Final Official Statement Dated July 12, 2016

New Issue: Book-Entry Only ***Ratings: Moody's Investors Service, Inc.: AA1 / MIG 1***
S&P Global Ratings: 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

$16,000,000

General Obligation Bonds, Issue of 2016, Series B

Dated: Date of Delivery ***Due: Serially on July 15, 2017-2036, as detailed inside this front cover.***

The Bonds will bear interest payable July 15, 2017 and semiannually thereafter on January 15 and July 15 in each year until maturity or earlier redemption. 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 Transfer System" herein.

The Bonds are subject to redemption prior to maturity. (See "Redemption Provisions").

$64,000,000

General Obligation Bond Anticipation Notes

Dated: July 21, 2016 ***Due: July 20, 2017***

The Notes were purchased by J.P. Morgan Securities through a competitive bid process.

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, 2016. 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 Notes are NOT subject to redemption.

The Bonds and the Notes will be general obligations of the City of Danbury, Connecticut (the "City") 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, Certifying Agent, and Escrow Agent will be U.S. Bank National Association, Goodwin Square, 225 Asylum Street, 23rd Floor, 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 21, 2016.

RAYMOND JAMES®

City of Danbury, Connecticut

$16,000,000

General Obligation Bonds, Issue of 2016, Series B

Dated: ***Date of Delivery*** — ***Due: Serially on July 15, 2017-2036, as detailed below:***

Maturity Schedule

Year	Principal	Coupon	Yield	CUSIP	Year	Principal	Coupon	Yield	CUSIP
2017	$ 800,000	4.000%	0.550%	2358657Y2	2027*	$ 800,000	2.000%	1.730%	2358658J4
2018	800,000	4.000%	0.620%	2358657Z9	2028*	800,000	2.000%	1.860%	2358658K1
2019	800,000	4.000%	0.700%	2358658A3	2029	800,000	2.000%	2.000%	2358658L9
2020	800,000	4.000%	0.800%	2358658B1	2030	800,000	2.000%	2.060%	2358658M7
2021	800,000	4.000%	0.910%	2358658C9	2031	800,000	2.000%	2.120%	2358658N5
2022	800,000	4.000%	1.040%	2358658D7	2032	800,000	2.000%	2.180%	2358658P0
2023	800,000	4.000%	1.120%	2358658E5	2033	800,000	2.125%	2.250%	2358658Q8
2024	800,000	4.000%	1.220%	2358658F2	2034*	800,000	3.000%	2.340%	2358658R6
2025*	800,000	4.000%	1.330%	2358658G0	2035*	800,000	3.000%	2.380%	2358658S4
2026*	800,000	4.000%	1.430%	2358658H8	2036*	800,000	3.000%	2.420%	2358658T2

** Priced assuming redemption on July 15, 2024; however any such redemption is at the option of the City.*

$64,000,000

General Obligation Bond Anticipation Notes

Dated:	***July 21, 2016***	***Due:***	***July 20, 2017***
Rate:	***2.00%***	***CUSIP:***	***2358658U9***
Yield:	***0.61%***		

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds 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 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 information set forth herein has been obtained by the City from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. Certain information in this Official Statement has been obtained by the City from other sources. Neither the City, the Underwriter, nor the Financial Advisor guaranty the accuracy or completeness of such information, however, and such information is not to be construed as a representation of any of the foregoing.

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 is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that it has independently verified the same.

The City deems this Official Statement to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but it is subject to revision or amendment.

The City currently files its official statements for primary offerings with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system. In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will agree to provide or cause to be provided (i) annual financial information and operating data, (ii) notice of the occurrence of certain events within 10 business days of the occurrence of such events, and (iii) timely notice of a failure by the City to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement. The Continuing Disclosure Agreement shall be executed in substantially the form attached as Appendix C to this Official Statement.

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Appendix A -	2015 General Purpose Financial Statements-Excerpts from the City's 2015 Comprehensive Annual Financial Report
Appendix B -	Form of Opinion of Bond Counsel – Bonds
Appendix C -	Form of Opinion of Bond Counsel – Notes
Appendix D -	Form of Continuing Disclosure – Bonds
Appendix E -	Form of Continuing Disclosure – Notes
Appendix F -	Notice of Sale - Bonds
Appendix G -	Notice of Sale - Notes

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 12, 2016, 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:	$16,000,000 General Obligation Bonds, Issue of 2016, Series B (the "Bonds").
Dated Date:	Date of Delivery.
Interest Due:	July 15, 2017 and semiannually thereafter on January 15 and July 15 in each year until maturity or earlier redemption.
Principal Due:	July 15 in each of the years 2017 through 2036, 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 21, 2016, which were issued for various general purpose and school projects, and the remaining 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, 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 S&P Global Ratings, and "AAA" from Fitch Ratings.
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date.
Bond Insurance:	The City did not purchase a credit enhancement facility for the Bonds.
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 to 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 and Escrow Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, 23rd Floor 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 21, 2016, 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 12, 2016, 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:	$64,000,000 General Obligation Bond Anticipation Notes (the "Notes").
Dated Date:	July 21, 2016.
Interest Due:	At maturity: July 20, 2017.
Principal Due:	At maturity: July 20, 2017.
Purpose and Authority:	Proceeds of the Notes are being issued to refund a portion of bond anticipation notes maturing on July 21, 2016 and the balance of the Note proceeds will provide new money for various 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, 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 S&P Global Ratings, 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: (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 E to this Official Statement.
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, 23rd Floor 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 21, 2016, 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, inside 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 $16,000,000 General Obligation Bonds, Issue of 2016, Series B (the “Bonds”) and $64,000,000 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, Goodwin Square, 225 Asylum Street 23rd Floor, 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 July 15, 2017 and semiannually thereafter on January 15 and July 15 in each year until maturity. Interest will be calculated on the basis of twelve 30-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, 2024 are not subject to redemption prior to maturity. The Bonds maturing July 15, 2025 and thereafter are subject to redemption prior to maturity, at the election of the City, on or after July 15, 2024 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:

Period During Which Redeemed	*Redemption Price*
July 15, 2024 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 21, 2016 and will be due and payable as to both principal and interest at maturity on July 20, 2017. 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 $25,000,000 bond anticipation notes maturing on July 21, 2016 and to provide new money borrowing for the projects listed below:

				This Issue	
Project	Authorized	Notes Due: 7/21/16	(Reductions) or New Money	Dated: 7/21/16 Due: 7/20/17	The Bonds
Gen. Public Imp. 13-14	$ 3,000,000	$ -	$ 500,000	$ 400,000	$ 100,000
Gen. Public Imp. 14-15	3,000,000	-	200,000	200,000	-
Gen. Public Imp. 15-16	3,000,000	1,000,000	400,000	400,000	1,000,000
Gen. Public Imp. 16-17	3,000,000	-	1,500,000	1,500,000	-
Open Space	16,000,000	-	450,000	300,000	150,000
Danbury Road Bond 2020	20,000,000	9,400,000	(600,000)	2,200,000	6,600,000
Head Start	5,600,000	2,500,000	-	2,250,000	250,000
DHS 2020	53,500,000	1,000,000	46,000,000	45,250,000	1,750,000
Vision 2020 Bond-Schools	44,000,000	11,100,000	(100,000)	10,000,000	1,000,000
Safety Sewer Improvements	5,800,000	-	1,350,000	-	1,350,000
Vision 2020 - Sewer upgrade	7,975,000	-	4,400,000	1,000,000	3,400,000
Danbury Neighborhood Water 2	998,000	-	400,000	-	400,000
Vision 2020 Water System	550,000	-	500,000	500,000	-
Grand Total	$ 166,423,000	$ 25,000,000	$ 55,000,000	$ 64,000,000	$ 16,000,000

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 rep resenting 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 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 ll 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 agree to provide, or cause to be provided, annual financial information and operating data, timely notice of a failure by the City to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement, and timely notice of the occurrence of certain events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the City substantially in the form attached as Appendix C to this Official Statement. The Underwriter’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.

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

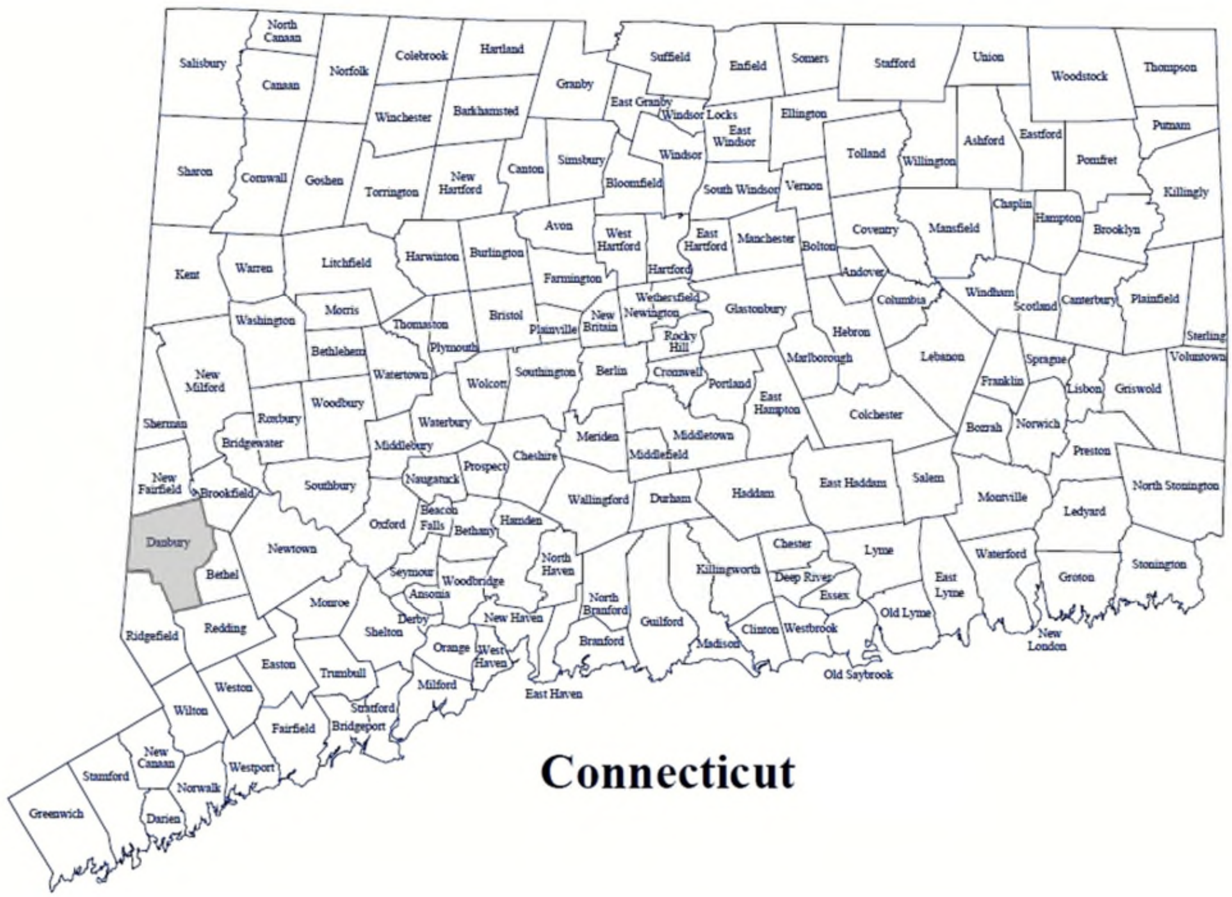
The Bonds were rated as follows: “Aa1” from Moody's Investors Service, “AA+” from S&P Global Ratings (“S&P”), acting through Standard & Poor’s Financial Services LLC, and “AAA” from Fitch Ratings, respectively. The Notes received ratings of “MIG 1” from Moody's Investors Service, “SP-1+” from Standard & 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 did not purchase a credit enhancement facility for the Bonds or the Notes.

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 (2010-2014), Danbury has a median household income of $65,981. Danbury is diversely populated with a population of approximately 83,784 (2014). Its residents represent more than 60 different nationalities and the 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 newer shopping centers have attracted tenants such as Bob's Stores, Home Depot, Best Buy, Lowes, P.C. Richards & Son 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, such as museums and festivals.

Form of Government

The City operates under a Charter, adopted in 1889, and 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	12/15-11/17	13	Mayor
Treasurer	Daniel P. Jowdy	Elected	12/15-11/17	11	Funeral Director
Council	21 members	Elected	12/15-11/17	Various	Various
Director of Finance	David W. St. Hilaire	Appointed [1]	Indefinite	8	Director of Finance
Tax Collector	Scott Ferguson	Civil Service Appointed [1]	Indefinite	9	Manager, Taxes
Assessor	Colleen LaHood	Civil Service 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.*

Municipal Services

Police Department

The Danbury Police Department's mission is to provide a safe 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. In July 2016, the current Police Chief will be retiring and a new Police Chief will be sworn in.

The Department is on course to complete Tier 1 State of Connecticut Accreditation. However, legal challenges have slowed the process. Once completed, this self-assessment process will reduce liability for actions. It will also force the Department to create written protocols and constantly update them.

In 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). The Kronos timekeeping and the Telestaff scheduling systems were also implemented.

In March of 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 Police Station was completed in 2008 with the intention of combining all dispatch services to this location with the eventual goal of becoming a regional dispatch center.

Danbury has routinely been recognized by the annual CQ Press survey as one of the safest cities in New England.

Fire Department and EMS

The mission of the Danbury Fire Department (the "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. The Department has also brought on board the Telestaff scheduling and the Firehouse Software package to assist in its operations. The Telestaff program will assist in tracking of schedules, overtime and other various leaves which will allow the City to better track its 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, and 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 twelve (12) fire trucks of various configurations, seventeen (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 volunteer company operate with approximately one hundred and ten (110) volunteers from twelve (12) stations with fire response apparatus and rescue equipment.

With fire suppression as the Department's 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, the Department 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 five engine companies with one heavy rescue, 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 the Department's 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 has recently completed construction of our new classroom structure at our Fire Training School which includes two classrooms, office and break room space, two truck bays, and unique features for firefighter training. This facility complements the burn building and other training props on site.

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. Recently-awarded federal grants facilitated distribution of smoke detectors throughout the community and replacement of mobile and portable radios. 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 diverse organizations such as the Swampfield Land Trust, the Portuguese Cultural Center, the Ridgewood Country Club, private and parochial schools and 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 and a fountain.
– *Farrington Property (*192 acres*)*: hiking trials.
– *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* (3 acres): all-purpose field turf surface, located in Rogers Park, used for football, soccer, lacrosse (boys & girls) and field hockey, located in Rogers Park.
– *Joseph Sauer Memorial Park* (2 acres): park for the elderly and a 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 "N/A".
– *Old Quarry Nature Center* (40 acres): trails, bird watching and natural scenery.
– *Richter Park* (230 acres): 18 hole golf course, pro shop, restaurant, playhouse, basketball court, fishing, hiking trail, two tennis courts and 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* (5.5 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 acres): playground.

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

– *Mansion* **-** 3 stories, built in late 1897 which contains 18 rooms that have been renovated for use as a Community Center.
– *Castle* - 3 stories, built in 1897 from natural quarry stone and its use is undetermined as it currently undergoing a large renovation project.
– *Carriage House* - park residence.
– *Farm House* - park residence.
– *Dairy Barns* - Red Barn is an environmental education center with a renovated Silo. The milking parlor was recently renovated.
– *Gate House* - park residence.
– *Greenhouse* - used by Danbury High School "Green Room Program" for at risk students.
– *School building* - used as a pre-school.

Danbury Public Library

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

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 on or from 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 including: 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 for public use on 94 computers. 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. The technology center also lends out iPads, Kindles, Rokus, and WiFi hotspots to Danbury residents.

– *Language Center*: There are 12 computers in the Language Center Computer Lab 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. There are 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. The language center also offers talk time conversational ESL classes.

– *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. You can also access our digital services of ebooks, downloadable music, movies and audiobooks.

– *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.

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 45, and manage an operating budget of $2 million.

Solid Waste - Recycling

The City is a member of the Housatonic Resources Recovery Authority ("HRRA") which has legal authority to site and contract for long-term garbage disposal services. The HRRA has ruled out consideration of construction of a waste to energy incineration facility in the region. HRRA have signed a contract with the owner of such a facility located in Bridgeport, Connecticut. The City executed a parallel contract with HRRA, which began July 1, 1993 and runs through 2018, which commits its solid waste to this regional solution. This service is funded through tipping fees and garbage rate charges by the haulers to their customers. The tipping fee for the 2015 calendar year was $85.73 per ton. The tipping fee for the 2016 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's landfill closed on December 31, 1996, however the final closure and capping of the landfill was not completed until 1998. The $11 million project included installation of a gas recovery system including a full synthetic geomembrane cap.

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 Winters Bros. Waste System 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 contract was automatically renewed for an additional five years term on March 1, 2016. The wood waste and leaf composting operations are conducted at City owned facilities. Total Landscaping and Tree Service, LLC 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.) ("Veolia") for the management, operation and maintenance of the City's 15.5 million gallons daily (MGD) wastewater treatment facility and its 20 pump stations. The contract has been amended to address changes in operational requirements. The City continues to exercise control over its rate setting and inter-municipal agreements. The City retains full legal title and ownership of the facility. Veolia 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 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. Private individual's assessment represents a proportionate portion of the assessable cost of sewer extensions.

