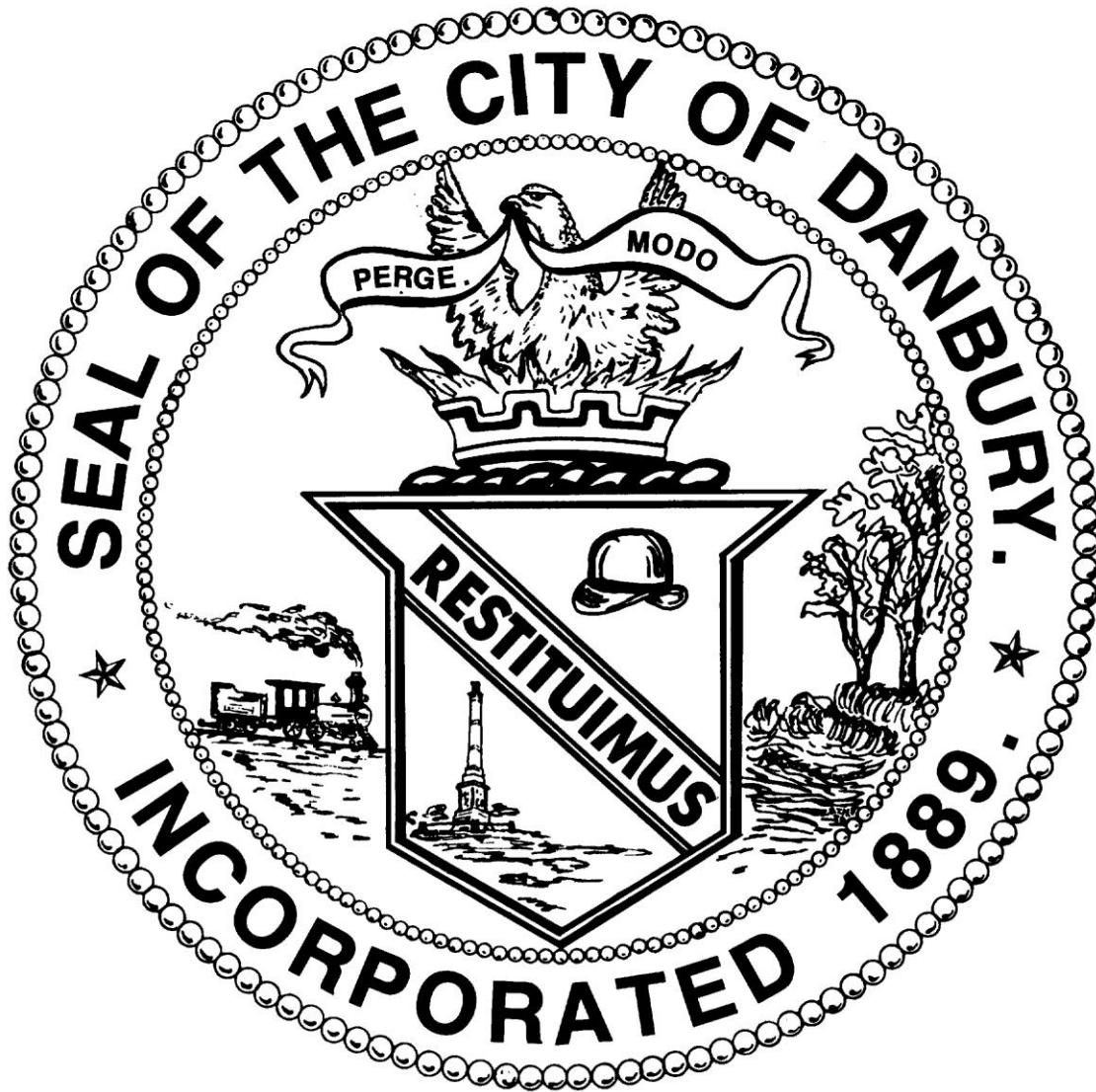


**CITY OF DANBURY, CONNECTICUT
COMPREHENSIVE ANNUAL
FINANCIAL REPORT**



**FISCAL YEAR ENDED JUNE 30, 2016
DEPARTMENT OF FINANCE
DANBURY, CONNECTICUT**

**CITY OF DANBURY,
CONNECTICUT**

**Comprehensive
Annual Financial Report**

for

**The Fiscal Year Ended
June 30, 2016**

Prepared By:

City of Danbury Department of Finance

**David W. St. Hilaire
Director of Finance**

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Introductory Section



CITY OF DANBURY

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

**DAVID ST. HILAIRE
DIRECTOR OF FINANCE**

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

February 1, 2017

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

FORMAL TRANSMITTAL OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

Connecticut State Statutes require that all general purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Danbury, Connecticut for the fiscal year ended June 30, 2016.

