,608,278	1,706,000	2031
07/15/11	Sewer - Lateral ³	3.000 - 5.000	122,680	98,000	2030
10/27/11	Public Improvement Refunding.....	3.000 - 5.000	11,701,000	11,701,000	2026
10/27/11	Schools Refunding.....	3.000 - 5.000	1,563,000	1,563,000	2026
10/27/11	Sewer Refunding ²	3.000 - 5.000	228,000	228,000	2026
10/27/11	Sewer - Lateral Refunding ³	3.000 - 5.000	1,450,000	1,450,000	2026
10/27/11	Water Refunding ¹	3.000 - 5.000	1,283,000	1,283,000	2026
07/27/12	Public Improvement.....	2.000 - 4.000	8,984,956	7,074,000	2031
07/27/12	Schools.....	2.000 - 4.000	1,976,890	1,625,000	2031
07/27/12	Sewer ²	2.000 - 4.000	147,232	120,000	2031
07/27/12	Sewer - Lateral ³	2.000 - 4.000	186,803	55,000	2031
07/27/12	Water ¹	2.000 - 4.000	704,119	576,000	2031
08/21/12	Public Improvement Refunding.....	2.000 - 4.000	12,383,000	12,143,000	2029
08/21/12	Schools Refunding.....	2.000 - 4.000	329,000	325,000	2028
08/21/12	Sewer Refunding ²	2.000 - 4.000	1,232,000	1,211,000	2029
08/21/12	Sewer - Lateral Refunding ³	2.000 - 4.000	449,000	440,000	2029
08/21/12	Water Refunding ¹	2.000 - 4.000	662,000	651,000	2029
01/31/13	Sewers - Clean Water Fund Loan ²	2.000	3,663,600	3,109,349	2033
05/06/14	Public Improvement.....	1.000 - 5.000	5,207,000	5,140,000	2022
05/06/14	Schools.....	1.000 - 5.000	1,410,000	1,397,000	2022
05/06/14	Sewer - Lateral ³	1.000 - 5.000	490,000	484,000	2022
05/06/14	Water ¹	1.000 - 5.000	3,793,000	3,734,000	2022
07/25/14	Public Improvement.....	2.000 - 4.000	2,000,000	1,900,000	2035
07/25/14	Schools.....	2.000 - 4.000	9,000,000	8,550,000	2035
Total Long Term Debt.....			\$ 190,038,594	\$ 136,669,537	
This Issue					
07/23/15	Public Improvement.....	3.000 - 5.000	\$ 11,400,000	\$ 11,400,000	2036
07/23/15	Schools.....	3.000 - 5.000	6,600,000	6,600,000	2036
Total This Issue.....			\$ 18,000,000	\$ 18,000,000	
Grand Total.....			\$ 208,038,594	\$ 154,669,537	

¹ Debt service is included in and paid from the operating budget of the Water Enterprise Fund.

² Debt service and capital costs incurred in the expansion, renovation, and repair of the central sewer filtering plant, major trunk lines and pumping stations are included in the sewer system operating budget. Rates are established by standards contained in an ordinance enacted by the City Council and in conformity with Chapter 103 of the General Statutes, as amended.

³ All costs associated with the extension of new sewer services and for the construction of collector lines or laterals are borne by the property owners benefiting from such extension projects. Assessments of benefits for those whose property benefits by such extension projects are established by standards contained in an ordinance enacted by the City Council and in conformity with Chapter 103 of the General Statutes, as amended. Debt service is paid from the Sewer Assessment Fund.

Short Term Debt
As of July 23, 2015
(Pro Forma)

<i>Project</i>	<i>Authorized</i>	<i>The Notes Due: 7/21/16</i>
Gen. Public Imp. 15-16	\$ 3,000,000	\$ 1,000,000
Danbury Road Bond 2020.....	16,410,000	7,300,000
Head Start	5,600,000	2,500,000
DHS Vision 2020.....	53,500,000	1,000,000
Danbury Road Bond 2020-School Roof....	3,590,000	2,100,000
Vision 2020 Bond-Public Imps.	44,000,000	11,100,000
Totals	\$ 126,100,000	\$25,000,000

Other Obligations

The City of Danbury leases certain capital equipment. As of June 30, 2014, the outstanding amount owed under such capital leases obligations was \$16,447,722 (inclusive of principal and interest payments for \$11.5 million for a Qualified Energy Conservation Bond lease). Please refer to the General Purpose Financial Statements, Note 8 for more information.

(The remainder of this page left blank intentionally)

General Fund Annual Bonded Debt Maturity Schedule
As of July 23, 2015
(Pro Forma)

Fiscal Year	Principal	Interest	Total	This Issue - Principal			Cummulative % Principal Retired
				Pub. Imp.	Schools	Total	
2016 ¹	\$ 1,956,000	\$ 2,661,220	\$ 4,617,220	\$ -	\$ -	\$ -	1.46%
2017	10,384,376	4,332,137	14,716,513	570,000	330,000	900,000	9.91%
2018	10,333,376	3,884,333	14,217,709	570,000	330,000	900,000	18.31%
2019	9,866,376	3,439,664	13,306,040	570,000	330,000	900,000	26.37%
2020	9,197,376	3,002,471	12,199,847	570,000	330,000	900,000	33.92%
2021	9,042,250	2,595,893	11,638,143	570,000	330,000	900,000	41.36%
2022	8,867,250	2,246,005	11,113,255	570,000	330,000	900,000	48.67%
2023	8,192,250	1,925,583	10,117,833	570,000	330,000	900,000	55.48%
2024	7,911,250	1,607,792	9,519,042	570,000	330,000	900,000	62.07%
2025	7,363,250	1,333,265	8,696,515	570,000	330,000	900,000	68.25%
2026	7,193,250	1,068,175	8,261,425	570,000	330,000	900,000	74.31%
2027	6,829,250	800,355	7,629,605	570,000	330,000	900,000	80.09%
2028	5,628,250	569,000	6,197,250	570,000	330,000	900,000	84.98%
2029	4,548,250	381,175	4,929,425	570,000	330,000	900,000	89.05%
2030	3,665,250	229,273	3,894,523	570,000	330,000	900,000	92.47%
2031	2,465,250	115,968	2,581,218	570,000	330,000	900,000	94.99%
2032	550,000	62,219	612,219	570,000	330,000	900,000	96.07%
2033	550,000	45,031	595,031	570,000	330,000	900,000	97.16%
2034	550,000	27,500	577,500	570,000	330,000	900,000	98.24%
2035	550,000	9,281	559,281	570,000	330,000	900,000	99.33%
2036	-	-	-	570,000	330,000	900,000	100.00%
Total.....	\$115,643,254	\$30,336,339	\$145,979,593	\$ 11,400,000	\$6,600,000	\$18,000,000	

¹ Excludes \$8,444,095 in principal payments and \$2,119,487 interest payments from July 1, 2015 through July 23, 2015.

Self-Supporting Debt Annual Bonded Maturity Schedule
As of July 23, 2015
(Pro Forma)

Fiscal Year	Principal	Interest	Total	Cummulative % Principal Retired
2016 ¹	\$ 1,199,487	\$ 559,126	\$ 1,758,612	5.70%
2017	2,196,470	696,405	2,892,875	16.15%
2018	2,197,937	602,555	2,800,492	26.60%
2019	2,010,514	516,559	2,527,073	36.17%
2020	1,600,203	440,563	2,040,766	43.78%
2021	1,491,135	375,460	1,866,595	50.87%
2022	1,497,056	320,676	1,817,732	57.99%
2023	1,283,098	271,332	1,554,430	64.09%
2024	1,290,260	222,274	1,512,534	70.23%
2025	1,294,549	177,543	1,472,092	76.38%
2026	1,240,963	133,687	1,374,651	82.29%
2027	1,226,507	89,913	1,316,420	88.12%
2028	864,182	55,668	919,851	92.23%
2029	635,994	33,288	669,282	95.25%
2030	405,153	18,530	423,683	97.18%
2031	265,920	10,016	275,936	98.45%
2032	205,230	4,662	209,891	99.42%
2033	121,624	812	122,437	100.00%
2034	-	-	-	100.00%
2035	-	-	-	100.00%
2036	-	-	-	100.00%
Total.....	\$21,026,283	\$4,529,069	\$25,555,352	

¹ Excludes \$995,905 in principal payments and \$231,170 interest payments from July 1, 2015 through July 23, 2015.

Note: Long-Term capital leases and State of Connecticut Local Bridge Loans are not included.

**Total General Obligation Debt
Annual Bonded Debt Maturity Schedule
As of July 23, 2015
(Pro Forma)**

Fiscal Year	Principal	Interest	Total	Total Principal This Issue	Cumulative % Prin. Retired
2016 ¹	\$ 3,155,487	\$ 3,220,346	\$ 6,375,832	\$ -	8.98%
2017	12,580,846	5,028,542	17,609,388	900,000	17.08%
2018	12,531,313	4,486,887	17,018,200	900,000	25.15%
2019	11,876,890	3,956,223	15,833,113	900,000	32.82%
2020	10,797,579	3,443,034	14,240,613	900,000	39.85%
2021	10,533,385	2,971,353	13,504,738	900,000	46.72%
2022	10,364,306	2,566,681	12,930,988	900,000	53.48%
2023	9,475,348	2,196,915	11,672,263	900,000	59.72%
2024	9,201,510	1,830,066	11,031,576	900,000	65.79%
2025	8,657,799	1,510,808	10,168,607	900,000	71.53%
2026	8,434,213	1,201,862	9,636,075	900,000	77.14%
2027	8,055,757	890,268	8,946,025	900,000	82.52%
2028	6,492,432	624,668	7,117,101	900,000	86.96%
2029	5,184,244	414,462	5,598,706	900,000	90.61%
2030	4,070,403	247,804	4,318,206	900,000	93.60%
2031	2,731,170	125,984	2,857,154	900,000	95.78%
2032	755,230	66,880	822,110	900,000	96.77%
2033	671,624	45,843	717,468	900,000	97.72%
2034	550,000	27,500	577,500	900,000	98.59%
2035	550,000	9,281	559,281	900,000	99.46%
2036	-	-	-	900,000	100.00%
Total	\$ 136,669,537	\$34,865,408	\$171,534,945	\$18,000,000	

¹ Excludes \$9,440,000 in principal payments and \$2,350,656 interest payments from July 1, 2015 through July 23, 2015.

Note: Long-Term capital leases and State of Connecticut Local Bridge Loans are not included.