Sewer rates will increase by 2.95% for fiscal year 2016-17. The historical sewer rate increases for the last five years were as follows:

Fiscal Year Ending	*Annual % Increase*
June 30, 2017	2.95%
June 30, 2016	0.00%
June 30, 2015	4.75%
June 30, 2014	0.00%
June 30, 2013	4.75%

The City has inter-municipal agreements with the Towns of Bethel, Brookfield, Newtown and Ridgefield which address and provide 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 each towns. The capital and operation and maintenance formulas are, both, 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 8 reservoirs with a total capacity of 3.0 billion gallons of water. The safe yield of the City's water system is 7.9 million gallons per day. Presently, the Danbury Water Department produces and distributes an average of 6.6 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.

Metered and non-metered rates provide funds for the operation, maintenance, and debt service of the water system. Water rates will increase by 2.95% for fiscal year 2016-17. The historical water rate increases for the last five years were as follows:

Fiscal Year Ending	*Annual % Increase*
June 30, 2017	2.95%
June 30, 2016	0.00%
June 30, 2015	4.25%
June 30, 2014	0.00%
June 30, 2013	4.25%

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.

Employee Relations and Collective Bargaining

Municipal Employees

Fiscal Year Ended June 30	2016	2015	2014	2013	2012
General Government…………	550	562	563	564	565
Board of Education………….	1,686	1,686	1,617	1,571	1,542
Total……………………………	2,236	2,248	2,180	2,135	2,107

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	Number of Employees	Current Contract Expiration Date
Local 891 Council 15 AFSCME Police. [2]……………………	154	6/30/2017
UPSEIU (formerly DMEA) Municipal Employees…………	97	6/30/2017
Local 677 Teamsters……………………………………………	108	6/30/2017
Local 801 AFL CIO Firefighters………………………………	118	6/30/2017
Non-Bargaining Employees……………………………………	75	N/A
Total…………………………………………………………	552	

[1] *Settlement reached, awaiting ratification.*

[2] *Includes two canine control officers.*

[3] *In negotiation.*

Source: City of Danbury, Finance Department.

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 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.

School Facilities

School	Grades	Date Opened (Add. or Ren.)	Type of Construction	Number of Classrooms	Enrollment 10/1/15	Rated Capacity
Great Plain..................	PK - 5	1963	Brick	21	354	379
Hayestown..................	PK - 5	1955	Brick	26	470	448
King Street Primary	PK - 2	1977	Brick	22	409	488
King Street Intermediate ..	3 - 5	1964	Brick	31	369	322
Magnet.......................	K - 4	2006	Brick	18	390	390
Mill Ridge Primary	PK - 2	1974	Brick	22	350	396
Mill Ridge Ed. Center..	3 - 5	1957	Brick	30	*closed*	437
Morris Street................	PK - 5	1892	Brick	24	357	379
		1963	(Addition)			
		1980	(Add. & Ren.)			
Park Avenue.................	PK - 5	1951	Brick	22	595	402
		2015	(Addition)			
Pembroke....................	PK - 5	1970	Brick	23	368	425
Ellsworth Avenue	PK - 5	1952	Brick	19	432	356
Shelter Rock.................	PK - 5	1963	Brick	18	520	405
		1973	(Addition)			
		2015	(Addition)			
South Street.................	PK - 5	1935	Brick	19	378	339
		1980	(Add. & Ren.)			
Stadley Rough..............	PK - 5	1971	Brick	21	496	494
		2015	(Addition)			
Broadview M.S.	6 - 8	1967	Brick	39	1,038	1,012
Rogers Pk. M.S.	6 - 8	1972	Brick	42	939	1,012
Westside M.S.....................	6 - 8	1957	Brick	36	496	600
Danbury H.S.	9 - 12	1964	Brick	117	2,941	2,442
Alternative Center..........	9 - 12	1977	Brick	11	94	100
Total..				561	10,996 [1]	10,826

[1] *Total Danbury school enrollment listed here does not include 277 students enrolled in special programs. Total Danbury enrollment is 11,134 as is listed on the next page under "School Enrollment".*

Source: Danbury Board of Education

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School Enrollment

Year	Pre-K - 5	6-8	9-12	Other	Total
		Historical			
2006-2007	4,574	2,122	2,966	321	9,983
2007-2008	4,699	2,175	2,931	314	10,119
2008-2009	4,935	2,125	2,926	293	10,279
2009-2010	5,100	2,146	2,944	307	10,497
2010-2011	5,199	2,201	2,981	346	10,727
2011-2012	5,277	2,232	2,981	335	10,825
2012-2013	5,348	2,272	2,944	354	10,918
2013-2014	5,302	2,293	2,960	214	10,769
2014-2015	5,516	2,416	2,993	*	10,925
2015-2016	5,613	2,472	3,035	*	11,120
		Projected [1]			
2016-2017	5,503	2,479	3,095	-	11,077
2017-2018	5,447	2,453	3,201	-	11,101
2018-2019	5,356	2,553	3,232	-	11,141

** Head Start number no longer in BOE count*

[1] *Peter M. Prowda PHD, Education Consultant, City of Danbury, 12/15/2014*

Source: Historical: Superintendent's Office. Projected: Connecticut State Department of Education - Enrollment Projections.

The Danbury Public Schools 2020 Task Force, launched in 2008, was charged with studying the Danbury Public Schools Five Year Plan and identifying strategies for both long and short term facility management, space utilization analysis, and capital improvement planning. The outcome of the study led to the City authorizing bonding in the amount of $44 million for the Vision 2020 – Public Improvement Project. As part of the project, Mill Ridge Educational Center, Park Avenue, Shelter Rock and Stadley Rough schools will be expanded and upgraded to accommodate the expanding enrollment. The City expects to receive approximately 63% reimbursement from the State of Connecticut School Building Grant program for this project.

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III. Economic and Demographic Information

Population and Density

Year	Actual Population [1]	% Increase	Density [2]
2014 [3]	82,781	2.3%	1,881.4
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 2010-2014.*

Age Distribution of the Population

	City of Danbury		State of Connecticut	
Age	**Number**	**Percent**	**Number**	**Percent**
Under 5 years	5,164	6.2%	194,338	5.4%
5 to 9 years	4,660	5.6	217,491	6.1%
10 to 14 years	4,696	5.7	234,666	6.5%
15 to 19 years	5,937	7.2	255,499	7.1%
20 to 24 years	5,466	6.6	234,482	6.5%
25 to 34 years	12,971	15.7	433,145	12.1%
35 to 44 years	12,366	14.9	459,130	12.8%
45 to 54 years	11,822	14.3	563,772	15.7%
55 to 59 years	5,287	6.4	253,952	7.1%
60 to 64 years	3,992	4.8	214,499	6.0%
65 to 74 years	5,692	6.9	280,541	7.8%
75 to 84 years	2,986	3.6	162,971	4.5%
85 years and over	1,742	2.1	87,567	2.4%
***Total*................................**	82,781	100%	3,592,053	100%
Median Age (Years) 2014.......	36.8		40.3	
Median Age (Years) 2010[1]......	35.2		37.4	

[1] *U.S. Department of Commerce, Bureau of Census, 2010.*

Source: American Community Survey 2010-2014

Income Distribution

	City of Danbury		State of Connecticut	
Family Income	**Families**	**Percent**	**Families**	**Percent**
$ 0 - $ 9,999.......................	642	3.4%	30,584	3.4%
10,000 - 14,999....................	308	1.6	18,591	2.1%
15,000 - 24,999....................	1,318	6.9	46,537	5.2%
25,000 - 34,999....................	1,423	7.5	56,473	6.3%
35,000 - 49,999....................	1,942	10.2	85,206	9.5%
50,000 - 74,999....................	3,427	18.0	140,776	15.6%
75,000 - 99,999....................	2,638	13.9	129,656	14.4%
100,000 - 149,999................	4,166	21.9	184,327	20.5%
150,000 - 199,999................	1,520	8.0	93,100	10.3%
200,000 and over..................	1,626	8.6	114,307	12.7%
***Total*................................**	19,010	100.0%	899,557	100.0%

Source: American Community Survey 2010-2014

Income Levels

	City of Danbury	State of Connecticut
Per Capita Income, 2014	$ 31,411	$ 38,480
Median Family Income, 2014	$ 77,963	$ 88,217
Median Household Income, 2014	$ 65,981	$ 69,899

Source: American Community Survey 2010-2014

Educational Attainment

Population 25 years and over

	City of Danbury		State of Connecticut	
	Number	**Percent**	**Number**	**Percent**
Less than 9th grade	6,072	10.7%	106,784	4.3%
9th to 12th grade	3,890	6.8	150,227	6.1
High School graduate	17,192	30.2	677,887	27.6
Some college, no degree	9,004	15.8	431,807	17.6
Associate's degree	3,361	5.9	180,321	7.3
Bachelor's degree	9,911	17.4	506,662	20.6
Graduate or professional degree	7,428	13.1	401,889	16.4
Total	56,858	100.0%	2,455,577	100.0%
Total high school graduate or higher (%)	82.5%			89.2%
Total Bachelor's degree or higher (%)	30.5%			37.0%

Source: American Community Survey 2010-2014

Major Employers

As of July 2016

Name	***Business***	***Approximate Number of Employees*** [1]
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 (formerly Cedant Mobility)	Relocation firm	1,349
GE Commerical Finance	Financial Services	688
UTC B.F. Goodrich	Optical Instruments & Lenses	660
Pitney Bowes	Mailing Machines	650
Western CT State University	Education	626
City of Danbury	Government	540
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 Number	City of Danbury Percent	State of Connecticut Number	State of Connecticut Percent
Agriculture, forestry, fishing and hunting, and mining	174	0.4%	7,413	0.4%
Construction	4,031	9.0	97,974	5.5
Manufacturing	5,571	12.4	191,057	10.8
Wholesale trade	732	1.6	44,195	2.5
Retail trade	6,301	14.1	191,267	10.8
Transportation warehousing, and utilities	1,400	3.1	65,068	3.7
Information	821	1.8	41,905	2.4
Finance, insurance, real estate, and leasing	2,536	5.7	161,926	9.2
Professional, scientific, management, administrative, and waste management	5,776	12.9	197,880	11.2
Education, health and social services	9,172	20.5	467,574	26.5
Arts, entertainment, recreation, accommodation and food services	4,458	10.0	154,005	8.7
Other services (except public admin.)	3,146	7.0	80,179	4.5
Public Administration	651	1.5	66,491	3.8
Total Labor Force, Employed	44,769	100%	1,766,934	100.0%

Source: American Community Survey 2010-2014

Employment Data
By Place of Residence

Period	City of Danbury Employed	City of Danbury Unemployed	Percentage Unemployed City of Danbury	Percentage Unemployed Danbury Labor Market	Percentage Unemployed State of Connecticut
May 2016	45,258	2,022	4.3	4.4	5.4
Annual Average					
2015	44,782	2,160	4.6	4.5	5.6
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	1640	3.7	3.6	4.6
2006	42,478	1499	3.4	3.3	4.4

Source: State of Connecticut, Department of Labor.

Age Distribution of Housing

Year Built	City of Danbury Units	City of Danbury Percent	State of Connecticut Units	State of Connecticut Percent
1939 or earlier	6,838	21.3%	334,290	22.4%
1940 to 1969	9,986	31.2	536,618	36.0
1970 to 1979	4,679	14.6	200,288	13.4
1980 to 1989	4,413	13.8	193,794	13.0
1990 to 1999	2,394	7.5	113,875	7.6
2000 or 2009	3,373	10.5	104,093	7.0
2010 or later	353	1.1	7,423	0.5
Total Housing Units	32,036	100.0%	1,490,381	100.0%

Source: American Community Survey 2010-2014

Housing Inventory

Housing Units	City of Danbury Units	City of Danbury Percent	State of Connecticut Units	State of Connecticut Percent
1-unit, detached	14,068	43.9%	882,955	59.2%
1-unit, attached	3,012	9.4	79,922	5.4
2 units	3,374	10.5	120,070	8.1
3 or 4 units	3,408	10.6	133,452	9.0
5 to 9 units	2,439	7.6	81,574	5.5
10 to 19 units	1,934	6.0	55,609	3.7
20 or more units	3,302	10.3	124,683	8.4
Mobile home	499	1.6	11,819	0.8
Boat, RV, van, etc	-	-	297	0.0
Total Inventory	32,036	100.0%	1,490,381	100.0%

Source: American Community Survey 2010-2014

Building Permits

Calendar Year Ending 12/31	Residential No.	Residential Value	Commercial No.	Commercial Value	Industrial No.	Industrial Value	Total No.	Total Value
2015	900	$ 115,268,512	241	$ 51,735,137	5	$ 1,646,000	1,146	$ 168,649,649
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

Source: Building Department, City of Danbury

Owner-Occupied Housing Values

Specified Owner-Occupied Units	City of Danbury Number	City of Danbury Percent	State of Connecticut Number	State of Connecticut Percent
Less than $50,000……….…………	466	2.7%	24,122	2.6%
$50,000 to $99,000……………………	473	2.7	26,438	2.9
$100,000 to $149,999…………………	839	4.8	72,756	8.0
$150,000 to $199,000…………………	1,790	10.2	137,797	15.1
$200,000 to $299,999…………………	5,461	31.2	257,364	28.2
$300,000 to $499,999…………………	7,035	40.2	243,882	26.7
$500,000 to $999,999…………………	1,348	7.7	109,918	12.0
$1,000,000 or more……………………	92	0.5	40,766	4.5
***Total*……………………………………**	17,504	100.0%	913,043	100.0%
***Median Value*……………………………**	$295,600		$274,500	

Source: American Community Survey 2010-2014

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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 onto the Grand List is the responsibility of the assessor's office. The Grand List represents the total of assessed value for all taxable real and personal property located within the City as of October 1 in accordance with Section 12-62a of the Connecticut General Statutes. 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 that are purchased in August and September are not taxed until the next October 1 Grand List. If that new motor vehicle replaces a motor vehicle that was taxed on the October Grand List, the taxpayer is entitled to certain credits.

Effective October 1, 2015, Public Act No. 15-244 (the "Act"), allows municipalities to tax motor vehicles at a different rate than other taxable property but caps the motor vehicle tax rate at (i) 32.00 mills for the 2015 assessment year and (ii) 29.36 mills for the 2016 assessment year and thereafter. The Act also diverts a portion of state collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. The City's motor vehicle tax rates for the current 2014 assessment year is 28.26 mills.

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' [1] Exemptions, Veterans Relief, and Elderly	Net Taxable Grand List	Annual Change
2015	55.9%	30.7%	5.8%	7.5%	$7,248,636,675	$220,725,660	$7,027,911,015 [3]	1.16%
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	-

[1] *Manufacturers' Exemptions began in 10/1/91.*

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

[3] *Subject to Board of Appeals adjustments and anticipated final filings for veterans and elderly tax relief programs.*

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	506,595,700
City of Danbury	472,184,900
Total Exempt Property	$ 1,426,783,900
Percent Compared to Gross Grand List [1]	16.45%

[1] *Based on a Gross Grand List October 1, 2015 of $8,675,420,575.*

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 6/30/16
2015	2017	$ 7,027,911,015	28.68	$ 201,328,858		N/A	
2014	2016	6,947,001,073	28.26	196,329,248	98.7%	1.3%	1.29%
2013	2015	6,887,609,487	27.60	190,198,289	98.9%	1.1%	0.58%
2012	2014	6,827,106,602	26.80	182,966,457	98.0%	2.0%	0.38%
2011	2013	7,890,260,887	22.45	175,439,500	98.2%	1.8%	0.32%
2010	2012	7,845,081,982	21.69	168,403,918	98.8%	1.2%	0.27%
2009	2011	7,860,745,248	20.96	164,232,064	98.4%	1.6%	0.27%
2008	2010	7,137,979,613	21.66	154,604,081	98.4%	1.6%	0.30%
2007	2009	7,219,037,963	21.35	154,126,461	98.7%	1.3%	0.29%
2006	2008	6,253,567,030	22.20	138,859,007	99.3%	0.7%	0.29%

Source: City of Danbury, Tax Collector's Office

Property Taxes Receivable

As of June 30	Total [1]	Current Year
2016	$ 4,949,051	$ 2,528,036
2015	5,722,623	2,755,668
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] *Less allowance.*

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	3.08%
Eversource (Connecticut Light & Power) [2]...	Public Utility	65,635,300	0.93%
Boehringer Ingelheim............................	Research Center	64,559,590	0.92%
Gera Danbury LLC................................	Real Estate Investor	50,601,900	0.72%
Crown Point Gardens............................	Land Developer	49,772,000	0.71%
BLT Reserve LLC................................	Land Developer	48,303,750	0.69%
Melvyn, Mary & Seymour Powers Danbury Industrial Corp & MMP Realty...	Industrial Park	40,292,110	0.57%
Urstadt Biddle Properties, Inc..................	Retail	34,565,200	0.49%
Hawley, Ervie, Germantown Plaza Assoc. & Germantown Medical Center............	Shopping Center & Land Developer	34,314,490	0.49%
Building 45 Eagle LLC..........................	Retail	29,008,800	0.41%
Total..		$ 633,271,040	9.01%