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

The City of Danbury, Connecticut's financial statements have been audited by RSM US LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Danbury, Connecticut for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Danbury, Connecticut's financial statements for the fiscal year ended June 30, 2016 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE GOVERNMENT

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

Fairfield County is one of the wealthiest counties in the United States and Danbury is one of the wealthiest cities according to the U.S. Census Bureau. The City of Danbury has an estimated population of 84,657 (2015) and a median household income of approximately \$66,676 in 2015 (inflation-adjusted dollars).

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

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

The City of Danbury's municipal government provides a full range of services including education, police, fire, planning and zoning, construction and maintenance of highway streets, storm/sanitary sewers and infrastructure, health and social services, parks and recreational activities, cultural events and a municipal airport. The City has a total of 2,237 employees with approximately 551 actual full-time equivalent municipal employees who provide services to the Danbury community and 1,686 teachers, administrators and support staff for the City's School District. The City is 44 square miles and has 242 miles of streets.

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

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. All governmental funds in the City of Danbury are appropriated on an annual basis. For the general fund, this comparison is presented on page 120 as part of the Required Supplementary Section for the General Fund.

INFORMATION USEFUL IN ASSESSING THE GOVERNMENT'S ECONOMIC CONDITION

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

Local Economy: Essential to developing the economy and the overall quality of life in Danbury is the safety of its residents and community. Danbury continues to be ranked as one of the safest city in Connecticut and in all of New England among the nearly 400 U.S. cities included in the national ranking, conducted by CQ Press, as part of its Crime in Metropolitan America series.

The strength of Danbury Labor Market Area economic base builds upon the diversity of its talented workforce of approximately 79,400: Goods Producing industries employs 12,200 (15.4%) while Service Providing Industries employs 67,200 (84.6%) which includes of the following: Trade, Transportation and Utilities (17,300), Professional and Business Services (9,400), Leisure and Hospitality (7,300) and Government (10,200) and Other (23,000). The City of Danbury and the Danbury Labor Market Area (LMA) has routinely been the leader in the state economic and jobs recovery since the severe economic recession which started with the housing and stock market crashes in the fall of 2008. The most important economic indicator supporting the City's decade long effort to promote a diversified industrial base is the LMA unemployment rate of 3.0% for November 2016, which remains the lowest in the State of Connecticut as compared to 3.7% for the State of Connecticut and 4.6% for the United States.

Danbury has been fortunate that most previously planned private construction projects have continued during this prolonged economic recession, although smaller in size and scope. Previously approved municipal projects, especially those with state and/or federal funding continue to move ahead. The City of Danbury has been able to continue to make the necessary investments in our community to ensure the foundation is in place for a more robust economy in the future. Our strategy of focusing on the City's core mission and reprioritizing projects while strengthening our partnerships with our existing businesses and aggressively seeking out and formulating new business relationships has proven very successful.

Danbury continues to lead the state in most vital economic statistics including unemployment rate, jobs created and retained, and retail sales tax revenue.

"The following excerpts from Mayor Mark Boughton's State of City 2016 address (updated and supplemented with more recent information for presentation purposes) best illustrates the economic outlook from the City's perspective:

"By almost every measurement, Danbury leads the state in vital economic statistics. Through October, our unemployment rate is the lowest of any major city in the state and has dropped almost a half percent year-over-year to 3.6%." (2.9% in November)

"In 2016, over three dozen small and medium-sized businesses have opened throughout Danbury. For example, this past year we have seen strong sales in the Reserve with more development coming.

- **Toll Brothers.** A 244 acre residential construction project began (as WCI) in 2007 with 1,377 units planned over six phases. Starting phase 4B of the project with over 800 units already completed. A new addition to approximately 1500 unit Rivington Master Plan Community is the Enclave Collection. This collection showcases 21 new luxury attached carriage homes. The entire project will take several more years to complete.