Overlapping/Underlying Debt

The City of Danbury has neither overlapping nor underlying debt.

THE CITY OF DANBURY HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.

(The remainder of this page intentionally left blank)

Debt Statement
As of July 23, 2015
(Pro Forma)

Long-Term Debt:

Public Improvement (Includes this issue)	\$ 106,060,534
Schools (Includes this issue)	27,582,720
Sewers.....	12,446,405
Water (Includes this issue).....	8,579,878
Total Long-Term Debt ^{1, 2}	<u>154,669,537</u>

Short-Term Debt:

Bond Anticipation Notes (This Issue: Due July 21, 2016).....	25,000,000
Total Direct Debt	<u>179,669,537</u>
Less: Self-Supporting Sewer Debt	(12,446,405)
Self-Supporting Water Debt	(8,579,878)
	<u>(21,026,283)</u>
Total Net Direct Debt	158,643,254
Plus: Overlapping/Underlying Debt.....	-
TOTAL OVERALL NET DEBT	<u><u>\$ 158,643,254</u></u>

¹ Long-term debt does not include \$18,225,658 in capital leases (including \$11.5 million in principal and interest payments for a Qualified Energy Conservation Bond lease), as of June 30, 2013.

² Excludes Refunded Bonds

Current Debt Ratios
As of July 23, 2015
(Pro Forma)

Population (2013) ¹	81,967
Net Taxable Grand List (10/1/14).....	\$ 6,947,001,073
Estimated Full Value.....	\$ 9,924,287,247
Equalized Net Taxable Grand List (10/1/12) ¹	\$ 9,754,447,760
Income per Capita (2013) ¹	\$ 30,770

	Total Direct Debt:	Total Net Direct Debt:	Total Overall Net Debt:
	\$179,669,537	\$158,643,254	\$158,643,254
Per Capita.....	\$2,191.97	\$1,935.45	\$1,935.45
Ratio to Net Taxable Grand List.....	2.59%	2.28%	2.28%
Ratio to Estimated Full Value.....	1.81%	1.60%	1.60%
Ratio to Equalized Net Taxable Grand List.....	1.84%	1.63%	1.63%
Debt per Capita to Income per Capita (2013).....	7.12%	6.29%	6.29%

¹ Department of Commerce, U.S. Bureau of Census.

Bond Authorization Procedure

The issuance of bonds is authorized pursuant to an ordinance passed by the City Council by affirmative vote of at least two-thirds (2/3) of all members of the Council. No bonds may be issued for a term longer than the estimated life of the improvement for which they are issued and, in no event, for a term longer than twenty years. Whenever the City Council votes to issue bonds in a principal amount in excess of \$3,000,000, the ordinance authorizing such issue must be submitted for approval or disapproval of the electors at the next municipal election or at a special City meeting called by the Mayor.

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable and the legislative body schedules principal reductions starting at the end of the third and continuing in each subsequent year during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for school and sewer projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years, or, for school and sewer projects, by the amount of time temporary financing has been outstanding.

Temporary notes must be permanently funded no later than ten years from the initial borrowing date except for school and sewer notes issued in anticipation of State and/or Federal grants. If a written commitment exists, the municipality may renew the notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to fifteen years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment. Temporary notes may be issued in one year maturities for up to fifteen years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

Clean Water Fund Program

The City of Danbury is a participant in the State of Connecticut's Clean Water Fund Program (Connecticut General Statutes Sections 22a-475 et seq., as amended) (the "CWF Program"), which provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs (with the exception of combined sewer overflow correction projects which are financed with a 50% grant and a 50% loan and denitrification projects which are funded by a 30% grant and a 70% loan).

Loans to each municipality are made pursuant to a Project Grant and Project Loan Agreement. Each municipality is obligated to repay only that amount which it draws down for the payment of project costs (Interim Funding Obligation). Each municipality must deliver to the State an obligation secured by the full faith and credit of the municipality, and/or a dedicated source of revenue of such municipality.

Amortization of each Loan is required to begin one year from the earlier of the project completion date specified in the Loan Agreement, or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are payable 1) in equal monthly installments commencing one month after the scheduled completion date, or 2) in a single annual installment representing 1/20 of total principal not later than one year from the project completion date specified in the Loan Agreement, the first year's date, and thereafter in monthly installments. Loans made under loan agreements entered into prior to July 1, 1989 are repayable in annual installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty.

The City authorized \$76,450,000 to undertake major renovations to the wastewater treatment plant, to be financed through the CWF Program. The City has issued \$56,119,963 in debt and has received \$10,039,298 from the State in the form of grants for the project under the CWF Program. The City currently has CWF debt outstanding of \$5,009,539 as of the data of the Official Statement.

In addition, the City authorized \$5,800,000 for improvements to the Water Pollution Control Plant and \$5,000,000 for the Construction of Sewer Lines and Pump Station Upgrades, to be financed by the CWF Program and

local borrowings. The City has issued Permanent Loan Obligations (PLO) in the amount of \$6,007,529 and has received \$1,102,716 from the State in the form of grants under the CWF Program, and has issued general obligation bonds in the amount of \$1,584,803 for said projects.

Limitation of Indebtedness

Municipalities shall not incur indebtedness through the issuance of bonds which will cause aggregate indebtedness by class to exceed the following:

General Purposes:	2.25 times annual receipts from taxation
School Purposes:	4.50 times annual receipts from taxation
Sewer Purposes:	3.75 times annual receipts from taxation
Urban Renewal Purposes:	3.25 times annual receipts from taxation
Unfunded Past Pension Purposes:	3.00 times annual receipts from taxation

In no case however, shall total indebtedness exceed seven times the annual receipts from taxation. Annual receipts from taxation (the "base") are defined as total tax collections (including interest and penalties) and state payments for revenue loss under the Connecticut General Statutes Sections 12-129d and 7-528.

The statutes also provide for exclusion from the debt limit calculation debt issued in anticipation of taxes; for the supply of water, gas, electricity; for the construction of subways for cables, wires and pipes; for the construction of underground conduits for cables, wires and pipes; and for two or more of such purposes. There are additional exclusions for indebtedness issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement and for indebtedness issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment or contract but only to the extent such indebtedness can be paid from such proceeds. The statutes also provide for exclusion from the debt limitation any debt to be paid from a funded sinking fund.

(The remainder of this page left blank intentionally)

Statement of Debt Limitation
As of July 23, 2015
(Pro Forma)

Total Tax Collections (including interest and lien fees):

For the year ended June 30, 2014..... \$ 182,238,533

Reimbursement For Revenue Loss On:

Tax Relief for Elderly..... 355,674

BASE..... \$ 182,594,207

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension
Debt Limitation:					
2 1/4 times base.....	\$ 410,836,966	\$ -	\$ -	\$ -	\$ -
4 1/2 times base.....	-	821,673,932	-	-	-
3 3/4 times base.....	-	-	684,728,276	-	-
3 1/4 times base.....	-	-	-	593,431,173	-
3 times base.....	-	-	-	-	547,782,621
Total Debt Limitation	\$ 410,836,966	\$ 821,673,932	\$ 684,728,276	\$ 593,431,173	\$ 547,782,621
Indebtedness:					
Outstanding Debt: ^{1, 2}					
Bonds Payable ³	\$ 94,660,534	\$ 20,982,720	\$ 9,030,405	\$ -	\$ -
Bonds – This Issue.....	11,400,000	6,600,000	-	-	-
Notes – This Issue.....	8,300,000	16,700,000	-	-	-
Authorized But Unissued.....	23,444,920	74,439,000	7,244,879	-	-
Total Indebtedness ⁴	137,805,454	118,721,720	16,275,284	-	-
Less School Construction Grants ⁵	-	-	-	-	-
Total Net Indebtedness For Debt Limitation Calculation	\$ 137,805,454	\$ 118,721,720	\$ 16,275,284	\$ -	\$ -
DEBT LIMITATION IN EXCESS OF INDEBTEDNESS	\$ 273,031,512	\$ 702,952,212	\$ 668,452,992	\$ 593,431,173	\$ 547,782,621

¹ Water debt is excludable from the calculation of debt limitation as allowed by Connecticut General Statutes. Excluded from above is \$8,579,878 of outstanding water bonds and \$2,721,731 of authorized but unissued water debt.

² Sewer assessment debt is excludable from the calculation of debt limitation as allowed by Connecticut General Statutes. Excluded from above is \$3,416,000 of outstanding sewer assessment bonds.

³ Includes Clean Water Fund Permanent Loan Obligations.

⁴ Excludes \$16,447,722 in capital leases (including \$11.5 million in principal and interest payments for a Qualified Energy Conservation Bond lease), as of June 30, 2014.

⁵ See "School Projects" herein.

Note: With certain exclusions as set forth in Chapter 109 of the General Statutes, bonds and notes causing the aggregate indebtedness of the City to exceed seven times annual receipts from taxation may not be issued for any purpose. This limitation is \$1,278,159,449.