[1] *Based on a Net Grand List October 1, 2015 of $7,027,911,015.*

[2] *As of February 2015, Connecticut Light & Power's trade name was changed to Eversource Energy.*

Source: Assessor's Office, City of Danbury

V. Debt Summary
Principal Amount of Bonded Indebtedness
As of July 21, 2016
(Pro Forma)

Date	Purpose	Rate %	Amount of Original Issue	Amount Outstanding [4]	Fiscal Year of Maturity
07/15/09	Public Improvement……………………	3.000 - 5.000	$ 15,263,762	$ 1,526,000	2030
07/15/09	Schools………………………………	3.000 - 5.000	3,821,238	382,000	2030
07/15/09	Water [1]………………………………	3.000 - 5.000	915,000	92,000	2030
03/18/10	Public Improvement Refunding…………	2.000 - 5.000	27,512,000	17,727,000	2025
03/18/10	Schools Refunding………………………	2.000 - 5.000	5,172,000	3,332,000	2025
03/18/10	Sewer Refunding [2]………………………	2.000 - 5.000	2,319,000	1,447,000	2025
03/18/10	Sewer Refunding [2]………………………	2.000 - 5.000	953,000	637,000	2025
03/18/10	Water Refunding [1]………………………	2.000 - 5.000	2,014,000	1,272,000	2025
07/15/10	Public Improvement……………………	2.000 - 4.000	21,625,000	10,756,088	2031
07/15/10	Schools ………………………………	2.000 - 4.000	80,000	39,790	2031
07/15/10	Sewer [2]………………………………	2.000 - 4.000	900,000	447,651	2031
07/15/10	Water [1]………………………………	2.000 - 4.000	395,000	196,471	2031
09/30/10	Sewers - Clean Water Fund Loan [2]……..	2.000	2,549,994	1,783,769	2030
07/15/11	Public Improvement……………………	3.000 - 5.000	14,944,042	6,860,000	2031
07/15/11	Schools ………………………………	3.000 - 5.000	2,608,278	1,017,000	2031
07/15/11	Sewer - Lateral [3]………………………	3.000 - 5.000	122,680	63,000	2030
12/15/11	Public Improvement Refunding…………	3.000 - 5.000	11,701,000	11,701,000	2026
12/15/11	Schools Refunding………………………	3.000 - 5.000	1,563,000	1,563,000	2026
12/15/11	Sewer Refunding [2]………………………	3.000 - 5.000	228,000	228,000	2026
12/15/11	Sewer - Lateral Refunding [3]……………	3.000 - 5.000	1,450,000	1,450,000	2026
12/15/11	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	6,436,000	2031
07/27/12	Schools ………………………………	2.000 - 4.000	1,976,890	1,508,000	2031
07/27/12	Sewer [2]………………………………	2.000 - 4.000	147,232	111,000	2031
07/27/12	Sewer - Lateral[3]………………………	2.000 - 4.000	186,803	51,000	2031
07/27/12	Water [1]………………………………	2.000 - 4.000	704,119	534,000	2031
08/21/12	Public Improvement Refunding…………	2.000 - 4.000	12,383,000	12,074,000	2029
08/21/12	Schools Refunding ………………………	2.000 - 4.000	329,000	323,000	2028
08/21/12	Sewer - Lateral Refunding [3]……………	2.000 - 4.000	1,232,000	1,204,000	2029
08/21/12	Sewer Refunding [2]………………………	2.000 - 4.000	449,000	437,000	2029
08/21/12	Water Refunding[1]………………………	2.000 - 4.000	662,000	647,000	2029
01/31/13	Sewers - Clean Water Fund Loan [2]……..	2.000	3,663,600	2,960,282	2033
05/06/14	Public Improvement Refunding…………	1.000 - 5.000	5,207,000	4,301,000	2022
05/06/14	Schools Refunding………………………	1.000 - 5.000	1,410,000	1,231,000	2022
05/06/14	Sewer - Lateral Refunding [3]……………	1.000 - 5.000	490,000	413,000	2022
05/06/14	Water Refunding [1]………………………	1.000 - 5.000	3,793,000	3,005,000	2022
07/25/14	Public Improvement……………………	2.000 - 4.000	2,000,000	1,800,000	2035
07/25/14	Schools ………………………………	2.000 - 4.000	9,000,000	8,100,000	2035
07/23/15	Public Improvement……………………	3.000 - 5.000	11,400,000	10,830,000	2036
07/23/15	Schools ………………………………	3.000 - 5.000	6,600,000	6,270,000	2036
03/29/16	Public Improvement Refunding…………	2.500 - 4.000	12,394,000	12,394,000	2031
03/29/16	Schools Refunding ………………………	2.500 - 4.000	1,940,000	1,940,000	2031
03/29/16	Sewer Refunding [2]………………………	2.500 - 4.000	183,000	183,000	2031
03/29/16	Sewer - Lateral Refunding [3]……………	2.500 - 4.000	28,000	28,000	2030
03/29/16	Water Refunding [1]………………………	2.500 - 4.000	410,000	410,000	2031
Total Long Term Debt…………………………………………………			$ 202,993,594	$ 140,994,050	
This Issue					
07/21/16	Public Improvement……………………	2.000 - 4.000	$ 7,850,000	$ 7,850,000	2037
07/21/16	Schools ………………………………	2.000 - 4.000	3,000,000	3,000,000	2037
07/21/16	Sewer …………………………………	2.000 - 4.000	4,750,000	4,750,000	2037
07/21/16	Water …………………………………	2.000 - 4.000	400,000	400,000	2037
Total This Issue………………………………………………………………			$ 16,000,000	$ 16,000,000	
Grand Total…………………………………………………………………			$ 218,993,594	$ 156,994,050	

[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.*

[4] *Excludes Refunded Bonds.*

Short Term Debt
As of July 21, 2016
(Pro Forma)

Project	*Authorized*	*The Notes: Dated: 7/21/16 Due: 7/20/17*
Gen. Public Imp. 13-14 …………………..	$ 3,000,000	$ 400,000
Gen. Public Imp. 14-15 …………………..	3,000,000	200,000
Gen. Public Imp. 15-16 …………………..	3,000,000	400,000
Gen. Public Imp. 16-17 …………………..	3,000,000	1,500,000
Open Space ………………….…………	16,000,000	300,000
Danbury Road Bond 2020…………………	20,000,000	2,200,000
Head Start ………………….…………….	5,600,000	2,250,000
DHS 2020…………………..…………….	53,500,000	45,250,000
Vision 2020 Bond-Schools…………….....	44,000,000	10,000,000
Vision 2020 - Sewer upgrade…………….	7,975,000	1,000,000
Vision 2020 Water System………………	550,000	500,000
Totals …………………………………	$ 159,625,000	$ 64,000,000

Other Obligations

The City leases certain capital equipment. As of June 30, 2015, the outstanding amount owed under such capital leases obligations was $14,739,984 (inclusive of principal and interest payments for a lease financed an $11.5 million Qualified Energy Conservation Bond). Please refer to the General Purpose Financial Statements, Note 8 for more information.

General Fund Annual Bonded Debt Maturity Schedule
As of July 21, 2016
(Pro Forma)

Fiscal Year	*Principal*	*Interest*	*Total*	*This Issue - Principal: Pub. Imp.*	*Schools*	*Total*	*Cummulative % Principal Retired*
2017	$ 1,625,000	$ 2,704,886	$ 4,329,886	$ -	$ -	$ -	1.22%
2018	11,083,376	4,490,301	15,573,677	392,500	150,000	542,500	9.97%
2019	10,766,376	4,004,382	14,770,758	392,500	150,000	542,500	18.47%
2020	10,097,376	3,522,190	13,619,566	392,500	150,000	542,500	26.47%
2021	9,942,250	3,070,611	13,012,861	392,500	150,000	542,500	34.36%
2022	9,767,250	2,675,724	12,442,974	392,500	150,000	542,500	42.11%
2023	9,092,250	2,310,301	11,402,551	392,500	150,000	542,500	49.36%
2024	8,830,250	1,947,130	10,777,380	392,500	150,000	542,500	56.41%
2025	8,301,000	1,615,431	9,916,431	392,500	150,000	542,500	63.06%
2026	8,136,000	1,317,082	9,453,082	392,500	150,000	542,500	69.59%
2027	7,762,000	1,033,428	8,795,428	392,500	150,000	542,500	75.83%
2028	6,567,250	770,134	7,337,384	392,500	150,000	542,500	81.18%
2029	5,481,250	558,608	6,039,858	392,500	150,000	542,500	85.71%
2030	4,589,250	393,321	4,982,571	392,500	150,000	542,500	89.57%
2031	3,370,000	269,863	3,639,863	392,500	150,000	542,500	92.51%
2032	1,450,000	196,094	1,646,094	392,500	150,000	542,500	94.01%
2033	1,450,000	149,656	1,599,656	392,500	150,000	542,500	95.51%
2034	1,450,000	102,875	1,552,875	392,500	150,000	542,500	97.01%
2035	1,450,000	54,844	1,504,844	392,500	150,000	542,500	98.51%
2036	900,000	15,188	915,188	392,500	150,000	542,500	99.59%
2037	-	-	-	392,500	150,000	542,500	100.00%
Total……	$ 122,110,878	$ 31,202,050	$ 153,312,928	$ 7,850,000	$ 3,000,000	$10,850,000	

[1] *Excludes $9,255,376 in principal payments and $2,153,043 interest payments made or coming due between July 1, 2016 and July 21, 2016.*

Self-Supporting Debt Annual Bonded Maturity Schedule
As of July 21, 2016
(Pro Forma)

Fiscal Year	Principal	Interest	Total	This Issue - Principal Sewer	Water	Total	Cummulative % Principal Retired
2017 [1]	$ 1,240,846	$ 488,311	$ 1,729,158	$ -	$ -	$ -	5.16%
2018	2,197,937	601,911	2,799,848	237,500	20,000	257,500	15.38%
2019	2,010,514	515,916	2,526,430	237,500	20,000	257,500	24.82%
2020	1,600,203	439,920	2,040,123	237,500	20,000	257,500	32.55%
2021	1,491,135	374,817	1,865,952	237,500	20,000	257,500	39.82%
2022	1,497,056	320,033	1,817,089	237,500	20,000	257,500	47.12%
2023	1,283,098	270,689	1,553,787	237,500	20,000	257,500	53.53%
2024	1,291,260	221,610	1,512,870	237,500	20,000	257,500	59.98%
2025	1,296,799	175,946	1,472,744	237,500	20,000	257,500	66.45%
2026	1,243,213	131,811	1,375,024	237,500	20,000	257,500	72.69%
2027	1,228,757	88,465	1,317,222	237,500	20,000	257,500	78.87%
2028	865,182	53,984	919,167	237,500	20,000	257,500	83.54%
2029	637,994	31,804	669,798	237,500	20,000	257,500	87.27%
2030	406,153	17,583	423,735	237,500	20,000	257,500	90.03%
2031	266,170	9,696	275,866	237,500	20,000	257,500	92.21%
2032	205,230	4,662	209,891	237,500	20,000	257,500	94.14%
2033	121,624	812	122,437	237,500	20,000	257,500	95.71%
2034	-	-	-	237,500	20,000	257,500	96.79%
2035	-	-	-	237,500	20,000	257,500	97.86%
2036	-	-	-	237,500	20,000	257,500	98.93%
2037	-	-	-	237,500	20,000	257,500	100.00%
Total……..	$ 18,883,172	$ 3,747,968	$ 22,631,141	$ 4,750,000	$ 400,000	$ 5,150,000	

[1] *Excludes $939,624 in principal payments and $202,570 interest payments made or coming due between July 1, 2016 and July 21, 2016.*

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

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Total General Obligation Debt
Annual Bonded Debt Maturity Schedule
As of July 21, 2016
(Pro Forma)

Fiscal Year	Principal	Interest	Total	Total Principal This Issue	Cumulative % Prin. Retired
2017 [1]	$ 2,865,846	$ 3,193,198	$ 6,059,044	$ -	1.83%
2018	13,281,313	5,092,212	18,373,525	800,000	10.79%
2019	12,776,890	4,520,298	17,297,188	800,000	19.44%
2020	11,697,579	3,962,109	15,659,688	800,000	27.40%
2021	11,433,385	3,445,428	14,878,813	800,000	35.20%
2022	11,264,306	2,995,756	14,260,063	800,000	42.88%
2023	10,375,348	2,580,990	12,956,338	800,000	50.00%
2024	10,121,510	2,168,741	12,290,251	800,000	56.96%
2025	9,597,799	1,791,377	11,389,175	800,000	63.58%
2026	9,379,213	1,448,893	10,828,106	800,000	70.06%
2027	8,990,757	1,121,893	10,112,650	800,000	76.30%
2028	7,432,432	824,118	8,256,551	800,000	81.54%
2029	6,119,244	590,412	6,709,656	800,000	85.95%
2030	4,995,403	410,904	5,406,306	800,000	89.64%
2031	3,636,170	279,559	3,915,729	800,000	92.47%
2032	1,655,230	200,755	1,855,985	800,000	94.03%
2033	1,571,624	150,468	1,722,093	800,000	95.54%
2034	1,450,000	102,875	1,552,875	800,000	96.97%
2035	1,450,000	54,844	1,504,844	800,000	98.41%
2036	900,000	15,188	915,188	800,000	99.49%
2037	-	-	-	800,000	100.00%
Total	$ 140,994,050	$ 34,950,018	$ 175,944,069	$ 16,000,000	

[1] *Excludes $10,195,000 in principal payments and $2,355,614 interest payments made or coming due between July 1, 2016 and July 21, 2016.*

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

Overlapping/Underlying Debt

The City 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.

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Debt Statement
As of July 21, 2016
(Pro Forma)

Long-Term Debt:		
Public Improvement (Includes this issue)		$ 104,255,088
Schools (Includes this issue)		28,705,790
Sewers (Includes this issue)		16,193,701
Water (Includes this issue)		7,839,471
Total Long-Term Debt [1, 2]		156,994,050
Short-Term Debt:		
Bond Anticipation Notes (This Issue: Due July 20, 2017)		64,000,000
Total Direct Debt		220,994,050
Less: Self-Supporting Sewer Debt	(17,193,701)	
Self-Supporting Water Debt	(8,339,471)	(25,533,172)
Total Net Direct Debt		195,460,878
Plus: Overlapping/Underlying Debt		-
TOTAL OVERALL NET DEBT		$ 195,460,878

[1] *Excludes $14,739,984 in capital leases (including $11.5 million in principal and interest payments for a Qualified Energy Conservation Bond lease), as of June 30, 2015.*

[2] *Excludes Refunded Bonds*

Current Debt Ratios
As of July 21, 2016
(Pro Forma)

Population (2014) [1]	82,781
Net Taxable Grand List (10/1/15)	$ 7,027,911,015
Estimated Full Value	$10,039,872,879
Equalized Net Taxable Grand List (10/1/13) [2]	$10,106,162,713
Income per Capita (2014) [1]	$ 31,411

	Total Direct Debt: *$220,994,050*	*Total Net Direct Debt:* *$195,460,878*	*Total Overall Net Debt:* *$195,460,878*
Per Capita	$2,669.62	$2,361.18	$2,361.18
Ratio to Net Taxable Grand List	3.14%	2.78%	2.78%
Ratio to Estimated Full Value	2.20%	1.95%	1.95%
Ratio to Equalized Net Taxable Grand List	2.19%	1.93%	1.93%
Debt per Capita to Income per Capita (2014)	8.50%	7.52%	7.52%

[1] *United States Census Bureau: American Community Survey, 2010-2014.*

[2] *State of Connecticut, Office of Policy and Management.*

Bond Authorization Procedure

The issuance of bonds is authorized pursuant to ordinances 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 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 and accrued interest thereon not later than one year from the project completion date specified in the Loan Agreement, 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.

To date, the City authorized $87,250,000 to undertake major renovations to the wastewater treatment plant, to be financed through the CWF Program and local borrowings. The City has issued $57,704,766 in debt and has received $14,443,198 from the State in the form of grants for the project under the CWF Program. The City currently has CWF debt outstanding of $4,744,052 as of the July 21, 2016.

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.

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Statement of Debt Limitation
As of July 21, 2016
(Pro Forma)

Total Tax Collections (including interest and lien fees):

For the year ended June 30, 2015	$ 190,711,703
Reimbursement For Revenue Loss On:	
Tax Relief for Elderly	374,641
BASE	$ 191,086,344

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension
***Debt Limitation*:**					
2 1/4 times base	$ 429,944,274	$ -	$ -	$ -	$ -
4 1/2 times base	-	859,888,548	-	-	-
3 3/4 times base	-	-	716,573,790	-	-
3 1/4 times base	-	-	-	621,030,618	-
3 times base	-	-	-	-	573,259,032
Total Debt Limitation	$ 429,944,274	$ 859,888,548	$ 716,573,790	$ 621,030,618	$ 573,259,032
Indebtedness:					
Outstanding Debt: [1, 2]					
Bonds Payable [3]	$ 96,405,088	$ 25,705,790	$ 8,234,701	$ -	$ -
Bonds – This Issue	7,850,000	3,000,000	4,750,000	-	-
Notes – This Issue	5,000,000	57,500,000	1,000,000	-	-
Authorized But Unissued	9,210,875	13,144,266	4,078,739	-	-
Total Indebtedness [4]	118,465,963	99,350,056	18,063,440	-	-
Less School Construction Grants [5]	-	-	-	-	-
Total Net Indebtedness For Debt Limitation Calculation	$ 118,465,963	$ 99,350,056	$ 18,063,440	$ -	$ -
DEBT LIMITATION IN EXCESS OF INDEBTEDNESS	$ 311,478,311	$ 760,538,492	$ 698,510,350	$ 621,030,618	$ 573,259,032

[1] *Water debt is excludable from the calculation of debt limitation as allowed by Connecticut General Statutes. Excluded from above is $7,439,174 of outstanding water bonds, $400,000 of water bonds of this issue, $500,000 of water notes of this issue, and $1,316,731 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 $3,209,000 of outstanding sewer assessment bonds and $108,088 of authorized but unissued sewer assessment debt.*

[3] *Includes Clean Water Fund Permanent Loan Obligations.*

[4] *Excludes $14,739,984 in capital leases (including $11.5 million in principal and interest payments for a Qualified Energy Conservation Bond lease), as of June 30, 2015.*

[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 1,337,604,408.