"Praxair has moved into its new headquarters and we have a proposal for a data recovery center from them on the west side."

- **Praxair.** In August 2014, Praxair, the City's only Fortune 500- company purchased and invested \$65 million in the former GE Capital Building site for its new global headquarters. Expansion plans are in the planning process for an expansion to accommodate their worldwide datacenter. The Danbury HQ employs about 400 corporate management staff from their North American Division and plans to grow by another 120 employees within the next five years.

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

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

“New facades will be put up on the ten storefronts on Elm Street facing Kennedy Park.”

“Market rate housing is being planned in the area of Osbourne Street and Balmforth Ave, and Hospital Avenue. Finally, a building that has been traditionally referred to as “The Barracks” on Town Hill Ave, will be demolished and replaced with market rate housing.”

“We have consistently been ranked as the top city to start and expand a business. Pro-business policies are always on our minds at City Hall, and keeping with that mindset, I’m excited to announce the “City Center Investment Fund. This concept, which we hope to roll out in the spring time, revolves around our local community banks offering low-interest loans to interested businesses, entrepreneurs and property owners within the Downtown Revitalization Zone. “

- The City of Danbury will be partnering with our local banks in order to help lower the interest rate on market driven loans to qualified applicants. Interested applicants can access local loans to help jump start their business, expand their existing business, make improvements to the facades, purchase capital, and other relevant needs within the DRZ.

“Kennedy Flats, located in City Center, is nearly 60% leased with an absorption rate of 6-8 units per week.”

- **Kennedy Place.** Graystar, a national developer, acquired the 10-acre property in August 2014 and has invested \$80 million to construct a 375-unit market-rate apartment complex in downtown Danbury. Construction began in October 2014 and was completed in 2016. The project, a cornerstone of the Main Street Renaissance Task Force report, will bring several hundred new residents downtown and significantly contribute to revitalization and additional investment.

A few other noteworthy projects during the fiscal year included:

- **Naugatuck Valley Community College (NVCC).** Opened in the completely renovated and historic Pershing Building location. Approx. 1500 students attend and will expand to 3000 students by 2018. This will allow for more students and add more activity on our Main Street
- **CT Institute for Communities.** This brand new health center opened on Main Street. The Center provides offers a comprehensive range of primary care, including medical, dental and behavioral health services, on a sliding-fee basis, to people of all ages: children, adolescents, adults and seniors
- **Maplewood Health Care.** Construction has begun on a new \$7.5 million 43,500 ft² medical office building at 2 Riverview Drive in the Berkshire Corporate Park. The building is 90% pre-leased with orthopedic, physical therapy and radiology tenants.
- **Newtown Road Retail.** Construction is underway on a multi-tenant retail project at the former Action Motors site in addition to Texas Roadhouse restaurant, Popeye’s Chicken and two medical facilities.

- **Hotel Zero Degrees.** Construction of this boutique hotel is now complete and is open for business. The property offers 111 guest rooms, 100 seat Terra Restaurant, and 120 seat bequest facility.
- **Shop-Rite Inc.** Opened a flagship, state of the art supermarket in the North Street Plaza.
- **Primark Inc.** Danbury was proud to be the third location in the United States for the home of this European retail giant.

Other projects underway:

- **TOD.** A number of initiatives have begun to the revitalization and development of the downtown Danbury City core. These include a comprehensive Transit Oriented Development study and plan will produce a comprehensive study to improve city center transit and planned support development including plan for key economic drivers for the region.
- **Putnam County Partnership.** Discussions are underway with our neighbors in Putnam County for opportunities to share resources along our border. This would include services and facilities, Economic development opportunities, and infrastructure improvements.
- **Danbury- Waterbury Corridor.** Active discussions between our neighboring 184 municipality communities to develop an economic development zone. This effort, like the Putnam County Partnership, is intended to share resources, and encourage business growth, and ultimately create job growth.

All of these are terrific successes for the City of Danbury, representing millions of dollars of public and private investments.

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

Major Initiatives

Listed below are some of the more notable initiatives that have been undertaken in recent years. Several on-going projects which will continue into Fiscal Year 2016-2017 are cited as well.