**Debt Authorized but Unissued
As of July 23, 2015
(Pro Forma)**

Project	Authorized	Debt Previously Issued	Grants ⁴	Notes Due: 7/23/15	THIS ISSUE		City Paydowns	Debt Authorized but Unissued ³			
					The Notes Due: 7/21/16	The Bonds		General Purpose	Schools	Sewers	Water
GENERAL PURPOSE											
Gen. Public Imp. 13-14	\$ 3,000,000	\$ 1,250,000	\$ -	\$ 750,000	\$ -	\$ 1,250,000	\$ -	\$ 500,000	\$ -	\$ -	\$ -
Gen. Public Imp. 14-15	3,000,000	-	-	1,650,000	-	2,350,000	-	650,000	-	-	-
Gen. Public Imp. 15-16	3,000,000	-	-	-	1,000,000	-	-	2,000,000	-	-	-
Open Space -Land	16,300,000	12,364,141	669,080	-	-	-	56,859	3,209,920	-	-	-
Public Safety Bond	45,384,118	45,220,044	-	-	-	14,074	150,000	-	-	-	-
Danbury Road Bond 2020	16,410,000	-	-	-	7,300,000	6,735,926	-	16,410,000	-	-	-
Vision 2020 Bond-Public Imps.	2,475,000	750,000	-	-	-	1,050,000	-	675,000	-	-	-
Sub-Total	89,569,118	59,584,185	669,080	2,400,000	8,300,000	11,400,000	206,859	23,444,920	-	-	-
SCHOOLS											
Head Start	5,600,000	2,693,890	289,410	2,500,000	2,500,000	-	116,700	-	-	-	-
DHS Vision 2020	53,500,000	-	-	-	1,000,000	-	-	52,500,000 ⁶	-	-	-
Danbury Road Bond 2020-School Roof	3,590,000	-	-	-	2,100,000	1,100,000	-	390,000	-	-	-
Open Space - Danbury High School	2,600,000	1,180,000	-	-	-	-	21,000	1,399,000	-	-	-
Vision 2020 Bond-Public Imps.	44,000,000	9,000,000	18,350,000	26,000,000	11,100,000	5,500,000	50,000	20,150,000 ⁵	-	-	-
Sub-Total	109,290,000	12,873,890	18,639,410	28,500,000	16,700,000	6,600,000	187,700	74,439,000	-	-	-
SEWER											
21st Century Danbury Sewer	5,000,000	1,164,000	3,457,535	-	-	-	172,400	-	-	206,065	-
Safety Sewer Improvements	5,800,000	420,803	4,725,383	-	-	-	-	-	-	653,814	-
Sewer Service Extension III ¹	5,000,000	1,748,912	3,251,088	-	-	-	-	-	-	-	-
Vision 2020 - Sewer upgrade	7,975,000	-	1,590,000	700,000	-	-	-	-	-	6,385,000	-
Sub-Total	23,775,000	3,333,715	13,024,006	700,000	-	-	172,400	-	-	7,244,879	-
WATER											
Danbury Neighborhood Water ²	998,000	437,580	-	-	-	-	15,000	-	-	-	545,420
Water Service Extension II ²	3,000,000	1,373,689	-	-	-	-	-	-	-	-	1,626,311
Vision 2020 Water System	550,000	-	-	-	-	-	-	-	-	-	550,000
Sub-Total	4,548,000	1,811,269	-	-	-	-	15,000	-	-	-	2,721,731
Grand Total	\$ 227,182,118	\$ 77,603,059	\$ 32,332,496	\$ 31,600,000	\$ 25,000,000	\$ 18,000,000	\$ 581,959	\$ 23,444,920	\$ 74,439,000	\$ 7,244,879	\$ 2,721,731

¹ All costs associated with the extension of new sewer services and for the construction of collector lines or laterals are borne by the property owners benefiting by such extension project. Assessments of benefits for those whose property benefits by such extension project are established by standards contained in an ordinance enacted by the City Council and in conformity with Chapter 103 of the General Statutes, as amended. Debt service is paid from the Sewer Assessment Fund.

² Debt service is included in and paid from the operating budget of the Water Enterprise Fund.

³ Authorized but Unissued debt listed above is net of paydowns.

⁴ The amounts in the Grants column represent the total of actual and the estimated grant payments related to the authorization.

⁵ The City expects to receive approximately \$26.45 million in State of Connecticut School Building Grants for this project. This number represents the amount authorized but unissued, net of anticipated grants.

⁶ The City expects to receive approximately \$33.2 million in State of Connecticut School Building Grants for this project. This number represents the amount authorized but unissued, net of anticipated grants.

Note: Authorized but unissued debt in this table does not reflect principal reductions or statutory pay-downs made by the City which cannot or will not be financed with bonds.

Ratios of Long-Term Debt to Valuation, Population and Income

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Net Long-Term Debt ¹	Ratio of Net Long-Term Debt to Assessed Value (%)	Ratio of Net Long-Term Debt to Estimated Full Value (%)	Population ²	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt per Capita to Per Capita Income ³
2014	\$6,827,106,602	\$9,753,009,431	\$122,616,599	1.80%	1.26%	81,967	\$ 1,495.93	4.86%
2013	7,890,260,887	11,271,801,267	134,366,695	1.70%	1.19%	81,967	1,639.28	5.33%
2012	7,845,081,982	11,207,259,974	134,136,419	1.71%	1.20%	81,967	1,636.47	5.32%
2011	7,860,745,248	11,229,636,069	127,439,350	1.62%	1.13%	81,967	1,554.76	5.05%
2010	7,137,979,613	10,197,113,733	114,147,700	1.60%	1.12%	81,967	1,392.61	4.53%

¹ Excludes self-supporting water, sewer and capital lease debt

² U.S. Department of Commerce, Bureau of Census, American Community Survey, 2009-2013.

³ U.S. Department of Commerce, Bureau of Census, ACS 2009-2013 data used for per capita income (\$30,770).

**Ratio of Annual Debt Service to Total General Fund Expenditures
and Other Financing Uses
(Includes Transfers Out)**

Fiscal Year Ended 6/30	Principal	Interest	Total	Total General Fund Expenditures	Ratio of General Fund Debt Service To Total General Fund Expenditures %
2015	\$9,529,250	\$5,016,314	\$14,545,564	\$ 229,833,553	6.33%
2014	11,506,110	5,595,000	17,101,110	243,335,620	7.03%
2013	10,937,570	6,004,475	16,942,045	234,394,608	7.23%
2012	10,181,600	5,610,243	15,791,843	227,721,209	6.93%
2011	8,413,350	5,011,121	13,424,471	216,313,085	6.21%

Source: City of Danbury Audit Reports 2010-2014.

City of Danbury, Finance Department, 2015 Data. Subject to Audit.

**Six Year Capital Improvement Program
Fiscal Year 2016 through Fiscal Year 2021**

Proposed Projects	2015-16	2016-17	2017-18	2018-19	2019-20	2020-2021	Total
Airport	\$ 101,000	\$ -	\$ 85,000	\$ 90,000	\$ -	\$ -	\$ 276,000
Ambulance.....	130,000	255,000	225,000	145,000	245,000	255,000	1,255,000
Animal Control.....	161,000	139,687	-	-	-	-	300,687
Civil Preparedness.....	15,000	-	-	-	-	-	15,000
Engineering	9,950,000	3,050,000	2,895,000	5,970,000	1,890,000	2,590,000	26,345,000
Equipment Maintenance ..	180,000	280,000	305,000	255,000	80,000	80,000	1,180,000
Fire	2,085,140	874,960	651,775	651,775	650,710	2,294,470	7,208,830
Forestry.....	765,000	480,700	155,000	90,100	110,000	85,000	1,685,800
Highway	5,241,400	7,965,000	2,080,000	2,055,000	2,030,000	2,030,000	21,401,400
Information Technology..	1,729,782	1,254,783	359,760	310,304	150,000	150,000	3,954,629
Information Tech (BOE)..	250,000	250,000	250,000	250,000	250,000	250,000	1,500,000
Parks Maintenance	-	-	-	-	-	-	-
Planning.....	350,000	-	50,000	-	-	-	400,000
Police.....	630,000	50,000	40,000	40,000	45,000	55,000	860,000
Public Buildings	712,100	972,793	1,964,395	528,105	1,419,893	400,000	5,997,286
Public Buildings (BOE)..	7,074,000	3,160,860	3,621,456	5,582,878	4,235,765	1,149,000	24,823,959
Recreation	250,000	150,000	225,000	450,000	245,000	245,000	1,565,000
Richter Park.....	-	-	-	-	-	-	-
Social Services	29,000	-	-	-	-	-	29,000
Solid Waste/Recycle	300,000	-	-	-	-	-	300,000
Tarrywile Park	31,500	73,500	100,000	200,000	200,000	470,000	1,075,000
Sewer	350,000	4,483,670	14,127,343	11,873,950	11,719,850	11,433,100	53,987,913
Water	428,315	4,524,081	3,869,642	3,427,373	2,038,804	608,380	14,896,594
TOTAL	\$ 30,763,237	\$ 27,965,034	\$ 31,004,371	\$ 31,919,485	\$ 25,310,022	\$ 22,094,950	\$ 169,057,098

Proposed Funding	2015-16	2016-17	2017-18	2018-19	2019-20	2020-2021	Total
User Charges ¹	\$ 130,000	\$ 255,000	\$ 225,000	\$ 145,000	\$ 245,000	\$ 255,000	\$ 1,255,000
Notes/Bonds /Leases	23,414,622	20,334,333	18,817,710	19,845,792	16,149,627	13,434,110	111,996,193
St./Fed. Grants/Other	7,218,616	7,375,700	11,961,661	11,928,693	8,915,395	8,405,840	55,805,904
TOTAL	\$ 30,763,237	\$ 27,965,034	\$ 31,004,371	\$ 31,919,485	\$ 25,310,022	\$ 22,094,950	\$ 169,057,098

¹ Includes self-supporting sewer and water debt that will be paid by user fees.

VI. Financial Information

Fiscal Year

The City's fiscal year begins July 1 and ends June 30.

Basis of Accounting

The City's accounting policies are summarized in Note 1 "Summary of Significant Accounting Policies" in the Notes to General Purpose Financial Statements.

Budget Procedure

The City of Danbury uses the following budgetary sequence and time schedule:

	<u>By</u>
All departments submit estimates to Mayor	December 20
Mayor presents budget to the City Council	April 7
City Council holds public hearings	Throughout April
City Council adopts budget	May 15

Investment Policy

The operating and working capital funds (excluding pension funds) of the City are invested at the direction of the City Treasurer in the following short-term investments: (1) various certificates of deposit with Connecticut banks; (2) money market accounts; (3) overnight repurchase agreements collateralized by U.S. government agency obligations such as Federal Home Loan Mortgage Corporation which are valued daily; (4) overnight U.S. Treasury obligations; (5) an investment pool investing in (i) high-grade, short-term, federal securities and variable rate obligations backed by federal agencies having monthly or quarterly assets based on indices like the prime rate, LIBOR, or a combination of the two, and (ii) very short-term (usually overnight) repurchase agreements secured by high quality collateral which is valued daily and fully delivered to the Program's custodial bank to be held for the benefit of the Pool's participants.

In addition, the City monitors the risk based capital ratios and collateral requirements of the qualified public depositories, as defined by the Connecticut General Statutes, Section 36-382, 7-400 and 7-402 with which it places deposits or makes investments.

The Connecticut General Statutes, Section 7-400 and 7-402 govern eligible investments for Connecticut municipalities. Please refer to the Notes to the Financial Statements, Note 4 regarding the City's cash and cash equivalent investments at June 30, 2014.

For an extensive description of the City's investment policy and investments related to the City's Pension Funds, see Note 12 to the City's audited financial statements in Appendix A.

Audit

The City, pursuant to the provisions of Chapter 111 of the Connecticut General Statutes (Sec. 7-391 through 397) is required to undergo an annual audit by an independent public accountant. The auditor, appointed by the City Council is required to conduct the audit under the standards adopted by the Secretary of the Office of Policy and Management by regulation and approved by the Auditor of Public Accounts. For the fiscal year ended June 30, 2014, the financial statements of the City were audited by McGladrey & Pullen, LLP.