Debt Authorized but Unissued
As of July 21, 2016
(Pro Forma)

Project	Authorized	Debt Previously Issued	Grants (actual and estimated)	Notes Due: 7/21/16	This Issue: Dated: 7/21/16 Due: 7/20/17	This Issue: The Bonds	City Paydowns	Debt Authorized but Unissued [3] General Purpose	Schools	Sewers	Water
GENERAL PURPOSE											
Gen. Public Imp. 13-14 ………………….	$ 3,000,000	$ 2,500,000	$ -	$ -	$ 400,000	$ 100,000	$ -	$ -	$ -	$ -	$ -
Gen. Public Imp. 14-15 ………………….	3,000,000	2,350,000	-	-	200,000	-	-	450,000	-	-	-
Gen. Public Imp. 15-16 ………………….	3,000,000	-	-	1,000,000	400,000	1,000,000	-	1,600,000	-	-	-
Gen. Public Imp. 16-17 ………………….	3,000,000	-	695,081	-	1,500,000	-	-	804,919	-	-	-
Open Space ……………………………….	16,000,000	12,364,141	650,000	-	300,000	150,000	35,859	2,500,000	-	-	-
Public Safety Bond ……………………….	49,200,000	48,133,118	-	-	-		150,000	916,882	-	-	-
Danbury Road Bond 2020…………………	20,000,000	7,835,926	-	9,400,000	2,200,000	6,600,000	-	2,264,074	1,100,000	-	-
Vision 2020 Bond-Public Imps…………...	2,475,000	1,800,000	-	-	-	-	-	675,000	-	-	-
Sub-Total ………………………………	99,675,000	74,983,185	1,345,081	10,400,000	5,000,000	7,850,000	185,859	9,210,875	1,100,000	-	-
SCHOOLS											
Head Start ……………………………….	5,600,000	2,693,890	289,410	2,500,000	2,250,000	250,000	116,700	-	-	-	-
DHS 2020…………………………………	53,500,000	-	-	1,000,000	45,250,000	1,750,000	-	-	6,500,000 [6]	-	-
Open Space - Danbury High School…......	2,900,000	1,180,000	-	-	-	-	21,000	-	1,699,000	-	-
Vision 2020 Bond-Schools…………….....	44,000,000	14,500,000	14,604,734	11,100,000	10,000,000	1,000,000	50,000	-	3,845,266 [5]	-	-
Sub-Total ………………………………	106,000,000	18,373,890	14,894,144	14,600,000	57,500,000	3,000,000	187,700	-	12,044,266	-	-
SEWER											
21st Century Danbury Sewer …………….	5,000,000	1,164,000	3,457,535	-	-	-	172,400	-	-	206,065	-
Safety Sewer Improvements ………………	5,800,000	2,970,797	1,181,529	-	-	1,350,000	-	-	-	297,674	-
Sewer Service Extension III [1] …………….	5,000,000	4,891,447	-	-	-	-	-	-	-	108,553	-
Vision 2020 - Sewer upgrade…………….	7,975,000	-	-	-	1,000,000	3,400,000	-	-	-	3,575,000	-
Sub-Total ………………………………	23,775,000	9,026,244	4,639,064	-	1,000,000	4,750,000	172,400	-	-	4,187,292	-
WATER											
Danbury Neighborhood Water [2]………….	998,000	437,580	-	-	-	400,000	15,000	-	-	-	145,420
Water Service Extension II [2]………………	3,000,000	1,878,689	-	-	-	-	-	-	-	-	1,121,311
Vision 2020 Water System………………	550,000	-	-	-	500,000	-	-	-	-	-	50,000
Sub-Total ………………………………	4,548,000	2,316,269	-	-	500,000	400,000	15,000	-	-	-	1,316,731
Grand Total………………………………	$ 233,998,000	$ 104,699,588	$ 20,878,289	$ 25,000,000	$ 64,000,000	$ 16,000,000	$560,959	$ 9,210,875	$ 13,144,266	$4,187,292	$ 1,316,731

[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 grants received to date.*

[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 grants received to date.*

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]
2016	$ 6,947,001,073	$ 9,924,287,247	$ 131,366,254	1.89%	1.32%	82,781	$ 1,586.91	5.05%
2015	6,887,609,487	9,839,442,124	124,087,349	1.80%	1.26%	82,781	1,498.98	4.77%
2014	6,827,106,602	9,753,009,431	122,616,599	1.80%	1.26%	83,684	1,465.23	4.66%
2013	7,890,260,887	11,271,801,267	134,366,695	1.70%	1.19%	82,818	1,622.43	5.17%
2012	7,845,081,982	11,207,259,974	134,136,419	1.71%	1.20%	82,176	1,632.31	5.20%
2011	7,860,745,248	11,229,636,069	127,439,350	1.62%	1.13%	81,354	1,566.48	4.99%

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

[2] *U.S. Census Bureau: American Community Survey, 2010-2014 used for 2015. State of Connecticut data used for 2011-2014.*

[3] *U.S. Department of Commerce, Bureau of Census, ACS 2010-2014 data used for per capita income ($31,411).*

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 %
2016	$ 10,880,376	$ 4,857,930	$ 15,738,306	$ 238,768,754	6.59%
2015	9,529,250	4,974,937	14,504,187	251,641,312	5.76%
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 2011-2015.
2016 provided by Finance Director.

Six Year Capital Improvement Program
Fiscal Year 2017 through Fiscal Year 2022

Proposed Projects	*2016-17*	*2017-18*	*2018-19*	*2019-20*	*2020-2021*	*2021-2022*	*Total*
Airport ……………………	$ 928,000	$ 646,000	$ 4,666,667	$ 3,456,000	$ 1,565,000	$ 7,355,000	$ 18,616,667
Ambulance…………..……	290,000	365,000	375,000	150,000	255,000	265,000	1,700,000
Animal Control………….	50,000	300,000	200,000	-	-	-	550,000
Construction Services……	150,000	150,000	-	-	-	-	300,000
Engineering ………………	1,895,000	4,570,000	8,295,000	2,205,000	10,250,000	2,180,000	29,395,000
Equipment Maintenance …	80,000	360,000	160,000	530,000	155,000	-	1,285,000
Fire ………………………	872,000	1,427,653	1,059,653	1,039,653	1,039,653	958,954	6,397,566
Forestry…………………..	25,000	200,000	200,000	200,000	75,000	-	700,000
Highway …………………	7,210,000	3,275,000	2,380,000	2,355,000	2,330,000	2,330,000	19,880,000
Information Technology….	1,031,000	384,760	335,064	150,000	125,000	150,000	2,175,824
Information Tech (BOE)….	250,000	-	-	-	-	-	250,000
Office of Proj. Excellence	230,000						230,000
Park Maintenance……….		488,400	299,700	340,000	199,000	245,500	1,572,600
Planning…………………..	650,000	-	-	-	-	-	650,000
Police…………………….	460,000	330,000	323,000	290,000	190,000	40,000	1,633,000
Public Buildings …………	468,922	1,729,949	1,145,224	984,094	250,000	3,308,488	7,886,677
Public Buildings (BOE)….	3,149,000	4,076,316	3,753,074	5,961,396	1,741,000	1,741,000	20,421,786
Recreation ………………..			150,000	350,000	165,000	125,000	790,000
Solid Waste/Recycle …….	-	227,000	-	-	-	-	227,000
Richter Park …………….	125,000						125,000
Tarrywile Park ……………	40,000	258,500	670,000	215,000	-	200,000	1,383,500
Tax Assessor …………….	300,000	300,000					600,000
Sewer …………………….	625,000	5,183,400	9,538,950	29,459,300	26,933,100	25,382,200	97,121,950
Water …………………….	415,000	9,848,970	8,943,450	7,608,670	4,064,930	1,148,540	32,029,560
TOTAL …………………….	$19,243,922	$34,120,948	$42,494,782	$55,294,113	$49,337,683	$45,429,682	$245,921,130

Proposed Funding	*2016-17*	*2017-18*	*2018-19*	*2019-20*	*2020-2021*	*2021-2022*	*Total*
User Charges [1]………….	$ 602,500	$ 2,956,700	$ 5,144,475	$14,879,650	$13,721,550	$12,956,100	$ 50,260,975
Notes/Bonds /Leases …..	14,869,495	18,723,578	17,268,623	15,936,000	12,451,618	9,228,666	88,477,980
St./Fed. Grants/Other …..	3,771,927	12,440,670	20,081,684	24,478,463	23,164,515	23,244,916	107,182,175
TOTAL …………………….	$19,243,922	$34,120,948	$42,494,782	$55,294,113	$49,337,683	$45,429,682	$245,921,130

[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 uses the following budgetary sequence and time schedule:

	By
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 Statues, 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, 2015, the financial statements of the City were audited by RSM US LLP.

For twenty-eight 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, 2013. 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 for 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 for 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.

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

Pension Plans

The City maintains seven 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 six plans: Pre-1967 Policemen, Pre-1967 Firemen, Post-1967 Policemen, Post-1967 Firemen, Post-1983 Policemen and Post 2011 Firemen 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 each plan's most recent valuation. The individual funding status as of most recent valuations are as follows:

Plan	Total Pension Assets	Total Pension Liability	Net Pension Liability	Net Pension as a % of Liability	Valuation Date
General Employees	$111,389,805	$127,384,258	$15,994,453	87.44%	7/1/2013
Pre-1967 Police	4,092,018	8,972,137	4,880,119	45.61%	7/1/2013
Pre- 1967 Fire	3,909,976	6,997,123	3,087,147	55.88%	7/1/2013
Post-1967 Police	49,881,494	57,874,469	7,992,975	86.19%	7/1/2014
Post-1967 Fire	71,116,685	84,635,364	13,518,679	84.03%	7/1/2014
Post -1983 Police	27,293,718	39,523,800	12,230,082	69.06%	7/1/2014
Post-2011 Fire	36,856	82,029	45,173	44.93%	7/1/2014

Source: Individual Valuation Reports.

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 goal is to fund the liability by at least 50% within 30 years which should include increases of 5% over the annual pay-as-you-go funding levels. The most recent valuation of July 1, 2014 estimates the City's OPEB liability to be approximately $259.26 million with a fiscal year 2016 ARC of $24.2 million. The net budget impact of the ARC is $15.6 million, since the City is already contributing towards retiree health benefits.

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

	Budget [1] 6/30/2017	Estimated [1] 6/30/2016	Actual 6/30/2015	Actual 6/30/2014	Actual 6/30/2013	Actual 6/30/2012
Revenues						
Property taxes	$ 201,328,858	$ 196,350,000	$ 188,467,780	$ 181,696,534	$ 175,594,707	$ 168,088,383
State and federal governments	34,062,672	30,000,000	48,767,079	46,161,761	45,650,430	47,293,595
Licenses and permits	4,065,775	4,050,000	3,855,787	4,262,540	4,752,700	3,639,454
Charges for services	2,419,695	2,000,000	5,901,523	7,390,792	5,034,834	5,354,883
Fines and penalties	1,273,000	1,450,000	1,687,742	1,231,133	1,250,519	1,385,509
Investment income	200,000	200,000	115,630	192,513	99,555	139,318
Other	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
Total Revenues	$ 243,350,000	$ 234,050,000	$ 248,795,541	$ 240,935,273	$ 232,382,745	$ 225,901,142
Other Financing Sources						
Refunding Bond Proceeds	$ -	$ -	$ -	$ 6,617,000	$ 12,712,000	$ 13,264,000
Premium on Bonds	-	1,050,000	502,810	1,291,152	1,946,216	3,510,677
Proceeds from Sale of Assets	-	-	3,253,129	-	26,014	-
Issuance of Capital Leases	-	-	750,000	2,160,000	-	-
Operating Transfers In	-	3,200,000	925,000	-	1,224,665	245,814
Total Revenues and Other Financing Sources	$ 243,350,000	$ 238,300,000	$ 254,226,480	$ 251,003,425	$ 248,291,640	$ 242,921,633
Expenditures						
General Government	$ 10,264,235	$ 9,742,926	$ 9,656,623	$ 9,570,570	$ 9,058,494	$ 8,724,776
Public Safety	34,514,915	34,120,331	33,938,144	32,041,952	30,884,286	29,704,609
Public Works	10,334,596	9,593,000	9,416,623	9,127,320	9,129,207	8,765,595
Health and Welfare	2,179,754	2,065,000	1,973,258	2,134,091	2,682,602	3,645,443
Culture and Recreation	2,881,709	2,615,000	2,630,485	2,405,356	2,411,847	2,530,195
Education	126,408,575	124,208,575	141,957,467	135,882,098	130,444,875	129,949,781
Pension and Other Employee Benefits	37,101,493	35,000,000	31,009,090	28,941,783	30,220,696	26,447,785
Other	425,000	-	-	-	-	-
Debt Service	15,804,801	15,530,000	14,504,187	16,698,898	16,942,045	15,791,843
Capital Outlay	-	115,000	1,005,435	2,761,552	2,156,859	1,002,754
Total Expenditures	$ 239,915,078	$ 232,989,832	$ 246,091,312	$ 239,563,620	$ 233,930,911	$ 226,562,781
Other Financing Uses						
Payment to Refunding Agent	$ -	$ -	$ -	$ 7,278,085	$ 13,725,286	$ 15,101,113
Operating Transfers Out	4,184,922	5,778,922	5,550,000	3,772,000	463,697	1,158,428
Total Expenditures and Other Financing Uses	$ 244,100,000	$ 238,768,754	$ 251,641,312	$ 250,613,705	$ 248,119,894	$ 242,822,322
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources	(750,000)	(468,754)	2,585,168	389,720	171,746	99,311
Beginning Fund Balance	30,970,736	31,439,490	28,854,322	28,464,602	28,292,856	28,193,545
Ending Fund Balance	$ 30,220,736	$ 30,970,736	$ 31,439,490	$ 28,854,322	$ 28,464,602	$ 28,292,856

[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 6/30/2017 [1]	Projection 6/30/2016 [1]	Actual 6/30/2015	Actual 6/30/2014	Actual 6/30/2013	Actual 6/30/2012
Nonspendable	N/A	$ 775,000	$ 4,357,152	$ 42,062	$ 564,758	$ 597,231
Restricted	N/A	-	11,735	-	-	-
Committed	N/A	-	-	295,320	909,216	709,030
Assigned	N/A	5,895,736	4,005,403	4,654,320	4,833,247	4,845,817
Unassigned	N/A	24,300,000	23,065,200	23,862,349	22,157,381	22,140,748
Total Fund Balance	N/A	$ 30,970,736	$ 31,439,490	$ 28,854,051	$ 28,464,602	$ 28,292,826

[1] *Subject to audit.*

Source: Annual Audit Report: 2012-2015. Finance Department 2016-2017.

Effective October 1, 2015, Public Act No. 15-244 (the "Act"), creates certain disincentives on increasing general budget expenditures for municipalities in Connecticut. Beginning in fiscal year 2018, the Office of Policy and Management ("OPM") must reduce the amount of the municipal revenue sharing grant (which is created by the Act) for those municipalities whose increases in general budget expenditures, with certain exceptions, exceed the spending limits specified in the Act. Each fiscal year, OPM must reduce the municipal revenue sharing grant paid to a municipality if the annual increase in its general budget expenditures is equal to or greater than 2.5 percent or the inflation rate, whichever is greater. The reduction to the municipal revenue sharing grant will generally equal 50 cents for every dollar the municipality spends over the expenditure cap. However, for municipalities that taxed motor vehicles at more than 32 mills for the 2013 assessment year (for taxes levied in fiscal year 15), the reduction shall not be more than the portion of the grant that exceeds the difference between the amount of property taxes the municipality levied on motor vehicles for the 2013 assessment year and the amount the levy would have been had the motor vehicle mill rate been 32 mills. (See "Property Tax Assessments" herein.)

The Act requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the increased spending limits, and if so, the amount by which the limit was exceeded.

Under the Act, municipal spending does not include expenditures:

1. for debt service, special education, or costs to implement court orders or arbitration awards;
2. associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; or
3. for any municipal revenue sharing grant the municipality disburses to a district, up to the difference between the amount of property taxes the district levied on motor vehicles in the 2013 assessment year and the amount the levy would have been had the motor vehicle mill rate been 32 mills, for fiscal year 17 disbursements, or 29.36 mills, for fiscal year 18 disbursements and thereafter.