- **PIP 2016 Bond** – On November 8, 2016, the voters approved a \$20.0 million bonding referendum for the following: \$10.0 million for the initial design and engineering costs associated with upgrades to the Danbury Waste Water Treatment Plant to become compliant with the Clean Water Act; \$4.35 million for street paving, drainage and bridge repairs; \$1.1 million for street infrastructure improvements; \$1.05 million for recreational improvements; \$2.55 million for Richter Park and Tarrywile Park improvements; and \$0.95 million for a new animal control facility. Most of the projects are not eligible for grant funding however about 30% of the costs associated with the Waste Water Treatment Plant upgrades are expected to be funded by grants or other governments. Many of the projects will be started by the summer of 2017 and completed within the next 12-18 months.
- **DHS 2020 Bond** – On June 9, 2015, the voters approved a \$53.5 million bonding referendum for the planning, design, acquisition and construction of additions, roof replacement, renovations and improvements to Danbury High School. This will address the space and programming needs at the high school. Construction began in the summer of 2016 and is anticipated to be complete in the summer of 2017.
- **Danbury Road Bond 2020**– In November 2014, the voters approved a \$20 million bonding referendum for the following: Paving, Drainage and Thoroughfare Improvements Program (\$6.5 million); Public Works Heavy Equipment and Vehicle Replacement Program (\$3.0 million); Bridge

Replacement Program (\$4.0 million); Roof Replacement Program (\$5.5 million); and Public Safety Communications Network Upgrades (\$1.0 million). Approximately \$4.2 million has been used for Roof Replacements, \$4.3 million for Paving, Drainage and Thoroughfare Improvements, and \$1.7 million for Public Works Equipment to date.

- **Vision 2020 Bond** – In November 2012, the voters overwhelmingly approved a \$55 million bonding referendum for school improvements (\$44 million), bridge replacement/repair fund (\$1.925 million), water and sewer improvements (\$8.525) and \$550,000 for a space conversion project to locate a small business development facility in the downtown district.
 - ◆ The school improvement funds (\$41 million to date) have been used to manage and accommodate the needs of the Danbury Board of Education for more space as the student population grows and as educational programming changes occur to best prepare our students for the year 2020 and beyond.

The spacing solution offered the flexibility for programmatic changes by creating an Intra-Magnate School program specifically for Danbury residents and to expand the Stem Academies (science, technology, engineering and math for middle school students) into Mill Ridge Intermediate, thus freeing up middle school space in Rogers Park. This creative approach to renovate/expand/ and reconfigure instead of new construction addresses the primary spacing/programming issues of today and for the next several years while being the most cost effective and not unnecessarily burdening the taxpayer with the significant cost increases in operational/staffing costs associated with two new buildings.

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

- ◆ \$824,000 of funds have been used to fund City-wide bridge replacements/repairs which will primarily address those bridges rated in Poor Condition.
 - ◆ \$550,000 of Funds will be used to make capital improvements to correct or prevent violations throughout the City's water system including at plants, pump stations and for distribution. Funding will also address the water main issue at Oil Mill Road.
 - ◆ The fund authorization of \$7,975,000 will be appropriated for the design and construction of improvements and upgrades to the wastewater treatment plant facilities and sewer collection upgrades – \$3.9 million has been spent to date.
- **Open Space Bond** - In March 2008, \$18.9 million was approved by the voters for: open space acquisitions, improvements to Danbury High School, various recreation projects and public works improvements and equipment.
 - ◆ **Open Space Initiatives** - \$6 million of the bond authorization will be used for the purchase of land, easements, and developmental rights for open space preservation, recreation, conservation, or agricultural land preservation. Several parcels throughout the City were previously identified and efforts to acquire the land, easements or developmental rights are underway. Since March 2008, the City has expended nearly \$4.3 million to purchase over 400 acres of undeveloped land and the development rights to a 28 acre working farm.
 - ◆ **Danbury High School Improvements** - The \$2.6 million of improvements to Danbury High School included a new sprinkler system in the D building to enhance student safety and for

renovations to bring the building into compliance with fire safety codes and ADA requirements of which \$1.2 million has been expended. Funds have also been used for the reorganization of building space to create 3 additional classrooms, to expand a parking lot to provide additional parking spaces and for courtyard improvements between the various school buildings.