For twenty-six consecutive years, the City has been a recipient of a certificate of achievement for excellence in financial reporting. This award is issued by the Government Finance Officers Association.

Liability Insurance

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Coverage has not been materially reduced, nor have settled claims exceeded commercial coverage in any of the last three years. The City self-insures up to certain levels of risk based on an evaluation of the City's financial capability to assume risk and prevailing market conditions for commercial insurance. Presently, the City is self-insured for the first \$100,000 per claim for general, auto, property and public liability. The City is completely self-insured for all heart/hypertension 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 million. For medical insurance, the City and Board of Education ("BOE") have worked together to switch from being fully insured to self-insured as of July 1, 2014. The City and BOE remain self-insured for dental and prescription programs.

In addition, the City maintains liability insurance coverage as listed below:

Comprehensive General Liability insurance on an occurrence basis with a limit of \$1,000,000 per occurrence and aggregate limit of \$3,000,000 with a deductible of \$100,000 per occurrence.

Law Enforcement Liability with a limit of \$1,000,000 each wrongful act and an aggregate limit of \$1,000,000 with a deductible of \$100,000 each wrongful act.

Automobile Liability insurance with a limit of \$1,000,000 per each occurrence with a deductible of \$100,000 per occurrence.

Public Official Liability insurance on a claims made basis, \$1,000,000 limit each wrongful act and aggregate limit of \$1,000,000 with a deductible of \$100,000 each wrongful act.

School Board Errors and Omissions Liability on claims made basis, \$2,000,000 each wrongful act and aggregate limit of \$2,000,000 with a deductible of \$10,000 for each wrongful act.

Student Nurses Medical Professional Liability Insurance on an occurrence basis with a limit of \$2,000,000 for each occurrence and aggregate limit of \$4,000,000.

Excess liability insurance over the Comprehensive General Liability, Law Enforcement Liability, Automobile Liability, Public Officials Liability with a limit of \$10,000,000 per occurrence and an aggregate limit of \$10,000,000.

See Appendix A -- "FINANCIAL STATEMENTS, Note #12 - "Risk Management" to "General Purpose Financial Statements" herein.

Pension Plans

The City maintains six separate single-employer pension plans covering substantially all of its 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 defined benefit plan covering all full-time employees not qualified under one of the City's other plans or the State Teachers' Retirement System. Effective July 1, 2013, General Employee Plan members, with the exception of non-union employees hired prior to January 1, 2012, began to contribute 1% of pay. This mandatory contribution increased to 2% of pay on July 1, 2014. The remaining five plans: Pre-1967 Policemen, Pre-1967 Firemen, Post-1967 Policemen, Post-1967 Firemen, and Post-1983 Policemen 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 City's plans' assets are consolidated and treated as one combined trust ("Master Trust") for all of 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.

As of July 1, 2012 valuation, the City had reduced the interest rate assumption from 8% to 7.25% for all plans. This, along with the adjustment of the disability assumption rates to reflect actual experience and changing the salary scale from 4% to a scale that is graded by age led to decreases in the funding ratios for the plans. The collective funding for all pensions plans is 82.3% based upon the most recent valuations. The individual funding status as of most recent valuations are as follows:

Plan	Valuation Date	Value of Assets	Accrued Liability	Funded Ratio
General Employees	July 2013	\$111,389,805	\$127,384,258	87.44%
Pre-1967 Police	July 2013	4,092,018	8,972,137	45.61%
Pre-1967 Fire	July 2013	3,909,976	6,997,123	55.88%
Post-1967 Police	July 2014	49,881,494	57,874,469	86.19%
Post-1967 Fire	July 2014	71,116,685	84,635,364	84.03%
Post-1983 Police	July 2014	27,293,718	39,523,800	69.06%

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

See Appendix A -- "FINANCIAL STATEMENTS, Note #11 - "Employee Retirement Plans" to "General Purpose Financial Statements" herein.

Other Post Employment Benefits (OPEB)

In June 2004, the Governmental Accounting Standards Board (GASB) issued Statement #45 entitled "Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions". Retiree medical plans will be required to disclose information about asset and liability levels and disclose historical contribution information. Actuarial valuations will be required to determine liability levels and show historical contribution information.

The implementation schedule required the City to implement the provisions of this GASB Statement and recognize the liability on its financial statements in fiscal year ending 2010. In fiscal year ending June 30, 2008, the City adopted an ordinance for the establishment of an Other Postemployment Benefit (OPEB) Trust and has appointed members to the Board. The City set up a \$1.2 million fund balance reserve for fiscal year ending 2011, made additional contributions for fiscal year ending 2015 of \$443,000, and budgeted \$920,000 for fiscal year ending 2016. An OPEB funding policy was approved in May 2014 to gradually reduce the funding gap each year until the ARC is fully funded. The most recent valuation of July 1, 2012 estimates the City's OPEB liability to be approximately \$154.5 million with an ARC of \$15.1 million. The net budget impact of the ARC is \$7.1 million, since the City is already contributing towards retiree health benefits.

(The remainder of this page left blank intentionally)

**General Fund Revenues, Expenditures and Changes in Fund Balance
Four Year Summary of Audited Revenues and Expenditures (GAAP Basis)
with Projected and Current Budget (Budgetary Basis)**

	Budget ¹	Projected ¹	Actual	Actual	Actual	Actual
	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012	6/30/2011
Revenues						
Property taxes.....	\$ 196,131,988	\$ 188,390,657	\$ 181,696,534	\$ 175,594,707	\$ 168,088,383	\$ 162,068,724
State and federal governments.....	31,113,350	31,490,076	46,161,761	45,650,430	47,293,595	41,012,958
Licenses and permits.....	4,552,300	4,210,111	4,262,540	4,752,700	3,639,454	3,260,421
Charges for services.....	2,641,062	1,936,454	7,390,792	5,034,834	5,354,883	5,298,084
Fines and penalties.....	1,261,300	1,746,699	1,231,133	1,250,519	1,385,509	1,433,856
Investment income.....	200,000	182,617	192,513	99,555	139,318	191,553
Other.....	-	-	-	-	-	-
Contributions.....	-	-	-	-	-	-
Total Revenues.....	\$ 235,900,000	\$ 227,956,614	\$ 240,935,273	\$ 232,382,745	\$ 225,901,142	\$ 213,265,596
Other Financing Sources						
Refunding Bond Proceeds.....	\$ -	\$ -	\$ 6,617,000	\$ 12,712,000	\$ 13,264,000	\$ -
Premium on Bonds Issued.....	-	502,810	1,291,152	1,946,216	3,510,677	831,290
Proceeds from Sale of Property.....	-	69,129	-	26,014	-	2,073,700
Capital Lease Financing.....	-	-	2,160,000	-	-	657,717
Operating Transfers In.....	-	925,000	-	1,224,665	245,814	450,000
Total Revenues and Other Financing Sources.....	\$ 235,900,000	\$ 229,453,553	\$ 251,003,425	\$ 248,291,640	\$ 242,921,633	\$ 217,278,303
Expenditures						
General Government.....	\$ 9,885,396	\$ 9,522,931	\$ 9,570,570	\$ 9,058,494	\$ 8,724,776	\$ 9,127,425
Public Safety.....	34,078,557	32,329,950	32,041,952	30,884,286	29,704,609	29,601,760
Public Works.....	10,070,166	9,266,750	9,127,320	9,129,207	8,765,595	9,043,532
Health and Welfare.....	2,124,418	2,003,317	2,134,091	2,682,602	3,645,443	3,473,010
Culture and Recreation.....	2,738,263	2,618,603	2,405,356	2,411,847	2,530,195	2,776,198
Education.....	124,208,575	122,003,866	135,882,098	130,444,875	129,949,781	121,036,352
Pension and Other Employee Benefits.....	35,735,902	31,717,486	28,941,783	30,220,696	26,447,785	25,755,047
Other.....	475,000	-	-	-	-	-
Debt Service.....	15,804,801	14,554,766	16,698,898	16,942,045	15,791,843	13,424,472
Capital Outlay.....	2,278,922	5,550,000	2,761,552	2,156,859	1,002,754	1,316,837
Total Expenditures.....	\$ 237,400,000	\$ 229,567,669	\$ 239,563,620	\$ 233,930,911	\$ 226,562,781	\$ 215,554,633
Other Financing Uses						
Payment to Refunding Agent.....	\$ -	\$ -	\$ 7,278,085	\$ 13,725,286	\$ 15,101,113	\$ -
Operating Transfers Out.....	300,000	265,884	3,772,000	463,697	1,158,428	758,452
Total Expenditures and Other Financing Uses.....	\$ 237,700,000	\$ 229,833,553	\$ 250,613,705	\$ 248,119,894	\$ 242,822,322	\$ 216,313,085
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources.....						
	(1,800,000)	(380,000)	389,720	171,746	99,311	965,218
Beginning Fund Balance.....	28,474,322	28,854,322	28,464,602	28,292,856	28,193,545	27,228,327 ²
Ending Fund Balance.....	\$ 26,674,322	\$ 28,474,322	\$ 28,854,322	\$ 28,464,602	\$ 28,292,856	\$ 28,193,545

¹ Budget basis. No assurances can be given that subsequent projections and the final result of operations will not change.

² As restated based on the change in fund type classification per implementation of GASB Statement No. 54.

Analysis of General Fund Equity

	Budget	Projected	Actual	Actual	Actual	Actual
	6/30/2016 ¹	6/30/2015 ¹	6/30/2014	6/30/2013	6/30/2012	6/30/2011
Nonspendable.....	N/A	\$ 97,062	\$ 42,062	\$ 564,758	\$ 597,231	\$ 77,934
Committed.....	N/A	595,320	295,320	909,216	709,030	515,990
Assigned.....	N/A	4,779,320	4,654,320	4,833,247	4,845,817	6,136,974
Unassigned.....	N/A	23,812,349	23,862,349	22,157,381	22,140,748	21,462,647
Total Fund Balance.....	N/A	\$ 29,284,051	\$ 28,854,051	\$ 28,464,602	\$ 28,292,826	\$ 28,193,545

¹ Subject to audit.

Source: Annual Audit Report: 2011-2014. Finance Department 2015 & 2016.