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VII. Legal and Other Information

Litigation

The Corporation Counsel has advised that there is small number of personal injury, negligence, personnel, and/or 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 in 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 in 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 ("DEEP"). While the liability is not expected to be serious in terms of financial exposure or damage, legal expenditures for the defense of these suits could amount to the $250K range by the time the matter comes to a resolution. Further, it is possible that appeals can be taken from any adverse decision(s). Presently, the City does not anticipate the availability of insurance coverage in these matters.

Danbury Sports Dome, LLC v. City of Danbury. This suit, filed in May of 2015, asserts claims against the City and its Building Official with respect to its purported failure to do its duty to allow for the timely and proper opening of its sports facility. Although the City believes the suit to have little merit, the plaintiff's claim for damages or lost profits is in excess of $1.5M. The City's insurance counsel is handling the matter. The City's deductible cap is $100K. As of January 2016, the [Superior] Court heard a motion to dismiss filed by the City; the Court's decision is pending. The City believes the pending motion to dismiss will be granted or the case withdrawn so the plaintiff can proceed with an unrelated tax appeal claim for over assessment.

Reynoldo Rodriguez v. City of Danbury, et al. This is a "labor" case filed in federal court in August 2015 asserting the deprivation of due process and equal protection rights based on the plaintiff's treatment in the Danbury Fire Department involving (failure to) promote claims. Interestingly, the suit also includes the [union] as a defendant. The plaintiff asserts a punitive damages claim of $2.5M. Outside (City) defense counsel indicates that such claim is without merit and the potential actual and realistic liability for wages or back pay claim may be up to $150K. So while potential damages are unclear at this point, a verifiable claim would not likely exceed $150K. The City insurance carrier is defending the case.

Rene Chalko v. Christopher Belair, et al. This is a "labor" case filed in federal court in March 2015, where the plaintiff asserts [or claims] excessive force, under federal statute 1983, against individual police officers, seeking unspecified compensatory and punitive damages. The City is not a named defendant in the suit, however the individual defendants are/were City employees. We cannot value this case because we do not know whether any potential findings against the individual defendants could accrete to the City. However, it is likely damages including legal fees will exceed $100K. The City's insurance carrier is, therefore, defending the case.

Tax Appeals. As a result of the October 1, 2013 and 2014 Citywide Grand List revaluation, there are approximately twelve (12) or fifteen (15) plus/minus unsettled or untried tax appeals that have been filed with the [Superior] Court. For the October 1, 2015 Grand List, there have been filed three (3) additional cases. At this time, the City is processing, litigating, and/or negotiating these appeals and assessing their proposed impact. Until said review is complete, City officials cannot state, with certainty, whether there will be a material financial impact in the event the appellants are successful. The City's recent history with tax appeals, however, suggest and lead it to expect [or believe] that many of these matters will either: settle, be tried successfully, and/or result in assessment adjustment(s). Therefore, at this time, City officials cannot 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 12, 2016. 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 12, 2016

Appendix A

2015 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, 2015. 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.

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RSM US LLP

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, 2015, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of content.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Danbury, Connecticut as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter—Adoption of Standards

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

RSM US LLP

New Haven, Connecticut
February 1, 2016

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As management of the City of Danbury, Connecticut, we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City of Danbury for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here along with additional information we have furnished in our letter of transmittal.

Financial Highlights

- As of July 1, 2014, the City was required to implement Governmental Account Standards Board (GASB) Statement No. 68 related to pensions. This Statement required that the unrestricted net position (deficit) of the government-wide financial statements as of July 1, 2014 be restated and deceased in the amount of $80,327,349. The decrease did not result from a change in benefits offered to employees, only the presentation of the total liability on the balance sheet of the government-wide financial statements.

- Unassigned fund balance decreased $0.8 million to $23.1 million for the general fund while the total fund balance amounted to $31.4 million, an increase of $2.6 million. On an actual budgetary basis, revenues were greater than expenditures by approximately $3.2 million, however overall the City's general fund realized a surplus of approximately $2.6 million for the current year.

- At the end of the current fiscal year, revenues were greater than expenditures on an actual budgetary basis by approximately $3.2 million. Unassigned general fund balance at year-end represents 9.7% of the ensuing year's total general fund expenditures of $237.7 million.
- On a government-wide basis for the year-ended June 30, 2015, the City's net position totaled $222.6 million, an increase of $8.9 million from last year's total of $213.7 million (after restatement). Government-wide expenses totaled $319.0 million and revenues totaled $327.8 million. Total net position for Governmental Activities and Business-type Activities at fiscal year-end were $68.2 million and $154.4 million, respectively. Net position for Governmental Activities increased by $6.6 million while net position increased for Business-Type Activities by $2.3 million or 10.8% and 1.5%, respectively. Of the City's total net position at June 30, 2015, ($101.6) million or (45.7%) is unrestricted.
- At the close of the year, the City of Danbury's governmental funds reported, on a current financial resource basis, combined ending fund balances of $25.3 million, an increase of $14.4 million from the prior fiscal year. The increase in governmental fund balance was mostly due to the issuance of bonds and bond anticipation notes relating to the Vision 2020 projects and Headstart projects as those projects are coming to an end.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

The statement of net position presents information on all of the City of Danbury's assets, deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position (deficit). Over time, increases or decreases in net position (deficit) may serve as an indicator of whether the financial position of the city is improving or deteriorating. It speaks to the question of whether or not, the City, as a whole is better or worse off as a result of this year's activities. However, substantial changes in net position may occur from one year to the next simply as a result of the construction of capital assets and new accounting standards issued by GASB. For an example, the implementation of GASB 68 in 2015 requiring the City to account for the net pension liability which decreased opening net position by $80,327,349, and GASB No 45 in 2008 requiring the City to account for the unfunded portion of “Other Post-Employment Benefits” (OPEB), which has resulted in a reduction of the City's net position by a total of $53.0 million, $8.3 million of which impacted the FY ended June 30, 2015. Other non-financial factors will need to be considered, however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

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

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

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

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

Fund Financial Statements

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

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

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

The City of Danbury maintains 23 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be a major fund. Other funds considered to be Major Funds are Miscellaneous Special Revenue and Vision 2020. The Miscellaneous Special Revenue Fund is the consolidation of 60 small grant programs that have been combined for the purposes of financial reporting. This is considered a major fund. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. Non-major governmental funds are combined into a single, aggregated presentation as other governmental funds. Such funds include the School Lunch Program Fund, the Community Development Block Grant Fund, the Animal Control Fund, the School-Based Health Center Grant Fund, the LOCIP Fund, Airport Projects Fund, State and Federal School Projects Fund, the Library Fund, the Metro North Parking Lease Fund, Open Space Bond, NSP Grant, ARRA, Public Safety Bond, SECP, Century 21 PI Fund, the City Projects Fund, the Danbury Neighborhood Bond Fund, the Head Start Bond Fund, CRM Project Fund, the Roads Fund, and the Farioly Permanent Fund.

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

The City of Danbury adopts an annual appropriated budget for its general fund. A budgetary comparison statement on page 114 has been provided for the general fund to demonstrate compliance with the authorized budget.

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

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

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and various fund-type financial statements. The notes to the financial statements can be found on pages 28-102 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's pension and other post-retirement benefits plans.

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

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

Government-wide Financial Analysis

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

Summary Statement of Net Position (Deficit)

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

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

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

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

Summary Statement of Activities

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

Government Activities

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

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

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

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

- In addition to routinely reducing the budgeted staffing positions since the beginning of the recession, the City has kept positions which are open and funded vacant for extended periods to evaluate the necessity of such positions. This strategy has yielded significant budgeted savings of $1.0 million in personal related costs for FY 2014-2015.
- The City also realized budgeted savings from the following: Liability – Automobile-Property (LAP) and workers' compensation insurance savings ($2.0 million); benefits savings ($0.9 million); issued fewer bonds/bond anticipation notes (BANS) during the year, but at a preferred rate, thus

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

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

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

Business-Type Activities

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

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

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

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

Financial Analysis of the Fund Financial Statements

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

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

As of the end of the current fiscal year, the City of Danbury’s governmental funds reported combined ending fund balances of $25.3 million. The General Fund and Other Governmental Funds reported fund balances of $31.4 million and $(6.1) million, respectively. The decrease in capital projects fund balance is primarily due to the timing of the completion of projects and state aid reimbursements. The general fund is the chief operating fund of the City of Danbury. At the end of the current fiscal year, unassigned fund balance of the general fund decreased to $23.1 million while total fund balance equals $31.4 million. Approximately $23.1 million of the General Fund's total fund balance constitutes unassigned fund balance which is available for spending at the government's discretion. The remaining $8.3 million of the General Fund balance is not available for new spending and has been assigned to liquidate contracts/purchase orders of the prior period ($1.1 million), future budget appropriations ($5.1 million), education ($1.9 million) and capital projects ($0.3 million). As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures for the ensuing year's budget. Unassigned fund balance represents 9.7% of total general fund expenditures while total fund balance represents 10.1 % of that same amount.

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

- To minimize the use of the appropriated fund balance of $1.85 million. Fortunately, the City finished with a surplus and did not require the use of any of the FY 2014-2015 appropriated fund balance.

- There was a $0.5 million decrease in expected property tax revenues due to higher than expected cumulative impact of tax appeals and other tax adjustments;
- As typical, the schedule relating to the adoption of the State Budget is different than that of the City's budget adoption process. As such, some budgetary variations with the City's intergovernmental revenues budgetary line items may and do occur. However, the city does adjust its operations as necessary, especially if the State's Adopted Budget presents a possible budgetary shortfall for the City. The net effect of such reclassification and modifications in State funding resulted in a reduction of about $6.2 million in Education Cost Sharing funding (ECS) allocated to the Danbury Board of Education (BOE) as an Alliance Grant instead of going directly to the City of Danbury as an ECS grant.
- The City reduced a prior year Intergovernmental revenue accrual by $0.8 million to more accurately reflect an outstanding amount due to the City from the State.

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

- Increases in activity resulted in increased fee revenues for Conveyance, Licenses/Permits, airport, recreation, etc. exceeded budgetary expectation by $0.9 million,
- Bond Premiums, which are typically unbudgeted, amounted to $0.6 million.
- The City received prescription reimbursements amounting to $0.4 million.
- The City received a state reimbursement for outstanding energy payment of $0.6 million.

Total general fund - fund balance increased to $31.4 million from $28.9 million, an increase of $2.6 million. The General Account (typically called the General Fund) contributed an additional $2.5 million to the fund balance and $0.1 million relating to the Continuing Education Account which is operated by the Board of Education. The net total of both accounts is an increase of $2.6 million to the General Fund Balance for FY 2014-2015.

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

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

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

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

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

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

General Fund Budgetary Highlights

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

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

During the year, actual revenues on a budgetary basis were $234.2 million, $3.4 million under budgetary estimates, which is primarily due to a budgetary shortfall of intergovernmental revenues offset by budgetary surpluses of $0.8 million in charges for services. Furthermore, the City had anticipated a planned use of general fund balance of $1.85 million. However actual results did not require the use of any of the budgeted use of fund balance.

Capital Asset and Debt Administration

Capital assets. As of June 30, 2015, the City of Danbury's investment in capital assets for its governmental and business-type activities amounted to $483.7 million, net of accumulated depreciation. This investment in capital assets includes land, building and land improvements, machinery and equipment and infrastructure. The total decrease in the City of Danbury's investment in capital assets for the current fiscal year was $4.2 million.

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

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

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

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

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

Debt. At the end of the current fiscal year the City of Danbury had total bonded debt outstanding of $178.4 million. One-hundred percent of this debt is backed by the full faith and credit of the city government.

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

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

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

The overall statutory debt limit for the City of Danbury is equal to seven times annual receipts from taxation or $1,338 million. As of June 30, 2015 the City recorded long-term debt of $124.1 million related to Governmental Activities and $17.0 million related to Business-Type Activities, and other debt of $31.6 million related to Governmental Activities and $5.7 million related to Business-Type Activities, well below its statutory debt limit.

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

Economic Factors and Next Year's Budgets and Rates

The City of Danbury continues to show economic stability compared to other parts of the State of Connecticut. As of November 2015, the unemployment rate for the Danbury Labor Market Area was 3.8%, the lowest in the State of Connecticut. Connecticut's unemployment rate was 4.8% for the same period.

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

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

Requests for Information

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

Basic Financial Statements

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City of Danbury, Connecticut

Statement of Net Position (Deficit)
June 30, 2015

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

See Notes to Financial Statements.

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

City of Danbury, Connecticut

Statement of Activities
For the Year Ended June 30, 2015

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

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

Change in net position (deficit)

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

Net position (deficit) - ending

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position							
Primary Government			Component Units				
Governmental Activities	Business-type Activities	Total	Danbury Parking Authority	Richter Park Authority	Tarrywile Park Authority	Danbury Museum and Historical Society Authority	Charles Ives Authority for the Performing Arts
$ (20,542,613)	$ -	$ (20,542,613)	$ -	$ -	$ -	$ -	$ -
(47,894,445)	-	(47,894,445)	-	-	-	-	-
(16,979,306)	-	(16,979,306)	-	-	-	-	-
(4,764,097)	-	(4,764,097)	-	-	-	-	-
(12,436,656)	-	(12,436,656)	-	-	-	-	-
(85,501,898)	-	(85,501,898)	-	-	-	-	-
(1,830,478)	-	(1,830,478)	-	-	-	-	-
(189,949,493)	-	(189,949,493)	-	-	-	-	-
-	1,152,061	1,152,061	-	-	-	-	-
-	1,345,450	1,345,450	-	-	-	-	-
-	648,568	648,568	-	-	-	-	-
-	3,146,079	3,146,079	-	-	-	-	-
(189,949,493)	3,146,079	(186,803,414)	-	-	-	-	-
-	-	-	(72,662)	-	-	-	-
-	-	-	-	(157,317)	-	-	-
-	-	-	-	-	(241,857)	-	-
-	-	-	-	-	-	101,920	-
-	-	-	-	-	-	-	(138,595)
-	-	-	(72,662)	(157,317)	(241,857)	101,920	(138,595)
190,022,731	-	190,022,731	-	-	-	-	-
5,501,381	4,889	5,506,270	-	-	218,153	-	85,998
121,400	24,501	145,901	-	-	148	-	-
925,000	(925,000)	-	-	-	-	-	-
196,570,512	(895,610)	195,674,902	-	-	218,301	-	85,998
6,621,019	2,250,469	8,871,488	(72,662)	(157,317)	(23,556)	101,920	(52,597)
61,554,824	152,148,243	213,703,067	372,932	1,590,429	196,347	785,750	131,629
$ 68,175,843	$ 154,398,712	$ 222,574,555	$ 300,270	$ 1,433,112	$ 172,791	$ 887,670	$ 79,032

City of Danbury, Connecticut

Balance Sheet - Governmental Funds
June 30, 2015

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

Amounts reported for governmental activities in the statement of net position (deficit) are different because:	
Capital assets, net of accumulated depreciation of $335,118,301, purchased by governmental funds are reported as expenditures, however, the statement of net position includes those capital assets among the assets of the City as a whole.	335,118,301
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(316,541,136)
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position (deficit).	40,690
Pension expense	8,649,868
Pension credit	(122,956)
Deferred charges on refundings	1,826,642
Unavailable revenue	16,248,976
Accrued interest	(2,318,165)
Net position (deficit) of governmental activities	$ 68,175,843

See Notes to Financial Statements.

City of Danbury, Connecticut

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

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

See Notes to Financial Statements.

City of Danbury, Connecticut

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

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances – total governmental funds	$ 14,444,917
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	(965,500)
Pension expense	8,649,868
Pension credit	(122,956)
Some revenues reported in the statement of activities are not available as current financial resources and, therefore, are not reported as revenues in governmental funds. Examples are revenues from special assessments, property taxes and intergovernmental projects.	
Taxes and related interest	115,053
Miscellaneous revenue	44,207
Intergovernmental revenue and other	1,494,151
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	3,858,233
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(20,896,954)
Change in net position (deficit) of governmental activities	$ 6,621,019

See Notes to Financial Statements.

City of Danbury, Connecticut

Statement of Net Position - Proprietary Funds
June 30, 2015

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

See Notes to Financial Statements.

City of Danbury, Connecticut

Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2015

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

See Notes to Financial Statements.

City of Danbury, Connecticut

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

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

See Notes to Financial Statements.

City of Danbury, Connecticut

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

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

See Notes to Financial Statements.

City of Danbury, Connecticut

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

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

See Notes to Financial Statements.

Note 1. Summary of Significant Accounting Policies

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

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

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

Accounting Standards Adopted in the Current Year:

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

GASB Statement No. 69*, Government Combinations and Disposals of Government Operations*, was implemented on July 1, 2014. This statement provided guidance for determining whether a specific government combination is a government merger, acquisition, or a transfer of operations, which will improve accounting for mergers and acquisitions among state and local governments. The implementation of this statement had no impact on the City's financial statements.

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

The Tarrywile Park Authority (Tarrywile) is responsible for administering, operating and maintaining Tarrywile Park, including all structures and land. The land and original buildings are owned by the City. Tarrywile is governed by board members that are appointed by the Mayor and confirmed by the City Council on a rotating basis. The City is potentially liable for any operating deficits and provides substantial budgeted allocation annually to Tarrywile to support its operations. The information presented for Tarrywile is for the year ended June 30, 2015.

Note 1. Summary of Significant Accounting Policies (Continued)

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

The Parking Authority has the potential to provide specific financial benefit to, or impose specific financial burdens on, the City. The information presented for the Parking Authority is for the year ended June 30, 2015.

Richter Park is responsible for independent control over the operation of the Stanley L. Richter Memorial Park (Richter Park). Richter Park was donated to the City of Danbury for use as a recreational facility in 1971. The board members are appointed on a rotating basis by the Mayor and confirmed by the City Council. The City is potentially liable for any operating deficits and provides funding periodically as needed, in the form of operating and capital grants, to Richter Park to support its operations. The information presented for Richter Park is for the year ended December 31, 2014.

The Danbury Museum and Historical Society Authority (the Authority) is responsible for administering, operating, and maintaining the Danbury Museum and Historical Society in the City of Danbury. The board members are appointed by the Mayor with the approval of the majority of the City Council. The City is potentially liable for any operating deficits and provides budgeted allocation annually to the Authority. The information presented for the Authority is for the year ended June 30, 2015.

The Charles Ives Authority for the Performing Arts (Charles Ives) is responsible, in affiliation with Western Connecticut States University, for administering, operating and maintaining the Ives Concert Park. The board members are appointed by the Mayor with the approval of the majority of the City Council. Three of the nine appointees selected by the Mayor shall be persons nominated by the President of Western Connecticut State University. The City is potentially liable for any operating deficits and provides budgeted allocation and capital grants to fund operations, capital acquisitions and long-term improvements. The information presented for Charles Ives is for the year ended September 30, 2014.

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

Tarrywile Park Authority
70 Southern Boulevard
Danbury, CT 06810

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

Danbury Parking Authority
21 Delay Street
Danbury, CT 06810

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds.

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

The *Miscellaneous Special Revenue Fund* accounts for proceeds from smaller projects related to public health, social services, public safety, public works, open space and culture and recreation. This fund is considered major for public interest purposes.

The *Vision 2020 Fund* accounts for expenditures related to education capital projects.

The City reports the following major proprietary funds:

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

The S*ewer 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.

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

Accounting estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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

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

Allowance for doubtful accounts: Accounts receivables, property tax receivables and notes receivable for the primary government are reported net of allowance for doubtful accounts of approximately $5,100,000. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon past collection history and an assessment of the creditor's ability to pay.

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

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

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

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

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

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

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:

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

Note 1. Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports a deferred inflow of resources related to pensions in the government-wide statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). Also, for governmental funds, the City reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes, interest on property taxes, and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available. The City reports advanced property tax collections in the government-wide statement of net position (deficit) and governmental fund balance sheet. Advance property tax collections represent taxes inherently associated with a future period. The amount is recognized during the period in which the revenue is associated.

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

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

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued, including capital leases, is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Note 1. Summary of Significant Accounting Policies (Continued)

Pension accounting:

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

Governmental funds and governmental activities: In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Retirement Plans and additions to/deductions from the Retirement Plans' fiduciary net position have been determined on the same basis as they are reported by the Retirement Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

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

Other post-employment obligations (OPEB) accounting:

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

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

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

- *Net Investment in Capital Assets* – The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- *Restricted Net Position* – These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- *Unrestricted Net Position or Deficits* – This category represents the net position of the City, which are not restricted for any project or other purpose. A deficit will require future funding.

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position: The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds, and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

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

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

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities: The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	$ 11,632,922
Depreciation expense	(12,514,799)
Loss on disposal of capital assets	(83,623)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ (965,500)

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

Debt issued or incurred	
Issuance of bonds (including bond anticipation notes)	$ (18,900,000)
Bond premium	(502,810)
Issuance of capital leases	(750,000)
Principal repayments	
General obligation debt	20,351,250
Amortization of premiums	1,475,436
Amortization of premiums deferred charges	(273,381)
Capital leases	2,457,738
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ 3,858,233

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.

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

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

Note 3. Cash, Cash Equivalents and Investments

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

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

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

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

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

Custodial credit risk:

***Deposits*:** This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2015, $85,035,285 of the City's bank balance of $96,018,646 was uninsured and uncollateralized.

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

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.

Cash, cash equivalents and investments of the City consist of the following at June 30, 2015:

Cash and Cash Equivalents		
Deposits with financial institutions	$ 93,730,360	
Total cash and cash equivalents	93,730,360	
Investments		
General Fund		
U.S. government agencies	5,408,045	*
U.S. treasury notes	6,009,175	*
Total government investments	11,417,220	
Pension Trust Funds:		
U.S. treasury notes	1,513,316	*
U.S. government agencies	1,413,270	*
Asset and mortgage backed	1,486,160	*
Corporate bonds	2,897,335	*
Foreign bonds	274,429	*
Common stocks	27,859,053	*
Fixed income funds	24,680,213	
Equity mutual funds	85,073,932	
Alternative investments	99,906,113	
Total pension investments	245,103,821	
Total cash, cash equivalents and investments	$ 350,251,401	

*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:

	Primary Government
Statement of Net Position	
Cash and cash equivalents	$ 75,675,312
Investments	11,417,220
	87,092,532
Fiduciary Funds	
Cash and cash equivalents	18,055,048
Investments	245,103,821
	263,158,869
Total cash, cash equivalents and investments	$ 350,251,401

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:

		Investment Maturities (in Years)			
Type of Investment	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
U.S. Treasury Notes	$ 7,522,491	$ 3,373,483	$ 3,958,242	$ 190,766	$ -
U.S. Government Agencies	6,821,315	1,190,772	3,569,003	1,066,521	995,019
Asset Backed Securities	1,486,160	1,078,278	407,882	-	-
Fixed Income Funds	24,680,213	-	9,187,954	6,372,988	9,119,271
Foreign Bonds	274,429	238,259	36,170	-	-
Corporate Bonds	2,897,335	2,897,335	-	-	-
Total	$ 43,681,943	$ 8,778,127	$ 17,159,251	$ 7,630,275	$ 10,114,290

Credit risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. The City does have a formalized policy establishing a minimum rating for investments. Presented below is the minimum rating as required for each debt type investment:

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

Note 4. Deferred Inflows of Resources/Unearned Revenue

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

	Deferred Inflows	Unearned Revenue
General Fund		
Taxes and accrued interest on delinquent property taxes	$ 6,616,142	$ -
Advance property tax collections	1,783,966	-
Other	254,703	177,886
Miscellaneous special revenue		
Grants and other	759,789	2,935,971
Vision 2020		
Grants and other	5,461,734	-
Nonmajor funds		
Grants and other	3,156,608	1,417,690
	$ 18,032,942	$ 4,531,547

Note 5. Interfund Receivables, Payables and Transfers

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

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

Interfund balances represent routine short-term advances.

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

Interfund transfers during the year ended June 30, 2015, were as follows:

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

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

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

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

Note 6. Capital Assets (Continued)

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

Note 6. Capital Assets (Continued)

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

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

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

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

Note 6. Capital Assets (Continued)

Activity for the Richter Park Authority for the year ended December 31, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 842,385	$ -	$ -	$ 842,385
Total capital assets, not being depreciated	842,385	-	-	842,385
Capital assets, being depreciated:				
Course development improvements	3,810,604	65,365	-	3,875,969
Building and improvements	2,466,208	-	-	2,466,208
Machinery and equipment	1,635,899	19,815	(62,565)	1,593,149
Totals, capital assets being depreciated	7,912,711	85,180	(62,565)	7,935,326
Less accumulated depreciation for:				
Course development improvements	2,424,784	175,945	-	2,600,729
Building and improvements	1,802,163	76,443	-	1,878,606
Machinery and equipment	1,087,220	157,137	(61,723)	1,182,634
Total accumulated depreciation	5,314,167	409,525	(61,723)	5,661,969
Total capital assets, being depreciated, net	2,598,544	(324,345)	(842)	2,273,357
Total capital assets, net	$ 3,440,929	$ (324,345)	$ (842)	$ 3,115,742

Activity for the Tarrywile Park Authority for the year ended June 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings and improvements	$ 202,453	$ -	$ -	$ 202,453
Ground maintenance equipment	48,238	-	-	48,238
Administrative equipment	90,727	-	-	90,727
Vehicles	9,992	-	-	9,992
Total capital assets, being depreciated	351,410	-	-	351,410
Less accumulated depreciation for:				
Buildings and improvements	124,896	8,695	-	133,591
Ground maintenance equipment	42,125	1,944	-	44,069
Administrative equipment	88,272	1,268	-	89,540
Vehicles	2,997	1,998	-	4,995
Total accumulated depreciation	258,290	13,905	-	272,195
Total capital assets, being depreciated, net	$ 93,120	$ (13,905)	$ -	$ 79,215

Note 6. Capital Assets (Continued)

Activity for the Danbury Museum and Historical Society Authority for the year ended June 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated:				
Land	$ 128,790	$ -	$ -	$ 128,790
Construction in progress	-	164,002	-	164,002
Total capital assets, not being depreciated	128,790	164,002	-	292,792
Capital Assets, being depreciated:				
Buildings and improvements	1,188,751	-	-	1,188,751
Machinery and equipment	26,016	-	-	26,016
Furniture and fixtures	28,110	-	-	28,110
Total capital assets, being depreciated	1,242,877	-	-	1,242,877
Less accumulated depreciation for:				
Buildings and improvements	515,957	109,305	-	625,262
Machinery and equipment	15,100	6,000	-	21,100
Furniture and fixtures	13,814	4,000	-	17,814
Total accumulated depreciation	544,871	119,305	-	664,176
Total capital assets, being depreciated, net	698,006	(119,305)	-	578,701
Total capital assets, net	$ 826,796	$ 44,697	$ -	$ 871,493

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

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

Note 7. Bond Anticipation Notes Payable

The City has $31,600,000 of bond anticipation notes outstanding as of June 30, 2015. The bond anticipation notes bear interest at 1.0% and a yield of 0.11% and mature on July 23, 2015. Bond Anticipation Notes were issued for sewer, water, school facility and other general government and public improvement capital projects.

Bond anticipation note transactions for the year ended June 30, 2015, were as follows:

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

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

Note 8. Long-Term Liabilities

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

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

*** restated for GASB No. 68**

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

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

Note 8. Long-Term Liabilities (Continued)

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

	Outstanding Amount
$17,599,450 General Obligation bonds; issued August 1, 2008, due in annual installments of $879,000 to $882,450 final maturity date August 2028, interest at 3.5% to 5.0%.	$ 880,000
$15,269,000 General Obligation Bonds; issued July 15, 2009 - 2010 post refunding due in annual installments of $763,000 to $766,762; final maturity July 15, 2029; interest at 3.00% to 5.00%.	10,494,000
$5,525,000 General Obligation Bonds issued; March 18, 2010 - 2010 post refunding-Series A post refunding-Series A due in annual installments of $292,000.	4,230,000
$27,159,000 General Obligation Bonds issued; March 18, 2010 - 2010 post refunding-Series B due in annual installments of $22,000 to $4,096,000; final maturity July 1, 2024; interest at 2.00% to 5.00%.	24,756,000
$21,705,000 General Purpose and School Obligation Bonds issued July 15, 2010 due in annual installments of $1,085,250; final maturity July 15, 2030; interest at 2.00% to 4.00%.	17,274,349
$17,552,320 General Purpose and School Obligation Bonds; issued July 15, 2011; due in annual installments of $548,000 to $1,498,000; final maturity July 15, 2031; interest at 3.00% to 5.00%.	13,730,000
$13,264,000 General Obligation Bonds; issued December 15, 2011; interest at refunding due in annual installments of $1,038,000 to $2,569,000; final maturity July 15, 2026; 3.00% to 5.00%.	13,264,000
$10,961,846 General Obligation Bonds; issued July 27,2012; due in annual installments of $280,000 to $757,890; final maturity July 15, 2030; interest at 2.00% to 4.00%.	9,454,000
$12,712,000 General Obligation Bonds; issued August 21,2012; refunding due in annual installments of $71,000 to $3,155,000; final maturity August 1, 2027; interest at 2.00% to 4.00%.	12,468,000

Note 8. Long-Term Liabilities (Continued)

		Outstanding Amount
$6,617,000 General Obligation Bonds; issued May 6, 2014; refunding due in annual installments of $13,000 to $1,204,000; final maturity August 1, 2021; interest at 1.00% to 5.00%.		6,537,000
$11,000,000 General Obligation Bonds; issued July 15, 2015; due in annual installments of $100,000 to $450,000; final maturity July 15, 2014; interest at 2.00% to 3.375%.		11,000,000
Total bonds and notes payable	$	124,821,349

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

		Outstanding Amount
$240,000 Water and Sewer general obligation bonds; issued August 1, 2008, due in annual installments of $117,500 to $121,000; final maturity August 2028; interest at 4% to 5%.	$	120,000
$915,000 Water general obligation bonds; issued July 15, 2009, due in annual installments of $41,000 to $46,000; final maturity July 15, 2029; interest at 3% to 5%.		506,000
$5,286,000 Water and Sewer general obligation refunding bonds; issued March 18, 2010; due in annual installments of $179,000 to $428,000; final maturity July 1, 2020; interest at 2% to 5%.		4,799,000
$1,295,000 Water and Sewer General Obligation Bonds issued July 15, 2010; due in annual installments of $64,750; final maturity July 15, 2030; interest at 2% to 4%.		1,030,651

Note 8. Long-Term Liabilities (Continued)

		Outstanding Amount
$447,680 Sewer general obligation bond; issued July 15, 2011; due in annual installments of $80,000 to $250,000; final maturity July 15, 2016; interest at 3% to 5%.	$	230,000
$2,961,000 Water and Sewer general obligation refunding bonds; issued December 11, 2011; due in annual installments of $144,000 to $495,000; final maturity July 15, 2016; interest 3% to 5%.		2,961,000
$1,038,154 Water and Sewer general obligation bonds; issued July 27, 2012; due in annual installments of $52,000 to $96,232; final maturity July 15, 2029; interest 3% to 5%.		846,000
$2,343,000 Water and Sewer general obligation refunding bonds; issued August 21, 2012; due in annual installments of $13,000 to $725,000; final maturity August 1, 2028; interest 2% to 4%.		2,302,000
$4,283,000 Water and Sewer general obligation refunding bonds; issued May 6, 2014; due in annual installments of $59,000 to $663,000; final maturity August 1, 2028; interest 1% to 5%.		4,218,000
Total general obligation bonds		17,012,651
$2,549,994 Clean Water Fund 5155-C note payable signed March 31, 2010 due in annual installments of $107,476 ($206,709 in 2011); final maturity September 30, 2029, interest at 2%.		1,900,189
$3,219,688 Clean Water 132-CSC note payable signed January 31, 2013 due in annual installments of $174,910 ($87,455 in 2013); final maturity January 31, interest at 2%.		3,109,350
Total notes payable		5,009,539
Total bonds and notes payable	$	22,022,190

Note 8. Long-Term Liabilities (Continued)

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

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

In-substance defeasance: In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government-wide financial statements. As of June 30, 2015, the amount of defeased debt outstanding, but removed from the City's government-wide financial statements was approximately $17,825,000.

Landfill postclosure monitoring: State and federal laws and regulations require that the City place a final cover on its closed landfill and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The landfill's closure project was completed during the year ended June 30, 1999 as the landfill was at 100% capacity. The estimated total current cost of the landfill postclosure care, aggregating $7,250,259, is based on the amount estimated to be paid for all equipment, facilities and services required to monitor and maintain the landfill as of June 30, 2015. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. These costs will be paid from the General Fund.

Other post-employment obligation: Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions, requires the City to accrue a net OPEB obligation. The amount at June 30, 2015 was $51,847,900. This amount is recorded in the government-wide statements, and will eventually be paid out of the General Fund when due.

Compensated absences: Included in the Long-Term Obligations in the government-wide statement of net position is the estimated obligation for employee compensated absences in the amount of $3,168,712 as of June 30, 2015. The General Fund has typically been used to liquidate the liability for compensated absences.

Note 8. Long-Term Liabilities (Continued)

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

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

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

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

The $7,251,165 lease has an interest rate of 5.27%, a tax credit rate of 5.04% (70% of tax credit rate of 3.53%), and a net effective rate of 1.74% and matures on June 28, 2026. Principal and interest payments are made biannually on both leases and vary throughout the life of the lease. The City received $11,500,000 in funding on June 30, 2011 and had no associated construction in progress.

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

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

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

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

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

Note 8. Long-Term Liabilities (Continued)

Future minimum lease payments under capital leases are as follows:

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

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

Stanley L. Richter Park Authority: The following is a summary of the component unit's bonds and notes payable transactions for the year ended December 31, 2014:

Beginning Balance	$ 874,781
Additions	-
Deductions	(42,281)
Ending Balance	$ 832,500

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

On October 18, 2011, the Authority entered into an agreement with Newtown Savings Bank for a credit line in the amount of $300,000 bearing interest at a variable rate per annum of .75% above the Prime Rate. Interest on outstanding principal is payable monthly commencing November 2011. Principal is payable upon demand. The line of credit is used for working capital needs of the Authority. At December 31, 2014, the credit balance was $300,000.