VII. Legal and Other Information

Litigation

The Corporation Counsel has advised that there is small number of personal injury, negligence, and/or personnel and other related lawsuits pending against the City, some pending from previous periods. The outcome and eventual liability of the City in these cases, if any, is not known at this time. Based upon consultation with legal counsel, the City's management estimates that potential claims against the City not covered by insurance, resulting from such litigation would not materially affect the financial position of the City except for the following cases:

MSW Associates v. City of Danbury/Planning Commission. This has been a two-pronged set of lawsuits based on a claim of improper denial of a permit(s) to operate a transfer station (waste processing) on Plumtrees Road, Danbury. The City has been defending its Planning Commission as well as opposing the grant of a processing permit from the CT Department of Energy and Environmental Protection. While the liability in terms of financial exposure or damage is not expected to be serious, legal expenditures of defense could end up in the \$250,000, range after all is said and done. It is further possible that there could be appeals taken from any adverse decision(s). We do not anticipate the availability of insurance coverage in these matters at present.

Danbury Sports Dome, LLC v. City of Danbury. This suit was filed May of 2015 and asserts claims against the City and its Building Official respecting failure to do its duty to allow the timely and proper opening of its sports facility. Although the City believes the suit to have little merit, plaintiff claim for damages or lost profits is in excess of \$1,500,000. Insurance counsel is handling the matter. The City's deductible cap is \$100,000.

Tax Appeals: remaining and resulting from the October 1, 2012 through October 1, 2015 Citywide Grand List revaluation appeals that have been filed with the court approximate fifteen plus/minus unsettled or untried cases. The City is processing, litigating and/or negotiating these appeals at the present time and assessing their proposed impact. At this time, and until said review is completed, City officials cannot say with certainty that there will or will not be a material financial impact in the event appellants are successful. However, recent history with tax appeals lead us to expect many of these matters to settle, others to be tried successfully, others resulting in some assessment adjustment(s). City officials cannot, therefore, at this time, quantify an impact.

Tax Matters

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met at and subsequent to delivery of the Bonds and the Notes in order that interest on the Bonds and the Notes be and remains excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds and the Notes to be included in gross income retroactive to the date of issuance of the Bonds and the Notes. The Tax Regulatory Agreement, which will be executed and delivered by the City concurrently with the Bonds and the Notes, contains representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Bonds and the Notes in order to comply with such requirements of the Code. Pursuant to the Tax Regulatory Agreement, the City also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Bonds and the Notes shall be excluded from gross income for federal income tax purposes under the Code.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the City with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Bonds and the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds and the Notes is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations.

Ownership of the Bonds and the Notes may also result in certain collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits, taxpayers utilizing the earned income credit and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Bonds and the Notes. Prospective purchasers of the Bonds and the Notes, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of ownership and disposition of, or receipt of interest on, the Bonds and the Notes.

In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds and the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Legislation affecting the exclusion from gross income of interest on State or local bonds, such as the Bonds and the Notes, is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds and the Notes will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Bonds and the Notes or adversely affect the market price of the Bond and the Notes.

The opinions of Bond Counsel are rendered as of their date and are based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinions to reflect any facts or circumstances that may come to their attention, or to reflect any changes in law that may thereafter occur or become effective.

Prospective purchasers of the Bonds and the Notes are advised to consult their own tax advisors regarding other State and local tax consequences of ownership and disposition of and receipt of interest on the Bonds and the Notes.

Original Issue Discount

The initial public offering price of certain maturities of the Bonds and the Notes may be less than the principal amount payable on such Bonds and the Notes at maturity. The excess of the principal amount payable at maturity over the initial public offering price at which a substantial amount of these Bonds or Notes is sold constitutes original issue discount. The prices set forth on the inside cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds and the Notes were ultimately sold to the public.

Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any Bond or Note during each day it is owned by a taxpayer is added to the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds or Notes by such owner. Accrued original issue discount on the Bonds and the Notes is excluded from gross income for federal income tax purposes. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such Bond or Note. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond, and (ii) the amount which would be the adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest paid during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Prospective purchasers of the Bonds and the Notes should consult their own tax advisors with respect to the federal, state and local income tax consequences of the disposition of and receipt of interest on the Bonds and the Notes.

Original Issue Premium

The initial public offering price of certain maturities of the Bonds and the Notes may be greater than the principal amount payable on such Bonds and Notes at maturity. The excess of the initial public offering price at which a substantial amount of these Bonds or the Notes is sold over the principal amount payable at maturity or on earlier call date constitutes original issue premium. The prices set forth on the inside cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds and the Notes were ultimately sold to the public.

Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as amortizing with respect to any Bond or Note during each day it is owned by a taxpayer is subtracted from the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds or Notes by such owner. Amortized original issue premium on the Bonds and the Notes is not treated as a deduction from gross income for federal income tax purposes. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity using the taxpayer's cost basis and a constant semiannual compounding method. Prospective purchasers of the Bonds and the Notes should consult their own tax advisors with respect to the federal, state and local income tax consequences of the disposition of and receipt of interest on the Bonds and the Notes.

Transcript and Closing Documents

The original purchaser(s) will be furnished the following documents when the Bonds and the Notes are delivered:

1. Signature and No Litigation Certificates stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds and the Notes or the levy or collection of taxes to pay them.

2. Certificates on behalf of the City, signed by the Mayor, the Treasurer, and the Director of Finance which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, at the time bids were accepted on the Bonds and the Notes the description and statements in the Official Statement relating to the City and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the City from that set forth in or contemplated by the Official Statement.

3. Receipts for the purchase price of the Bonds and the Notes.

4. The approving opinions of Robinson & Cole LLP, Bond Counsel.

5. Executed continuing disclosure agreements for the Bonds and the Notes in substantially the forms attached hereto as Appendices D and E, respectively.

The City of Danbury has prepared an Official Statement for the Bonds and the Notes, which is dated July 14, 2015. The City deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(1), but it is subject to revision or amendment. The City will make available to the winning purchaser of the Bonds one hundred (100) copies of the Official Statement at the City's expense, and to each winning purchaser of the Notes twenty five (25) copies. The copies of the Official Statement will be made available to the winning purchasers within seven business days of the bid opening. If the City's Financial Advisor, Phoenix Advisors, LLC, is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds and the Notes are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any. The purchaser shall arrange with the Financial Advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

A transcript of the proceedings taken by the City with respect to the Bonds will be kept on file at the offices of U.S. Bank National Association and will be available for examination upon reasonable notice.

Concluding Statement

This Official Statement is not to be construed as a contract or agreement between the City and the winning purchaser or holders of the Bonds and the Notes. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representation of fact, and no representation is made that any of such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provision of law is subject to repeal or amendment.

Information herein has been derived by the City from official and other sources and is believed by the City to be reliable, but such information other than that obtained from official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed.

This Official Statement has been duly prepared and delivered by the City, and executed for and on behalf of the City by the following officials:

CITY OF DANBURY, CONNECTICUT

/S/ Mark D. Boughton

Mark D. Boughton, Mayor

/S/ Daniel P. Jowdy

Daniel P. Jowdy, Treasurer

/S/ David W. St. Hilaire

David W. St. Hilaire, Director of Finance

Dated as of July 14, 2015

(This page intentionally left blank)

Appendix A

2014 General Purpose Financial Statements (Excerpted from the City's Comprehensive Annual Financial Report)

The following includes the General Purpose Financial Statements of the City of Danbury, Connecticut for the fiscal year ended June 30, 2014. The supplemental data and letter of transmittal, which were a part of that report, have not been reproduced herein. A copy of the complete report is available upon request from Matthew Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, 53 River Street, Suite #1, Milford, Connecticut. Telephone (203) 878-4945.

(This page intentionally left blank)



Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

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

McGladrey LLP

New Haven, Connecticut
December 31, 2014

This page intentionally left blank.

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

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

Financial Highlights

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The basic fiduciary fund financial statements can be found on pages 26-27 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and various fund-type financial statements. The notes to the financial statements can be found on pages 28-81 of this report.

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

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

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

Government-wide Financial Analysis

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

Summary Statement of Net Position

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

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

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

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

Summary Statement of Activities

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

Government Activities

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

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

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

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

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

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

Business-Type Activities

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

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

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

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

Financial Analysis of the Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

General Fund Budgetary Highlights

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

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

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

Capital Asset and Debt Administration

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

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

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

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

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

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

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

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

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

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

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

Economic Factors and Next Year's Budgets and Rates

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

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

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

Requests for Information

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

Basic Financial Statements

This page intentionally left blank.

City of Danbury, Connecticut

Statement of Net Position
June 30, 2014

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

See Notes to Financial Statements.

* After internal receivables and payables have been eliminated.

Component Units

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

City of Danbury, Connecticut

Statement of Activities
For the Year Ended June 30, 2014

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

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

Change in net position

Net position - beginning
Net position - ending

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

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

City of Danbury, Connecticut

Balance Sheet - Governmental Funds
June 30, 2014

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

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

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

Net position of governmental activities \$ 141,882,173

See Notes to Financial Statements.

City of Danbury, Connecticut

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

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

See Notes to Financial Statements.

City of Danbury, Connecticut

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

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

Net change in fund balances – total governmental funds	\$ (18,822,686)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>	26,938,148
<p>Some revenues reported in the statement of activities are not available as current financial resources and, therefore, are not reported as revenues in governmental funds. Examples are revenues from special assessments, property taxes and intergovernmental projects.</p>	
Taxes and related interest	608,991
Miscellaneous revenue	(224,587)
School Construction	(239,231)
Intergovernmental revenue and other	2,266,441
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	785,738
<p>Internal service funds are used by management to charge the costs of liability and medical insurance to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.</p>	40,690
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	<u>(9,245,168)</u>
Change in net position of governmental activities	<u><u>\$ 2,108,336</u></u>

See Notes to Financial Statements.

City of Danbury, Connecticut

Statement of Net Position - Proprietary Funds
June 30, 2014

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

See Notes to Financial Statements.

City of Danbury, Connecticut

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

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

See Notes to Financial Statements.

City of Danbury, Connecticut

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

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

See Notes to Financial Statements.

City of Danbury, Connecticut

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

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

See Notes to Financial Statements.

City of Danbury, Connecticut

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

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

See Notes to Financial Statements.

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

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

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

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

Accounting Standards Adopted in the Current Year:

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

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

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

Tarrywile Park Authority
70 Southern Boulevard
Danbury, CT 06810

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

Danbury Parking Authority
21 Delay Street
Danbury, CT 06810

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds.