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

General Purpose	$ 23,444,920
Schools	66,742,324
Sewer	7,244,879
Water	1,095,420
	$ 98,527,543

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.

Note 8. Long-Term Liabilities (Continued)

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

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

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

Note 9. Commitments and Contingencies

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

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

Under the Service Agreement, the City is required to deliver, or cause to be delivered, to the System solid waste generated within its boundaries but in no case less than its guaranteed annual tonnage of 48,600 tons per year and to pay a uniform per ton disposal service payment (the Service Payment). The current fee is $85.73 per ton. The aggregate guaranteed annual tonnage of the eleven Contracting Municipalities is 115,300 tons per year. The City's Service Payment commitment is a put-or-pay commitment, in that if the aggregate guaranteed annual tonnage of the Contracting Municipalities is not met by the total deliveries of all the Contracting Municipalities in any year, the City must pay the Service Payment for its proportionate share of the shortfall of the aggregate guaranteed annual tonnage (even if it did deliver its full portion).

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

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

Note 9. Commitments and Contingencies (Continued)

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

Under the Agreement, the City pays an annual base fee of approximately $3,700,000 plus an annual adjustment equal to the change in the consumer price index. The current annual amount is approximately $410,520.

Note 10. Fund Deficits

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

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

Note 11. Employee Retirement Plans

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

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

Note 11. Employee Retirement Plans (Continued)

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

Schedule of Plan Net Position
June 30, 2015

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

Note 11. Employee Retirement Plans (Continued)

Schedule of Changes in Plan Net Position
Year Ended June 30, 2015

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police	Post-1967 Fire	Post-1983 Police	Post-2011 Fire	OPEB	Totals
Additions									
Contributions:									
Employer	$ 3,776,000	$ 655,000	$ 415,000	$ 803,000	$ 2,010,000	$ 2,115,030	$ 70,797	$ 16,943,040	$ 26,787,867
Plan members	217,413	-	-	13,032	482,977	455,189	45,030	-	1,213,641
Total contributions	3,993,413	655,000	415,000	816,032	2,492,977	2,570,219	115,827	16,943,040	28,001,508
Investment Income:									
Net appreciation in fair value of investments	517,996	22,719	22,801	235,252	329,415	101,811	-	221	1,230,215
Interest and dividends	3,664,370	69,957	86,931	1,600,504	2,423,854	963,486	7	-	8,809,109
	4,182,366	92,676	109,732	1,835,756	2,753,269	1,065,297	7	221	10,039,324
Less investment expenses:									
Investment management fees	351,459	9,900	12,523	137,320	205,752	87,094	3,705	-	807,753
Net investment income	3,830,907	82,776	97,209	1,698,436	2,547,517	978,203	(3,698)	221	9,231,571
Deductions									
Benefits paid	8,166,553	1,237,975	876,387	4,120,884	4,354,212	1,017,069	-	16,943,040	36,716,120
Total deductions	8,166,553	1,237,975	876,387	4,120,884	4,354,212	1,017,069	-	16,943,040	36,716,120
Net change in net position	(342,233)	(500,199)	(364,178)	(1,606,416)	686,282	2,531,353	112,129	221	516,959
Net position-restricted for pension benefits									
Beginning of year	106,906,829	3,135,474	3,246,831	47,270,804	68,588,003	26,582,182	35,840	-	255,765,963
End of year	$ 106,564,596	$ 2,635,275	$ 2,882,653	$ 45,664,388	$ 69,274,285	$ 29,113,535	$ 147,969	$ 221	$ 256,282,922

Note 11. Employee Retirement Plans (Continued)

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

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

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.

Note 11. Employee Retirement Plans (Continued)

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

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

General employees' pension plan:

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

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

Benefits provided:

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

Note 11. Employee Retirement Plans (Continued)

2013 Retirement Incentive	Requirement: As of July 1, 2013, attained age plus years of credited service greater than or equal to 75.
	Amount: An immediate retirement benefit, reduced for early retirement where applicable. In addition, each person that elected the incentive received a lump sum payout equal to $1,000 times pension service.
Early Retirement	Requirement: Attainment of age 55.
	Amount: Accrued Benefit at termination, reduced by one-half of one percent for each month by which actual commencement precedes the earlier of a member's Normal Retirement Date or the first of the month following the date which causes the sum of the member's age and service to equal 85.
Normal Form of Pension	Life Annuity.
Vesting	Age Requirement: None.
Service Requirement:	According to the following schedule:

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

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

Employee Contributions	Effective July 1, 2013, union participants who are members of DMEA or Teamsters make an annual pension contribution equal to 1% of base salary. Effective July 1, 2014, union participants who are members of DMEA or Teamsters make an annual pension contribution equal to 2% of base salary.
	Effective July 1, 2013, Non-Union employees hired on or after January 1, 2011 make an annual contribution equal to 5% of base salary. These contributions are refundable upon death or termination. These contributions do not receive any interest credit for participants with less than five years of service. A death benefit for a participant with five or more years of service is credited with 3% interest. An employee that terminates with between five and ten years of service can receive a refund of contributions with 3% interest in lieu of any other partially vested benefit.

Note 11. Employee Retirement Plans (Continued)

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

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

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

Rate of return: For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 3.79%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

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

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

Note 11. Employee Retirement Plans (Continued)

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

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

Payroll Growth: 3%, only used to project normal cost to next year.

Expense Loading: No loading for expenses has been included, as all administrative expenses are paid by the City outside of the Trust Fund.

Cost of Living Increases: CPI is assumed to increase at 3% per year. This will result in a pension increase once every five years.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

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

Note 11. Employee Retirement Plans (Continued)

Discount rate: The discount rate used to measure the total pension liability as of June 30, 2015 was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the City of Danbury General Employees' Pension Plan contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to some periods of projected benefit payments to determine the total pension liability. The remaining projected future benefit payments were discounted using the 20-year general obligation municipal bond rate.

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

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

Changes in the Net Pension Liability

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

Note 11. Employee Retirement Plans (Continued)

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

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

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

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

Pre-67 Police Pension Plan:

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

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

Benefits provided:

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

Note 11. Employee Retirement Plans (Continued)

Death Benefit after Retirement	50% of the annuitant's retirement benefit payable to surviving spouse until death or remarriage
Cost of Living	All pension payments are to be increased to correspond to any increase in salary by members of the same grade and rank of retired member while in active service.

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

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

Rate of return: For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 3.39%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

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

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

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

Note 11. Employee Retirement Plans (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

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

Discount rate: The discount rate used to measure the total pension liability as of June 30, 2015, was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the City of Danbury Pre-67 Police Pension Plan contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to some periods of projected benefit payments to determine the total pension liability. The remaining projected future benefit payments were discounted using the 20-year general obligation municipal bond rate.

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

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

Note 11. Employee Retirement Plans (Continued)

Changes in the Net Pension Liability

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

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

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

Note 11. Employee Retirement Plans (Continued)

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

Year Ended June 30,	Pre-1967 Police Pension Plan
2016	$ 23,495
2017	23,495
2018	23,495
2019	23,495

Pre-67 Fire Pension Plan

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

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

Benefits provided:

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

Note 11. Employee Retirement Plans (Continued)

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

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

Rate of return: For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 3.63%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

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

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

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

Note 11. Employee Retirement Plans (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the following table:

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

Discount rate: The discount rate used to measure the total pension liability as of June 30, 2015 was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the City of Danbury Pre-67 Fire Pension Plan contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to some periods of projected benefit payments to determine the total pension liability. The remaining projected future benefit payments were discounted using the 20-year general obligation municipal bond rate.

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

Pre-67 Fire Pension Plan	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	$ 3,631,890	$ 3,258,197	$ 2,924,056

Note 11. Employee Retirement Plans (Continued)

Changes in the Net Pension Liability

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

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

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

Note 11. Employee Retirement Plans (Continued)

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

Year Ended June 30,	Pre-1967 Fire Pension Plan	
2016	$	22,832
2017		22,832
2018		22,832
2019		22,831

Post-67 Police Pension Plan

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

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

Benefits provided:

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

Note 11. Employee Retirement Plans (Continued)

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

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

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

Rate of return: For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 3.79%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Method:	Entry Age Normal Cost Method
Long-term Inflation:	2.70%
Interest:	7.25% compounded annually, net of investment expense
Mortality:	Active/Regular Retirement – RP-2000 Mortality table with separate male and female rates, with blue collar adjustment, combined tables for non-annuitants and annuitants, projected to the valuation date with Scale AA. Disabled Pensioners – RP-2000 Mortality table with separate male and female rates, with no collar adjustment.

Note 11. Employee Retirement Plans (Continued)

Mortality Improvement:	Active/Regular Retirement – Projected to the date of decrement using Scale AA (generational mortality).
	Disabled – None.
Salary Scale:	Graded scale 5% at age 20 down to 3% at age 60 and beyond.
Employee Turnover:	Table T-1 by Crocker, Sarason and Straight.
Retirement Age:	Earlier of age 65 or hire plus 34.
Expense Loading:	We have included the estimated actuarial fees in the Normal Cost each year.
Cost of Living Increases:	3%.
Employee Disability:	6 x 1955 UAW Disability Table

The City's funding policy is to contribute the actuary's recommended contribution each year. The contribution is calculated as the normal cost under the projected unit credit funding method, plus an amortization of the plan's unfunded liability over 20 years from July 1, 2014, as a level percentage of pay.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

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

Discount rate: The discount rate used to measure the total pension liability as of June 30, 2015 was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the City of Danbury Post-67 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.

Note 11. Employee Retirement Plans (Continued)

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

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

Changes in the Net Pension Liability

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

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

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

Note 11. Employee Retirement Plans (Continued)

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

Year Ended June 30,	Post-1967 Police Pension Plan
2016	$ 317,236
2017	317,236
2018	317,236
2019	317,238

Post-67 Fire Pension Plan

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

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

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

Note 11. Employee Retirement Plans (Continued)

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

Rate of return: For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 3.84%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Note 11. Employee Retirement Plans (Continued)

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

The City's funding policy is to contribute the actuary's recommended contribution each year. The contribution is calculated as the normal cost under the projected unit credit funding method, plus an amortization of the plan's unfunded liability over 20 years from July 1, 2014, as a level percentage of pay.

Note 11. Employee Retirement Plans (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

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

<u>Discount rate</u>: The discount rate used to measure the total pension liability as of June 30, 2015 was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the City of Danbury Post-67 Fire Pension Plan contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to some periods of projected benefit payments to determine the total pension liability. The remaining projected future benefit payments were discounted using the 20-year general obligation municipal bond rate.

<u>Sensitivity of the net pension liability to changes in the discount rate</u>: 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:

Post-67 Fire Pension Plan	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	$ 30,807,444	$ 19,357,731	$ 9,898,321

Note 11. Employee Retirement Plans (Continued)

Changes in the Net Pension Liability

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

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

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

Note 11. Employee Retirement Plans (Continued)

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

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

Post-83 Police Pension Plan

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

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

Benefits Provided:

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

Note 11. Employee Retirement Plans (Continued)

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

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

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

Rate of return: For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 3.75%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Note 11. Employee Retirement Plans (Continued)

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July l, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Method:	Entry Age Normal Cost Method
Long-term Inflation:	2.70%
Interest:	7.25% compounded annually, net of investment expense
Mortality:	Active/Regular Retirement – RP-2000 Mortality table with separate male and female rates, with blue collar adjustment, combined tables for non-annuitants and annuitants, projected to the valuation date with Scale AA. Disabled Pensioners – RP-2000 Mortality table with separate male and female rates, with no collar adjustment.
Mortality Improvement:	Active/Regular Retirement – Projected to the date of decrement using Scale AA (generational mortality). Disabled – None.
Salary Scale:	Graded scale 5% at age 20 down to 3% at age 60 and beyond.
Employee Turnover:	Table T-1 by Crocker, Sarason and Straight.
Retirement Age:	Earlier of age 65 or hire plus 34.
Expense Loading:	We have included the estimated actuarial fees in the Normal Cost each year.
Cost of Living Increases:	Pension payments are assumed to increase 2% per year payable starting the first of the month following the completion of either five years of retirement or one year of retirement for service connected disability.
Employee Disability:	6 x 1955 UAW Disability Table
	The City's funding policy is to contribute the actuary's recommended contribution each year. The contribution is calculated as the normal cost under the projected unit credit funding method, plus an amortization of the plan's unfunded liability over 20 years from July 1, 2014, as a level percentage of pay.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

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

Note 11. Employee Retirement Plans (Continued)

Discount rate: The discount rate used to measure the total pension liability as of June 30, 2015 was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the City of Danbury Post-83 Police Pension Plan contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to some periods of projected benefit payments to determine the total pension liability. The remaining projected future benefit payments were discounted using the 20-year general obligation municipal bond rate.

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

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

Changes in the Net Pension Liability

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

Note 11. Employee Retirement Plans (Continued)

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

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

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

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

Post-11 Fire Pension Plan

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

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

Benefits provided:

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

Note 11. Employee Retirement Plans (Continued)

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

Note 11. Employee Retirement Plans (Continued)

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

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

Rate of return: For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 0.01%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

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

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

The City's funding policy is to contribute the actuary's recommended contribution each year. The contribution is calculated as the normal cost under the projected unit credit funding method, plus an amortization of the plan's unfunded liability over 20 years from July 1, 2014, as a level percentage of pay.

Note 11. Employee Retirement Plans (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

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

Discount rate: The discount rate used to measure the total pension liability as of June 30, 2015 was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the City of Danbury Post-11 Fire Pension Plan contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to some periods of projected benefit payments to determine the total pension liability. The remaining projected future benefit payments were discounted using the 20-year general obligation municipal bond rate.

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

Post-11 Fire Pension Plan	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	$ 66,470	$ 24,003	$ (8,949)

Note 11. Employee Retirement Plans (Continued)

Changes in the Net Pension Liability

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

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

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

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

Note 11. Employee Retirement Plans (Continued)

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

Connecticut State Teachers' Retirement System

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

The System is considered a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained at www.ct.gov.

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

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

Benefits provided: The benefits provided to participants by the System are as follows:
Normal Benefit: A member at age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut is eligible for vested benefits of 2% of average annual salary times years of credited service (maximum benefit is 75% of average annual salary.)

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

Note 11. Employee Retirement Plans (Continued)

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

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

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

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

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

Note 11. Employee Retirement Plans (Continued)

The long-term expected rate of return on pension investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

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

Note 11. Employee Retirement Plans (Continued)

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

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

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

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

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

The City provides post-employment retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer defined benefit plan. The City maintains one plan to cover all employees. A bi-annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2014. The post-retirement plan does not issue stand-alone financial reports.

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

Note 11. Employee Retirement Plans (Continued)

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

General Government employees:	
Retirees and beneficiaries receiving benefits	380
Active plan members	477
Total	857
Board of Education employees:	
Retirees and beneficiaries receiving benefits	89
Active plan members	1,144
Total	1,233

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The actuarial accrued liability as of July 1, 2014, was estimated to be $229,068,600 and $30,191,100 for City and Board of Education employees, respectively. The City's contributions represent payments made for premiums for insured individuals.

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

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
General Government Employees:				
6/30/2015	$ 14,032,300	$ 8,212,700	58.5%	$ 42,513,900
6/30/2014	$ 13,824,100	$ 6,497,900	47.0%	$ 35,494,300
6/30/2013	$ 12,898,800	$ 6,645,000	51.5%	$ 28,168,100
Board of Education Employees:				
6/30/2015	$ 2,052,900	$ 737,300	35.9%	$ 10,534,000
6/30/2014	$ 2,027,800	$ 445,300	22.0%	$ 9,218,400
6/30/2013	$ 1,994,800	$ 1,135,300	56.9%	$ 7,635,900

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

Note 11. Employee Retirement Plans (Continued)

Schedule of Funding Progress 000's

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Covered Payroll (Total)	UAAL as a Percentage of Payroll
General Government Employees:						
7/1/2014	$ 1,053,900	$ 229,068,600	$ 228,014,700	0.5%	$ 32,589,100	700.0%
Board of Education Employees:						
7/1/2014	$ 146,100	$ 30,191,100	$ 30,045,000	0.5%	$ 78,443,500	38.0%

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

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

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

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

Valuation Date:	July 1, 2014
Actuarial Cost Method:	Projected Unit Credit
Asset Valuation Method:	Market Value
Amortization Method:	Level Dollar (Open)
Remaining Amortization Period	30 Years
Actuarial Assumptions:	
Investment rate of return	7.00%
Inflation rate	0% to 4%

Note 11. Employee Retirement Plans (Continued)

Health cost trend rates

Annual increases in premium for retired medical and prescription drug benefits are assumed to be as follows:

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

Note 12. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Coverage has not been materially reduced, nor have settled claims exceeded commercial coverage in any of the last three years. The City self-insures up to certain levels of risk based on an evaluation of the City's financial capability to assume risk and prevailing market conditions for commercial insurance. Presently, the City is self-insured for the first $100,000 per claim for general, auto, property and public liability. The Risk Management Department also manages workers' compensation. The City is self-insured for the first $500,000 per claim and maintains an aggregate stop loss on these worker's compensation claims of $4,000,000. Employee medical, prescription drug and dental coverage are self-insured arrangement. The BOE is also self-insured for medical, dental and prescription programs.