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

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

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

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

Pension Accounting:

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

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

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

Other Post-Employment Obligations (OPEB) Accounting:

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

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

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position: The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds, and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.”

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

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities: The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.”

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

City of Danbury, Connecticut

Notes to Financial Statements

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

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

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

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

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

Note 3. Cash, Cash Equivalents and Investments

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

City of Danbury, Connecticut

Notes to Financial Statements

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

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

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

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

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

Custodial Credit Risk:

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

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

City of Danbury, Connecticut

Notes to Financial Statements

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

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

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

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

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

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

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 4. Deferred Inflows of Resources/Unearned Revenue

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

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

Note 5. Interfund Receivables, Payables and Transfers

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

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

Interfund balances represent routine short-term advances.

City of Danbury, Connecticut

Notes to Financial Statements

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

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

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

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

Note 6. Capital Assets

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 6. Capital Assets (Continued)

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

* Includes amounts transferred to operating budget

City of Danbury, Connecticut

Notes to Financial Statements

Note 6. Capital Assets (Continued)

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

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 6. Capital Assets (Continued)

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

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 6. Capital Assets (Continued)

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

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 7. Bond Anticipation Notes Payable

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

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

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

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

Note 8. Long-Term Liabilities

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

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

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

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

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

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

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

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

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

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

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

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

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

On June 28, 2011, the City entered into a \$4,248,835 equipment tax-exempt lease/purchase agreement and a \$7,251,165 equipment taxable direct pay qualified energy conservation bond (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.

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

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

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

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

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

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

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

Future minimum lease payments under capital leases are as follows:

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

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

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

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

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

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

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

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

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 9. Commitments and Contingencies

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

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

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

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

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

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 10. Fund Deficits

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

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

Note 11. Employee Retirement Plans

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Three-Year Trend Information (GASB 27)

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Schedule of Plan Net Position
June 30, 2014

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Schedule of Funding Progress (GASB 27)

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

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

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

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

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

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

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

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

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

General Employees Pension Plan

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

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

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, 2014 are summarized in the following table:

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

General Employees Pension Plan

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

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

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

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

Pre-67 Police Pension Plan

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

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

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

Pre-67 Police Pension Plan

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

Pre-67 Fire Pension Plan

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

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

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

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

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

Pre-67 Fire Pension Plan

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

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

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

Post-67 Police Pension Plan

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

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

Post-67 Police Pension Plan

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

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

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Post-67 Police Pension Plan			
Net Pension Liability	\$ 17,671,457	\$ 11,697,233	\$ 6,684,206

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Post-67 Fire Pension Plan

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

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

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

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

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

Post-67 Fire Pension Plan

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

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

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

Post-83 Police Pension Plan

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

Employee Disability: 6 x 1955 UAW Disability Table

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

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

Post-83 Police Pension Plan

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

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Post-11 Fire Pension Plan

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

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

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

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

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

Post-11 Fire Pension Plan

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

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

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

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

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

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

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

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

General Government Employees:

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

Board of Education Employees:

Retirees and beneficiaries receiving benefits	156
Active plan members	1,144
Total	<u>1,300</u>

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The actuarial accrued liability as of July 1, 2013 was estimated to be \$35,494,300 and \$9,218,400 for City and Board of Education employees, respectively. The City's contributions represent payments made for premiums for insured individuals.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

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

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

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

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

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

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

Note 12. Risk Management

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 12. Risk Management (Continued)

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

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

Note 13. Joint Ventures and Related Organizations

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

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

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

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

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 14. Fund Balance (Deficit)

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 15. Governmental Accounting Standards Board (GASB) Statements

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

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

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

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

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

Note 16. Subsequent Event

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

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

This page intentionally left blank.

**Required Supplementary
Information - *unaudited***

City of Danbury, Connecticut

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

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

City of Danbury, Connecticut

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

Schedule of Funding Progress - Pensions and OPEB (Continued)

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

Schedule of Employer Contributions - OPEB

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

City of Danbury, Connecticut

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

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

City of Danbury, Connecticut

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

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

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

City of Danbury, Connecticut

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

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

See Note to Required Supplementary Information.

Note 1. Budgets and Budgetary Accounting

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

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

City of Danbury, Connecticut

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

Note 1. Budgets and Budgetary Accounting (Continued)

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

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

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

City of Danbury, Connecticut

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

Note 1. Budgets and Budgetary Accounting (Continued)

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

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

Appendix B

Form of Legal Opinion of Bond Counsel – The Bonds

(This page intentionally left blank)

ROBINSON & COLE LLP

280 Trumbull Street
Hartford, CT 06103-3597
Main (860) 275-8200
Fax (860) 275-8299

FORM OF OPINION OF BOND COUNSEL

July __, 2015

City of Danbury,
Danbury, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the City of Danbury, Connecticut (the "City"), a Tax Regulatory Agreement of the City, dated July __, 2015 (the "Tax Regulatory Agreement"), and other proofs submitted to us relative to the issuance and sale of \$18,000,000 City of Danbury, Connecticut General Obligation Bonds, Issue of 2015, dated July __, 2015 (the "Bonds"), maturing on July 15 in each of the years, in the principal amounts and bearing interest payable on January 15, 2016 and semiannually thereafter on July 15 and January 15 in each year until maturity or earlier redemption, at the rates per annum as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>
2016	\$900,000	%	2026	\$900,000	%
2017	900,000		2027	900,000	
2018	900,000		2028	900,000	
2019	900,000		2029	900,000	
2020	900,000		2030	900,000	
2021	900,000		2031	900,000	
2022	900,000		2032	900,000	
2023	900,000		2033	900,000	
2024	900,000		2034	900,000	
2025	900,000		2035	900,000	

with principal payable at the principal office of U.S. Bank National Association, in Hartford, Connecticut, and with interest payable to the registered owner as of the close of business on the last business day of June and December in each year, by check mailed to such registered owner at his address as shown on the registration books of the City kept for such purpose. The Bonds are subject to redemption prior to maturity as therein provided.

The Bonds are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), to effect a book-entry system for the ownership and transfer of the Bonds. So long as DTC or its nominee is the registered owner, principal and interest payments on the Bonds will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Bonds under authority of the Constitution and General Statutes of Connecticut and that the Bonds are a valid general obligation of the City the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the City.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income for federal income tax purposes. The City has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Bonds.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) the compliance by the City with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by the ownership or disposition of the Bonds.

Legislation affecting the exclusion from gross income of interest on State or local bonds, such as the Bonds, is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Bonds or adversely affect the market price of the Bonds.

These opinions are rendered as of the date hereof and are based on existing law, which is subject to change. We assume no obligation to update or supplement these opinions to reflect any facts or circumstances that may come to our attention, or to reflect any changes in law that may hereafter occur or become effective.

The rights of owners of the Bonds and the enforceability of the Bonds and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

Very truly yours,

ROBINSON & COLE LLP

Appendix C

Form of Legal Opinion of Bond Counsel – The Notes

(This page intentionally left blank)

FORM OF OPINION OF BOND COUNSEL

July __, 2015

City of Danbury,
Danbury, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the City of Danbury, Connecticut (the "City"), a Tax Regulatory Agreement of the City, dated July __, 2015 (the "Tax Regulatory Agreement"), and other proofs submitted to us relative to the issuance and sale of \$25,000,000 City of Danbury, Connecticut General Obligation Bond Anticipation Notes, dated July __, 2015 and maturing July 21, 2016, consisting of Note R-1 in the aggregate principal amount of \$25,000,000, bearing interest at the rate of ___% per annum, with principal and interest payable at maturity (the "Notes"). The Notes are not subject to redemption prior to maturity.

The Notes are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), to effect a book-entry system for the ownership and transfer of the Notes. So long as DTC or its nominee is the registered owner, principal and interest payments on the Notes will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Notes, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Notes under authority of the Constitution and General Statutes of Connecticut and that the Notes are a valid general obligation of the City the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the City.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income for federal income tax purposes. The City has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Notes shall be excluded from gross income for federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Notes is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Notes.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Notes, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) the compliance by the City with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by the ownership or disposition of the Notes.

Legislation affecting the exclusion from gross income of interest on State or local bonds, such as the Notes, is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Notes will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Notes or adversely affect the market price of the Notes.

These opinions are rendered as of the date hereof and are based on existing law, which is subject to change. We assume no obligation to update or supplement these opinions to reflect any facts or circumstances that may come to our attention, or to reflect any changes in law that may hereafter occur or become effective.

The rights of owners of the Notes and the enforceability of the Notes and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

Very truly yours,

ROBINSON & COLE LLP

Appendix D

Form of Continuing Disclosure Agreement – The Bonds

(This page intentionally left blank)

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

City of Danbury, Connecticut
\$18,000,000 General Obligation Bonds, Issue of 2015
Dated July __, 2015

July __, 2015

WHEREAS, the City of Danbury, Connecticut (the “City”) has heretofore authorized the issuance of \$18,000,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2015, dated July __, 2015 (the “Bonds”), and to mature on the dates and in the amounts as set forth in the City’s Official Statement dated July __, 2015 describing the Bonds (the “Official Statement”); and

WHEREAS, the Bonds have been sold by a competitive bid pursuant to a Notice of Sale, dated July __, 2015 (the “Notice of Sale”); and

WHEREAS, in the Notice of Sale, the City has heretofore acknowledged that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the City has undertaken in a written agreement for the benefit of the beneficial owners of the Bonds to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5), as amended from time to time (the “Rule”), and the City desires to assist the underwriter of the Bonds in complying with the Rule; and

WHEREAS, the City is authorized pursuant to Section 3-20e of the General Statutes of Connecticut to make such representations and agreements for the benefit of the beneficial owners of the Bonds to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Bonds in complying with the Rule, this Continuing Disclosure Agreement (this “Agreement”) is to be made, executed and delivered by the City in connection with the issuance of the Bonds and to be described in the Official Statement, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, the City hereby represents, covenants and agrees as follows:

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“Annual Report” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 2 and 3 of this Agreement.

“Fiscal Year End” shall mean the last day of the City’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Repository” shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 57577 for purposes of the Rule, the MSRB or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

“SEC” shall mean the Securities and Exchange Commission of the United States or any successor thereto.

Section 2. Annual Reports.