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

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

Fiscal Year Ended	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2015	$ 8,559,451	$ 18,221,575	$ 15,343,231	$ 11,437,795
2014	$ 5,265,903	$ 21,223,171	$ 17,929,623	$ 8,559,451

Note 13. Joint Ventures and Related Organizations

The Candlewood Lake Authority (Candlewood) is a joint venture of five municipalities, including the City of Danbury. Candlewood is under joint control, comprised of three delegates from each member municipality selected for three-year terms. The City of Danbury has an ongoing financial responsibility but no equity interest. The City remitted $57,338 to supplement Candlewood's operating revenues for the year ended June 30, 2015, as Candlewood would experience financial stress without such revenue supplement.

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

The Housatonic Area Regional Transit District (HART) is a joint venture of eight municipalities, including the City of Danbury. HART is under joint control, comprised of at least one director from each member municipality selected for four-year terms. The City of Danbury has an ongoing financial responsibility, but no equity interest. The City remitted $733,080 to supplement HART's operating revenues for the year ended June 30, 2015 as HART would experience financial stress without such revenue supplement.

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

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

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

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

Note 14. Fund Balance (Deficit)

Below is a table of fund balance categories and classifications in accordance with GASB Statement No. 54 at June 30, 2015, for the City governmental funds:

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

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

Note 15. Governmental Accounting Standards Board (GASB) Statements

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

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

- **GASB Statement No. 72, *Fair Value Measurement and Application*.** This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015.

- **GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68***, completes the suite of pension standards. Statement 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statements 67 and 68). The requirements in Statement 73 for reporting pensions generally are the same as in Statement 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015.

- **GASB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans***, addresses reporting by OPEB plans that administer benefits on behalf of governments. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The provisions of this Statement are effective for fiscal years beginning after June 15, 2016.

- **GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions***, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide:

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

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

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

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

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

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

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

- **GASB Statement No. 77, *Tax Abatement Disclosures.*** Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government’s current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government’s financial resources come from and how it uses them, and (4) a government’s financial position and economic condition and how they have changed over time. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

  - Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
  - The gross dollar amount of taxes abated during the period
  - Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

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

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

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

− The names of the governments that entered into the agreements

− The specific taxes being abated

− The gross dollar amount of taxes abated during the period.

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

- **GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*.** This standard narrows the scope and applicability of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan meeting specific criteria; establishes new guidance for these employers, including separate requirements for recognition and measurement of pension expense or expenditures and liabilities, note disclosures and required supplementary information (RSI). The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.

- **GASB Statement No. 79**, ***Certain External Investment Pools and Pool Participants.*** This standard establishes new criteria to continue amortization cost accounting for certain external investment pools in light of recent changes to money market fund criteria. The requirements of this Statement are effective for financial statements for periods beginning after beginning after June 15, 2015. Portfolio quality and monthly shadow pricing are effective for periods beginning after December 15, 2015. Earlier application is encouraged.

Note 16. Subsequent Event

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

Required Supplementary Information - *unaudited*

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City of Danbury, Connecticut

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

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

	2015	2014
Annual money-weighted rate of return, net of investment expense	3.79%	14.78%

City of Danbury, Connecticut

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

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

	2015	2014
Annual money-weighted rate of return, net of investment expense	3.39%	11.34%

City of Danbury, Connecticut

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

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

	2015	2014
Annual money-weighted rate of return, net of investment expense	3.63%	12.93%

City of Danbury, Connecticut

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

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

	2015	2014
Annual money-weighted rate of return, net of investment expense	3.79%	14.80%

City of Danbury, Connecticut

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

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

	2015	2014
Annual money-weighted rate of return, net of investment expense	3.84%	14.78%

City of Danbury, Connecticut

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

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

	2015	2014
Annual money-weighted rate of return, net of investment expense	3.75%	13.36%

City of Danbury, Connecticut

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

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

	2015	2014
Annual money-weighted rate of return, net of investment expense	0.01%	0.02%

City of Danbury, Connecticut

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

Schedule of Contributions - General Employees

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined calculation	$ 3,776,000	$ 3,665,000	$ 3,559,000	$ 2,639,000	$ 2,529,000	$ -	$ -	$ -	$ -	$ -
Contributions in relation to actuarially determine calculation	3,776,000	3,665,000	3,559,000	2,639,000	2,529,000	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered - employee payroll	$ 26,806,000	$ 26,025,000	$ 25,267,004	$ 26,889,958	$ 25,822,179	$ 26,822,179	$ 25,822,000	$ 25,217,000	$ 25,217,000	$ 23,777,000
Contributions as a percentage of covered-employee payroll	14.09%	14.08%	14.09%	9.81%	9.79%	0.00%	0.00%	0.00%	0.00%	0.00%

Schedule of Contributions - Pre-1967 Police

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined calculation	$ 655,000	$ 805,000	$ 805,000	$ 904,000	$ 904,000	$ 845,000	$ 845,000	$ 857,000	$ 857,000	$ 978,000
Contributions in relation to actuarially determine calculation	655,000	805,000	805,000	904,000	904,000	845,000	845,000	857,000	857,000	978,000
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered - employee payroll	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Schedule of Contributions Pre - 1967 Fire

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined calculation	$ 415,000	$ 497,000	$ 497,000	$ 488,000	$ 488,000	$ 552,000	$ 552,000	$ 865,000	$ 611,000	$ 584,000
Contributions in relation to actuarially determine calculation	415,000	497,000	497,000	488,000	488,000	552,000	552,000	865,000	611,000	584,000
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -				
Covered - employee payroll	-	-	-	-	-	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Schedule of Contributions - Post 1967 Police

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined calculation	$ 803,000	$ 799,000	$ 748,000	$ 798,000	$ -	$ -	$ -	$ -	$ 713,000	$ 690,000
Contributions in relation to actuarially determine calculation	803,000	799,000	748,000	798,000	-	-	-	-	713,000	690,000
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -				
Covered - employee payroll	$ 1,138,000	$ 1,220,000	$ 1,185,000	$ 1,115,000	$ 1,150,000	$ 1,528,000	$ 1,528,000	$ 1,738,000	$ 1,738,000	$ 1,855,000
Contributions as a percentage of covered-employee payroll	70.56%	65.49%	63.12%	71.57%	0.00%	0.00%	0.00%	0.00%	41.02%	37.20%

Schedule of Contributions - Post 1967 Fire

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined calculation	$ 2,010,000	$ 1,975,000	$ 1,363,000	$ 1,429,000	$ 311,000	$ 272,000	$ -	$ -	$ 342,000	$ 281,000
Contributions in relation to actuarially determine calculation	2,010,000	1,975,315	1,363,000	1,429,000	311,000	272,000	-	-	342,000	281,000
Contribution deficiency (excess)	$ -	$ (315)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered - employee payroll	$ 8,461,000	$ 8,923,000	$ 8,663,000	$ 8,410,697	$ 8,410,000	$ 8,446,000	$ 8,446,000	$ 7,593,000	$ 7,593,000	$ 6,494,000
Contributions as a percentage of covered-employee payroll	23.76%	22.14%	15.73%	16.99%	3.70%	3.22%	0.00%	0.00%	4.50%	4.33%

Schedule of Contributions - Post 1983 Police Pension Plan

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined calculation	$ 2,114,000	$ 2,081,000	$ 1,517,000	$ 1,602,000	$ 1,047,000	$ 1,018,000	$ 889,000	$ 910,000	$ 910,000	$ 984,000
Contributions in relation to actuarially determine calculation	2,115,030	2,081,655	1,517,000	1,419,000	1,047,000	1,018,000	889,000	910,000	910,000	984,000
Contribution deficiency (excess)	$ (1,030)	$ (655)	$ -	$ 183,000	$ -	$ -	$ -	$ -	$ -	$ -
Covered - employee payroll	$ 10,247,000	$ 9,879,000	$ 9,592,000	$ 9,312,330	$ 9,312,330	$ 8,678,000	$ 8,678,000	$ 7,752,000	$ 7,752,000	$ 7,610,000
Contributions as a percentage of covered-employee payroll	20.64%	21.07%	15.82%	15.24%	11.24%	11.73%	10.24%	11.74%	11.74%	12.93%

City of Danbury, Connecticut

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

Schedule of Contributions - Post 2011 Fire Pension Plan

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

City of Danbury, Connecticut

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

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

Notes to Connecticut State Teachers' Retirement System

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

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

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

City of Danbury, Connecticut

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

Schedule of Funding Progress - OPEB

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Over) Underfunded AAL (UAAL)	Funded Ratio	Covered Payroll	(Over) Underfunded AAL as a Percentage of Covered Payroll
General Government Employees						
07/01/2014	$ 1,053,900	$ 229,068,600	$ 228,014,700	5.0%	$ 32,589,100	700.0%
07/01/2012	-	134,076,100	134,076,100	0.0%	32,315,500	415.0%
07/01/2010	-	124,038,200	124,038,200	0.0%	33,256,200	373.0%
07/01/2008	-	102,450,000	102,450,000	0.0%	34,705,900	295.0%
07/01/2006	-	73,448,012	73,448,012	0.0%	NA	NA
Board of Education Employees						
07/01/2014	$ 146,100	$ 30,191,100	$ 30,045,000	0.5%	$ 78,443,500	38.0%
07/01/2012	-	20,393,300	20,393,300	0.0%	73,580,400	28.0%
07/01/2010	-	19,730,300	19,730,300	0.0%	72,319,700	27.3%
07/01/2008	-	20,134,000	20,134,000	0.0%	66,898,500	30.0%
07/01/2006	-	20,366,070	20,366,070	0.0%	NA	NA

Schedule of Employer Contributions - OPEB

	General Employees		Board of Education	
Year Ended June 30,	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2015	$ 14,226,800	58.0%	$ 2,101,800	35.0%
2014	13,979,800	46.0%	2,068,300	22.0%
2013	13,021,300	51.0%	2,030,800	56.0%
2012	12,802,000	46.8%	1,998,600	40.9%
2011	11,231,500	50.0%	2,108,500	7.0%
2010	11,045,900	51.0%	2,078,700	46.5%
2009	7,039,100	67.0%	1,769,800	25.7%
2008	7,039,100	56.0%	1,769,800	27.8%

City of Danbury, Connecticut

Required Supplementary Information - Unaudited
Statement of Revenues, Expenditures and Changes in Unassigned Fund Balances - Budgetary Basis -
Budget and Actual - General Fund
For the Year Ended June 30, 2015

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

Note 1. Budgets and Budgetary Accounting

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

1. Prior to April 7, the Mayor submits proposed operating budgets to the City Council for the fiscal year commencing the following July 1. The Board of Education has the same duties and follows the same procedures with respect to the budget of the Board of Education as those required of the Mayor. The operating budgets include proposed expenditures and the means of financing them; however, capital lease acquisitions and state on-behalf payments are not included in the operating budget. The Animal Control and Ambulance are special revenue funds which have legally adopted annual budgets.

2. Upon receipt of the proposed budgets, the City Council publishes a notice of the proposed budgets and a public hearing to be held no later than May 1.

3. No later than May 15, the budgets are legally enacted through City Council resolution.

4. The legal level of budgetary control is at the department level. The Mayor is authorized to transfer budget amounts within departments and the City Council is authorized to transfer budget amounts between departments within any fund as well as any supplemental appropriations that amend the total expenditures of any budgeted fund. During the year, several supplemental appropriations were necessary; the effect of the amendments increased budgeted expenditures by approximately $1,939,312.

5. Formal budgetary accounting is employed as a management control within the City for the General Fund and certain special revenue funds. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required. The General Fund budget is adopted on a modified accrual basis of accounting, except that encumbrances and continued appropriations are treated as budgeted expenditures in the year of incurrence of the commitment to purchase and certain employee benefits are budgeted on the cash basis of accounting (non-GAAP basis). Budgetary comparisons in the financial statements are presented pursuant to the applicable budgetary basis referred to above.

6. Except for purposes which are to be financed by the issuance of bonds or by special assessment, no money can be disbursed without an authorized appropriation in any fiscal year. A contingency fund may be used for emergency appropriations, however, expenditures may not be charged directly to this fund. An appropriation and transfer to the expending fund must be approved by the City Council.

7. All unencumbered appropriations, except for continued appropriations, lapse at the end of each fiscal year.

Note 1. Budgets and Budgetary Accounting (Continued)

8. Continued appropriations represent approved appropriations from the current or prior years' budgets for construction or other permanent improvement projects. In accordance with the City's Charter, these appropriations do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned. Any such project is deemed to be abandoned if three years have elapsed without any expenditure from, or encumbrance of, the appropriation. At June 30, 2015, there was $811,318 in continued appropriations.

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

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

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

<u>Capital Project Funds</u>: 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 Opinion of Bond Counsel - Bonds

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Robinson+Cole

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

FORM OF OPINION OF BOND COUNSEL

July ___, 2016

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 ___, 2016 (the "Tax Regulatory Agreement"), and other proofs submitted to us relative to the issuance and sale of $16,000,000 City of Danbury, Connecticut General Obligation Bonds, Issue of 2016, Series B, dated July ___, 2016 (the "Bonds"), maturing on July 15 in each of the years, in the principal amounts and bearing interest payable on July 15, 2017 and semiannually thereafter on January 15 and July 15 in each year until maturity or earlier redemption, at the rates per annum as follows:

Year of Maturity	Principal Amount*	Interest Rate Per Annum	Year of Maturity	Principal Amount*	Interest Rate Per Annum
2017	$800,000	%	2027	$800,000	%
2018	800,000		2028	800,000	
2019	800,000		2029	800,000	
2020	800,000		2030	800,000	
2021	800,000		2031	800,000	
2022	800,000		2032	800,000	
2023	800,000		2033	800,000	
2024	800,000		2034	800,000	
2025	800,000		2035	800,000	
2026	800,000		2036	800,000	

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 December and June 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 not 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 Opinion of Bond Counsel - Notes

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Robinson+Cole

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

FORM OF OPINION OF BOND COUNSEL

July ___, 2016

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 ___, 2016 (the "Tax Regulatory Agreement"), and other proofs submitted to us relative to the issuance and sale of $64,000,000 City of Danbury, Connecticut General Obligation Bond Anticipation Notes, dated July ___, 2016 and maturing July ___. 2017, consisting of Note R-1 in the aggregate principal amount of $64,000,000, 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 - Bonds

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FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

City of Danbury, Connecticut
$16,000,000 General Obligation Bonds, Issue of 2016, Series B
Dated July ___, 2016

July ___, 2016

WHEREAS, the City of Danbury, Connecticut (the "City") has heretofore authorized the issuance of $16,000,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2016, Series B, dated July ___, 2016 (the "Bonds"), and to mature on the dates and in the amounts as set forth in the City's Official Statement dated July ___, 2016 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 ___, 2016 (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 W. St. Hilaire
Director of Finance

Appendix E

Form of Continuing Disclosure Agreement - Notes

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FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

City of Danbury, Connecticut
$64,000,000 General Obligation Bond Anticipation Notes
dated July ___, 2016

July ___, 2016

WHEREAS, the City of Danbury, Connecticut (the "City") has heretofore authorized the issuance of $64,000,000 in aggregate principal amount of its General Obligation Bond Anticipation Notes, dated July ___, 2016 (the "Notes"), and to mature on the dates and in the amounts as set forth in the City's Official Statement dated July ___, 2016 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 ___, 2016 (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 W. St. Hilaire
Director of Finance

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Appendix F

Notice of Sale - Bonds

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NOTICE OF SALE
$16,000,000
CITY OF DANBURY, CONNECTICUT
GENERAL OBLIGATION BONDS
ISSUE OF 2016, SERIES B

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 12, 2016

for the purchase of all, but not less than all, of the $16,000,000 City of Danbury, Connecticut General Obligation Bonds, Issue of 2016, Series B (the "Bonds"). Electronic bids must be submitted via ***PARITY®***. (See "Electronic Bidding Procedures".)

The Bonds

The Bonds will be dated July 21, 2016, mature $800,000 on July 15 in each of the years 2017-2036, both inclusive, bearing interest payable on July 15, 2017, and semiannually thereafter on January 15 and July 15 in each year until maturity, or earlier redemption, as further described in the Preliminary Official Statement for the Bonds dated July 6, 2016 (the "Preliminary Official Statement").

The Bonds maturing on or before July 15, 2024 are not subject to redemption prior to maturity. The Bonds maturing on July 15, 2025 and thereafter are subject to redemption prior to maturity, at the election of the City, on and after July 15, 2024 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:

	Redemption Dates	Redemption Price
From:	July 15, 2024 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 $16,000,000 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 21, 2016, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued to July 21, 2016, 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 12, 2016. 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 effects 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 21, 2016. 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 6, 2016

Appendix G

Notice of Sale - Notes

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NOTICE OF SALE
$64,000,000
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 12, 2016

for the purchase of $64,000,000 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 21, 2016 and will be payable to the registered owner on July 20, 2017, as further described in the Preliminary Official Statement for the Notes dated July 6, 2016 (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 12, 2016. 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 21, 2016. 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 6, 2016

(See attached for form of Proposal for Notes)

PROPOSAL FOR NOTES

July 12, 2016

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 6, 2016, which Notice is made a part of this proposal, we offer to purchase the principal amount of the $64,000,000 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 $64,000,000) 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: ________________________________

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