(a) The City shall provide or cause to be provided to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, the following annual financial information and operating data regarding the City:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End prepared in accordance with accounting principles generally accepted in the United States, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

(ii) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in (i) above:

(A) the amounts of the gross and net taxable grand list;

(B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;

(C) the percentage and amount of the annual property tax levy collected and uncollected;

(D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;

(E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);

(F) the total direct debt, total net direct debt and total overall net debt of the City per capita;

(G) the ratios of total direct debt and total overall net debt of the City to the City's net taxable grand list;

(H) a statement of statutory debt limitations and debt margins; and

(I) the funding status of the City's pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the City's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents previously provided to the Repository, including official statements of the City which will be available from the MSRB.

(c) Subject to the requirements of Section 8 hereof, the City reserves the right to modify from time to time the type of financial information and operating data provided or the format of the presentation of such financial information and operating data, to the extent necessary or appropriate; provided that the City agrees that any such modification will be done in a manner consistent with the Rule. The City also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The City shall provide the financial information and operating data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the Bonds, provided, however, that if such financial information and operating data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Official Statement for the Bonds or has not otherwise been previously provided, the City shall provide such financial information and operating data no later than eight months

after the close of such preceding Fiscal Year End. The City agrees that if audited financial statements are not available eight months after the close of any Fiscal Year End, it shall submit unaudited financial statements by such time and will submit audited financial statements information when and if available.

Section 4. Event Notices. The City agrees to provide, or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, of the occurrence of any of the following events:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of any obligated person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if any, if material.

Section 5. Notice of Failure. The City agrees to provide, or cause to be provided, in a timely manner to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of any failure by the City to provide the annual financial information described in Section 2(a) of this Agreement on or before the date described in Section 3 of this Agreement.

Section 6. Termination of Reporting Obligation. The City's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The City may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the City may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the City, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) this Agreement, as so amended, would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of financial information or operating data provided.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the City chooses to include any other information in any Annual Report or provide notice of the occurrence of any other event in addition to that which is specifically required by this Agreement, the City shall have no obligation under this Agreement to update such information or include or provide such information or notice of the occurrence of such event in the future.

Section 10. Indemnification. The City agrees, pursuant to applicable law, to indemnify and save its officials, officers and employees harmless against any loss, expense or liability which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any loss, expense or liability due to any such person's malicious, wanton, or willful act. The obligations of the City under this Section shall survive termination of this Agreement.

Section 11. Enforceability. The City agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the City shall fail to perform its duties hereunder, the City shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the City does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the City's obligations hereunder. No monetary damages shall arise or be payable hereunder, nor shall any failure to comply with this Agreement constitute a default of the City with respect to the Bonds.

IN WITNESS WHEREOF, the City has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

CITY OF DANBURY, CONNECTICUT

By: _____
Mark D. Boughton, Mayor

By: _____
Daniel P. Jowdy, Treasurer

By: _____
David S. St. Hilaire, Director of Finance

Appendix E

Form of Continuing Disclosure Agreement – The Notes

(This page intentionally left blank)

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

City of Danbury, Connecticut
\$25,000,000 General Obligation Bond Anticipation Notes
Dated July __, 2015

July __, 2015

WHEREAS, the City of Danbury, Connecticut (the "City") has heretofore authorized the issuance of \$25,000,000 in aggregate principal amount of its General Obligation Bond Anticipation Notes, dated July __, 2015 (the "Notes"), and to mature on the dates and in the amounts as set forth in the City's Official Statement dated July __, 2015 describing the Notes (the "Official Statement"); and

WHEREAS, the Notes have been sold by a competitive bid pursuant to a Notice of Sale, dated July __, 2015 (the "Notice of Sale"); and

WHEREAS, in the Notice of Sale, the City has heretofore acknowledged that an underwriter may not purchase or sell the Notes unless it has reasonably determined that the City has undertaken in a written agreement for the benefit of the beneficial owners of the Notes to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5), as amended from time to time (the "Rule"), and the City desires to assist the underwriter of the Notes in complying with the Rule; and

WHEREAS, the City is authorized pursuant to Section 3-20e of the General Statutes of Connecticut to make such representations and agreements for the benefit of the beneficial owners of the Notes to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Notes in complying with the Rule, this Continuing Disclosure Agreement (this "Agreement") is to be made, executed and delivered by the City in connection with the issuance of the Notes and to be described in the Official Statement, all for the benefit of the beneficial owners of the Notes, as they may be from time to time;

NOW, THEREFORE, the City hereby represents, covenants and agrees as follows:

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

"Listed Events" shall mean any of the events listed in Section 2 of this Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

"Repository" shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 57577 for purposes of the Rule, the MSRB or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

"SEC" shall mean the Securities and Exchange Commission of the United States or any successor thereto.

Section 2. Event Notices. The City agrees to provide, or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, of the occurrence of any of the following events:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;

- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
- (vii) modifications to rights of Noteholders, if material;
- (viii) Note calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Notes, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of any obligated person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if any, if material.

Section 3. Termination of Reporting Obligation. The City's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes.

Section 4. Agent. The City may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 5. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the City may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the City, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Notes and (ii) this Agreement, as so amended, would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of financial information or operating data provided.

Section 6. Additional Information. Nothing in this Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the City chooses to disseminate any other information or provide notice of the occurrence of any other event in addition to that which is specifically required by this Agreement, the City shall have no obligation under this Agreement to update such information or provide such information or notice of the occurrence of such event in the future.

Section 7. Indemnification. The City agrees, pursuant to applicable law, to indemnify and save its officials, officers and employees harmless against any loss, expense or liability which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any loss, expense or liability due to any such person's malicious, wanton, or willful act. The obligations of the City under this Section shall survive termination of this Agreement.

Section 8. Enforceability. The City agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Notes. In the event the City shall fail to perform its duties hereunder, the City shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Notes of such failure. In the event the City does not cure such failure, the right of any beneficial owner of the Notes to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the City's obligations hereunder. No monetary damages shall arise or be payable hereunder, nor shall any failure to comply with this Agreement constitute a default of the City with respect to the Notes.

IN WITNESS WHEREOF, the City has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

CITY OF DANBURY, CONNECTICUT

By: _____
Mark D. Boughton, Mayor

By: _____
Daniel P. Jowdy, Treasurer:

By: _____
David S. St. Hilaire, Director of Finance

(This page intentionally left blank)

Appendix F

Notice of Sale – The Bonds

(This page intentionally left blank)

NOTICE OF SALE
\$18,000,000
CITY OF DANBURY, CONNECTICUT
GENERAL OBLIGATION BONDS
ISSUE OF 2015

Electronic bids (as described herein) will be received by the **CITY OF DANBURY**, Connecticut (the “City”), until 11:30 A.M. (E.D.T.) Tuesday,

JULY 14, 2015

for the purchase of all, but not less than all, of the \$18,000,000 City of Danbury, Connecticut General Obligation Bonds, Issue of 2015 (the “Bonds”). Electronic bids must be submitted via **PARITY®**. (See “Electronic Bidding Procedures”.)

The Bonds

The Bonds will be dated July 23, 2015, mature \$900,000 on July 15 in each of the years 2016-2035, both inclusive, bearing interest payable on January 15, 2016, and semiannually thereafter on July 15 and January 15 in each year until maturity, or earlier redemption, as further described in the Preliminary Official Statement for the Bonds dated July 7, 2015 (the “Preliminary Official Statement”).

The Bonds maturing on or before July 15, 2023 are not subject to redemption prior to maturity. The Bonds maturing on July 15, 2024 and thereafter are subject to redemption prior to maturity, at the election of the City, on and after July 15, 2023 at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the City may determine, at the respective prices (expressed as percentages of the principal amounts of Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
From: July 15, 2023 and thereafter	100%

Nature of Obligation

The full faith and credit of the City will be pledged to the prompt payment of principal of and interest on the Bonds when due. The Bonds will be general obligations of the City payable unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

Bank Qualification

The Bonds SHALL NOT be designated by the City as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Registration

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the City or its agent in same-day funds to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY**®. Subscription to the i-Deal LLC BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of **PARITY**® shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, **PARITY**®, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice of Sale shall conflict with information provided by **PARITY**® as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY**®, including any fee charged, may be obtained from **PARITY**®, 1359 Broadway, 36th Street, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com).

For purposes of the electronic bidding process, the time as maintained by **PARITY**® shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the City computed and rounded to six decimal places, as described under “Bid/Specifications/Basis of Award” below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

Bid Specifications/ Basis of Award

Each bid must be for the entire \$18,000,000 of Bonds and must specify the rate or rates of interest therefor in a multiple of 1/20 or 1/8 of 1% per annum. Bids shall not state (a) more than one interest rate for any Bonds having like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate stated in the proposal for any other Bonds by more than 2%. Interest shall be computed on the basis of twelve 30 day months and a 360 day year. No bid for less than all of the Bonds or for less than par and accrued interest will be considered.

For the purpose of determining the successful bidder, the true interest cost to the City will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to July 23, 2015, the date of the Bonds, results in an amount equal to the

purchase price for the Bonds, not including interest accrued to July 23, 2015, the delivery date of the Bonds. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost computed and rounded to six decimal places. Such statement shall not be considered as a part of the proposal. The Bonds will be awarded or all bids will be rejected promptly after the bid opening and not later than 4:00 P.M. (E.D.T.) on July 14, 2015. The purchase price must be paid in Federal funds.

The City reserves the right to reject any and all proposals and to waive any irregularity or informality with respect to any proposal. The City further reserves the right to postpone the sale to another time and date in its sole and absolute discretion for any reason, including, without limitation, internet difficulties. The City will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Unless all bids are rejected or the bids postponed, the Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost.

Closing Documents and Legal Opinion

The Bonds will be certified by U.S. Bank National Association, Hartford, Connecticut. The legality of the issue will be passed upon by Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut, and the winning bidder will be furnished with their opinion without charge. The winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the Official Statement prepared for the Bonds, a certificate signed by the appropriate officials of the City relating to the accuracy and completeness of information contained in the Official Statement, and an executed Continuing Disclosure Agreement.

The legal opinion will further state that, under existing statutes and court decisions (i) interest on the Bonds is excluded from gross income for Federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the Federal alternative minimum tax but is, however, includible in adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations, (iii) under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay Federal alternative minimum tax. In rendering the legal opinion, Robinson & Cole LLP will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the City for the benefit of the owners of the Bonds, and further, will assume compliance by the City with the covenants and procedures set forth in such Tax Regulatory Agreement. A copy of the opinion will be printed upon each of the Bonds, and a signed opinion and transcript of proceedings will be filed with U.S. Bank National Association, Hartford, Connecticut, and will be available for examination upon request.

Settlement of the Bonds

It shall be the responsibility of the winning bidder to certify to the City before delivery of the Bonds the prices at which a substantial amount of the Bonds of each maturity were initially offered and sold to the public.

The Bonds will be delivered to DTC in New York City on or about July 23, 2015. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder to obtain CUSIP numbers for the Bonds prior to delivery, and the City will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of the winning bidder to obtain such numbers and to supply them to the City in a timely manner. The City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

The Preliminary Official Statement is in a form "deemed final" by the City for purposes of SEC Rule 15c2-12(b)(1). The winning bidder will be furnished 100 copies of the final Official Statement

prepared for this bond issue at the City's expense. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. The copies of the Official Statement will be made available to the winning bidder no later than seven business days after the bid opening at the office of the City's financial advisor. If the City's financial advisor is provided with the necessary information from the winning bidder by 12:00 p.m. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

Continuing Disclosure

The City will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission (“SEC”), to provide (i) certain annual financial information and operating data, including audited financial statements; (ii) timely notice of the occurrence of certain events within 10 days of the occurrence of such events; and (iii) timely notice of its failure to provide such annual financial information. The winning bidder’s obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

Related Information

For more information regarding the Bonds and the City, reference is made to the Preliminary Official Statement. Copies of the Preliminary Official Statement may be obtained from the undersigned, or from Mr. Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460 Tel. (203) 878-4945.

MARK D. BOUGHTON
Mayor

DANIEL P. JOWDY
Treasurer

DAVID W. ST. HILAIRE
Director of Finance

July 7, 2015

Appendix G

Notice of Sale & Bid Form – The Notes

(This page intentionally left blank)

NOTICE OF SALE
\$25,000,000
CITY OF DANBURY, CONNECTICUT
GENERAL OBLIGATION BOND ANTICIPATION NOTES

Sealed proposals and electronic bids (as described herein) will be received by the **CITY OF DANBURY**, Connecticut (the “City”), until 11:00 A.M. (E.D.T.) Tuesday,

JULY 14, 2015

for the purchase of \$25,000,000 City of Danbury, Connecticut General Obligation Bond Anticipation Notes (the “Notes”). Sealed proposals will be received at Danbury City Hall, Finance Department Conference Room, 155 Deer Hill Avenue, Danbury, CT 06810 in the manner specified below. (See “Sealed Proposal Procedures”.) Electronic bids must be submitted via **PARITY**[®]. (See "Electronic Bidding Procedures").

The City reserves the right to make changes to the provisions of this Notice of Sale, including the date and time of the sale, prior to the date and time of sale set forth above. Any such changes will be posted through **PARITY**[®]. Prospective bidders are advised to check for such **PARITY**[®] postings prior to the above stated sale time.

The Notes

The Notes will be dated July 23, 2015 and will be payable to the registered owner on July 21, 2016, as further described in the Preliminary Official Statement for the Notes dated July 7, 2015 (the “Preliminary Official Statement”). The Notes will bear interest (which interest shall be computed on a 360-day year, twelve 30-day month basis) payable at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/1000 of 1% per annum.

Nature of Obligation

The full faith and credit of the City will be pledged for the prompt payment of the principal of and interest on the Notes when due. The Notes will be general obligations of the City payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

Bank Qualification

The Notes SHALL NOT be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.

Registration

The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing

ownership of the Notes in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder (s), as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the City or its agent in Federal funds to DTC or its nominee as registered owner of the Notes. Principal and interest payments to participants of DTC will be the responsibility of DTC. Principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY**[®]. Subscription to i-Deal LLC's BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of **PARITY**[®] shall be deemed an irrevocable offer to purchase the Notes on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, **PARITY**[®], the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice of Sale shall conflict with information provided by **PARITY**[®] as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY**[®], including any fee charged, may be obtained from **PARITY**[®], 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com).

For purposes of both the sealed proposal process and the electronic bidding process, the time as maintained by **PARITY**[®] shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the net interest cost to the City, computed and rounded to six decimal places, as described under "Bid Specifications/Basis of Award" below, and in the written form of Proposal for Notes. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and the form of Proposal for Notes.

Sealed Proposal Procedures

Bids will be accepted in written form on the form of Proposal for Notes at the place and time indicated above. Bids must be enclosed in sealed envelopes marked "Proposal for Notes" and addressed to Daniel P. Jowdy, City Treasurer, City of Danbury, Danbury City Hall, Finance Department Conference Room, 155 Deer Hill Avenue, Danbury, CT 06810. Proposals for purchase may be submitted in person at the place shown above or by telephone call to Daniel P. Jowdy, City Treasurer, City of Danbury, telephone number (203) 797-4652. In submitting a bid by telephonic means, the bidder accepts the terms and conditions of this Notice of Sale and agrees to be bound thereby, and, further, such bidder accepts and understands the risk that its bid may not be received by the City or may be received later than the time specified as the result of a failure in communications, including but not limited to a failure in telephonic communications, or the inability to reach the City by the time specified. Any bid received after the time specified will not be accepted, as determined in the sole discretion of the City.

Bid Specifications/Basis of Award

Proposals for the purchase of the Notes must provide the information set forth in the form of the Proposal for Notes attached hereto or, if submitted electronically, in accordance with the requirements prescribed herein. A proposal may be for all or any part of the Notes but any proposal for a part must be for not less than \$100,000, or a whole multiple thereof, and a separate proposal will be required for each part of the Notes for which a separate interest rate is bid. As between proposals resulting in the same lowest net interest cost (rounded to six decimal places) to the City, the award will be made on the basis of the highest principal amount of the Notes specified. No bid for less than par and accrued interest, if any, will be considered and the City reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. If a bidder is awarded only a part of the Notes bid for in its proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the City with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid, rounded to six decimal places. The Notes will be awarded or all bids will be rejected promptly after the bid opening, but not later than 4:00 P.M. (E.D.T.) on July 14, 2015. The purchase price must be paid in Federal funds.

The City reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any bid. The City further reserves the right to postpone the sale to another time and date in its sole and absolute discretion, for any reason, including, without limitation, internet difficulties. The City will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Unless all bids are rejected or the bid is postponed, the Notes will be awarded to the bidder or bidders offering to purchase the Notes at the lowest net interest cost, computed as to each interest rate stated by adding the total interest which will be paid at such rate and deducting therefrom the premium offered, if any.

Closing Documents and Legal Opinion

The Notes will be certified by U.S. Bank National Association, Hartford, Connecticut. The legality of the Notes will be passed upon by Robinson & Cole LLP, Bond Counsel, Hartford, Connecticut, and the winning bidder(s) will be furnished with their opinion without charge. Each winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the final Official Statement prepared for the Notes, a certificate signed by the appropriate officials of the City relating to the accuracy and completeness of information contained in the final Official Statement and an executed continuing disclosure agreement.

The legal opinion will further state that, (i) under existing statutes and court decisions, interest on the Notes is excluded from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, but is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations, (iii) under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering the legal opinion, Robinson & Cole LLP will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the City for the benefit of the owners of the Notes, and further, will assume compliance by the City with the covenants and procedures set forth in such Tax Regulatory Agreement.

Settlement of the Notes

It shall be the responsibility of the winning bidder(s) to certify to the City before the delivery of the Notes the price or prices at which a substantial amount of the Notes were initially offered and sold to the public.

The Notes will be available for delivery on or about July 23, 2015. The deposit of the Notes with DTC, or its custodian, under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder(s) to obtain CUSIP numbers for the Notes prior to delivery, and the City will not be responsible for any delay occasioned by the failure of the winning bidder(s) to obtain such numbers and to supply them to the City in a timely manner. The City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the winning bidder(s).

The Preliminary Official Statement is in a form “deemed final” by the City for purposes of SEC Rule 15c2-12(b)(1). Each winning bidder will be furnished 25 copies of the final Official Statement prepared for the Notes at the City’s expense. Additional copies may be obtained by the winning bidder(s) at its own expense by arrangement with the printer. The copies of the final Official Statement will be made available to the winning bidder(s) no later than seven business days after the bid opening at the office of the City’s financial advisor. If the City’s financial advisor is provided with the necessary information from the winning bidder(s) by 12:00 P.M. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating, yields or reoffering prices and the name(s) of the winning bidder(s) for the Notes.

Continuing Disclosure

The City will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide notice of the occurrence of certain events within 10 business days of the occurrence of such events. The winning bidder’s obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for the Notes.

Related Information

For more information regarding the Notes and the City, reference is made to the Preliminary Official Statement. Bid forms and copies of the Preliminary Official Statement may be obtained from the undersigned, or from Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460 Telephone No. (203) 878-4945.

MARK D. BOUGHTON
Mayor

DANIEL P. JOWDY
City Treasurer

DAVID W. ST. HILAIRE
Director of Finance

July 7, 2015

(See attached for form of Proposal for Notes)

PROPOSAL FOR NOTES

July 14, 2014

MARK D. BOUGHTON, Mayor
DANIEL P. JOWDY, City Treasurer
DAVID W. ST. HILAIRE, Director of Finance
City of Danbury
City Hall
Finance Department Conference Room
155 Deer Hill Avenue
Danbury, CT 06810

Gentlemen:

Subject to the provisions of the Notice of Sale dated July 7, 2015, which Notice is made a part of this proposal, we offer to purchase the principal amount of the \$25,000,000 City of Danbury, Connecticut General Obligation Bond Anticipation Notes, specified below at the stated interest rate (provided not less than \$100,000 aggregate principal amount per interest rate is bid and the total of all principal amounts bid does not exceed \$25,000,000) plus the premium specified below, if any, and to pay therefor par plus the premium specified below, if any on the date of delivery. We further provide our computation of net interest cost as to each bid, rounded to six decimal places, and made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal.

Principal Amount	_____	Principal Amount	_____
Interest Rate	_____	Interest Rate	_____
Premium	_____	Premium	_____
Net Interest Cost	_____ % (Six Decimals)	Net Interest Cost	_____ % (Six Decimals)
Principal Amount	_____	Principal Amount	_____
Interest Rate	_____	Interest Rate	_____
Premium	_____	Premium	_____
Net Interest Cost	_____ % (Six Decimals)	Net Interest Cost	_____ % (Six Decimals)

The undersigned hereby agrees to accept delivery of and make payment for the indicated principal amount of the Notes in Federal funds on the date of delivery of the Notes or as soon thereafter (but not later than 30 days thereafter) as such Notes may be prepared and ready for delivery by the City.

Name of Bidder: _____

Mailing Address: _____

Authorized Signature: _____

Telephone Number: _____

(This page intentionally left blank)