- ◆ **Recreation Improvements** - \$4.4 million of the bond initiative is allocated to recreation improvement projects as part of the City's on-going commitment to enhancing the residents' quality of life for the entire family. Prior to this initiative, significant improvements to parks and playgrounds were made throughout the City costing approximately \$3.5 million. \$4 million of projects recently completed under the new bond initiative include the construction of a skate park, a multipurpose artificial turf field with appurtenances in Rogers Park, the design/rebuild/recondition of baseball fields, purchase of equipment for use in recreation projects and the creation of a vegetative buffer to protect the water quality of the Lake Kenosia. The remaining funds from this bond authorization will be used for various recreation improvements such as improvements to Danbury High School tennis courts, improvements to Rogers Park, and planning and development of several pocket parks.
- ◆ **Paving, Drainage and Related Improvements** - \$3.34 million of the bond authorization is being used for the repair, rebuilding, paving, reconstruction work of City streets and to purchase public works equipment and vehicles. Improvements to date total approximately \$3.1 million include: drainage installation, cross culvert repair and replacement throughout the city, citywide street paving, and curbing/guardrail/lighting installation. The beautification of the Main Street thoroughfare which included the installation of sprinklers in medians and islands and the design for the renovation to Kennedy Park was also completed. Beautification measures along Plumtrees Road will be made with some of the remaining bond funds. The remaining \$1.1 million of the bond authorization has been used to replace and/or add to the equipment used by the various divisions of the Public Works Department for the City of Danbury. Equipment includes trucks, sanders, plows, graders, sweepers, rollers, tractors, mowers and Public Works vehicles.
- ◆ **Bridge Replacements/Improvements and Public Building Improvements** – East Franklin Street Bridge and Long Ridge Road bridges were completed during the 2013/2014 fiscal year. Crosby Street Bridge was completed during 2015/2016 at an approximate cost of \$2,000,000. Public building improvements include the Tarrywile Mansion renovations, including replacing the roof, renovating the school building on Mountainville Avenue for rental income, and converting the Mansion to natural gas, renovating the 'Red Barn Environmental Center' and the 'Camp Building' (funded through March 2014 Local Capital Improvement Program entitlement). The roof replacement at Charles Ives is in progress as is the school roof replacement program.

Risk Management

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

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

Debt Management

At year-end, the City had outstanding \$131.8 million in general obligation bonds, \$25.0 million in Bond Anticipation Notes (BANS) and had \$36.8 million in authorized but unissued debt (net of state/federal revenues and other funding sources). The City usually enters the bond market just once a year to convert its short-term financing to long-term on the completed projects while issuing short-term financing for newer projects. In July 2016, \$64.0 million in short-term financing and \$16.0 million in bonds were issued for school construction and infrastructure projects. Much of the short-term financing is reimbursable state grants however the annual bond issue level is expected to level off at about \$15 million. Such strategy has helped keep our debt ratio manageable while maintaining only the necessary cash funding for the City's capital program without having too much idle cash on hand (from borrowed monies) to avoid the risk of losing some of the benefit derived from the low borrowing rates (interest rate risk).

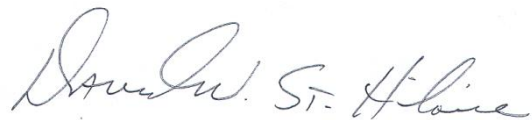
AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Danbury, Connecticut for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2015. This was the 29 consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



David W. St. Hilaire
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Danbury
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

**Principal Officials
City of Danbury, Connecticut
As of December 1, 2016**

Mayor

Mark D. Boughton

Town Clerk

Janice R. Giegler

Treasurer

Daniel P. Jowdy

Legislative Assistant

Jean A. Natale

City Council

Joseph A. Cavo
President

Benjamin Chianese
Irving M. Fox
Philip D. Curran
Elmer Palma
Christina Chieffalo
Vinny DiGilio
Colleen Stanley
Warren M. Levy
John Priola
Michael J. Esposito

Duane E. Perkins
Paul T. Rotello
Thomas J. Saadi
Joseph Scozzafava
Gregg W. Seabury
John J. Esposito III
Christopher J. Arconti.
Nancy Cammisa
Frederick L. Visconti, Jr.
Andrew R. Wetmore

David W. St. Hilaire
Director of Finance

Daniel G. Garrick
Assistant Director of Finance

Scott Ferguson
Tax Collector

Colleen LaHood
Tax Assessor

Charles Volpe
Purchasing Agent

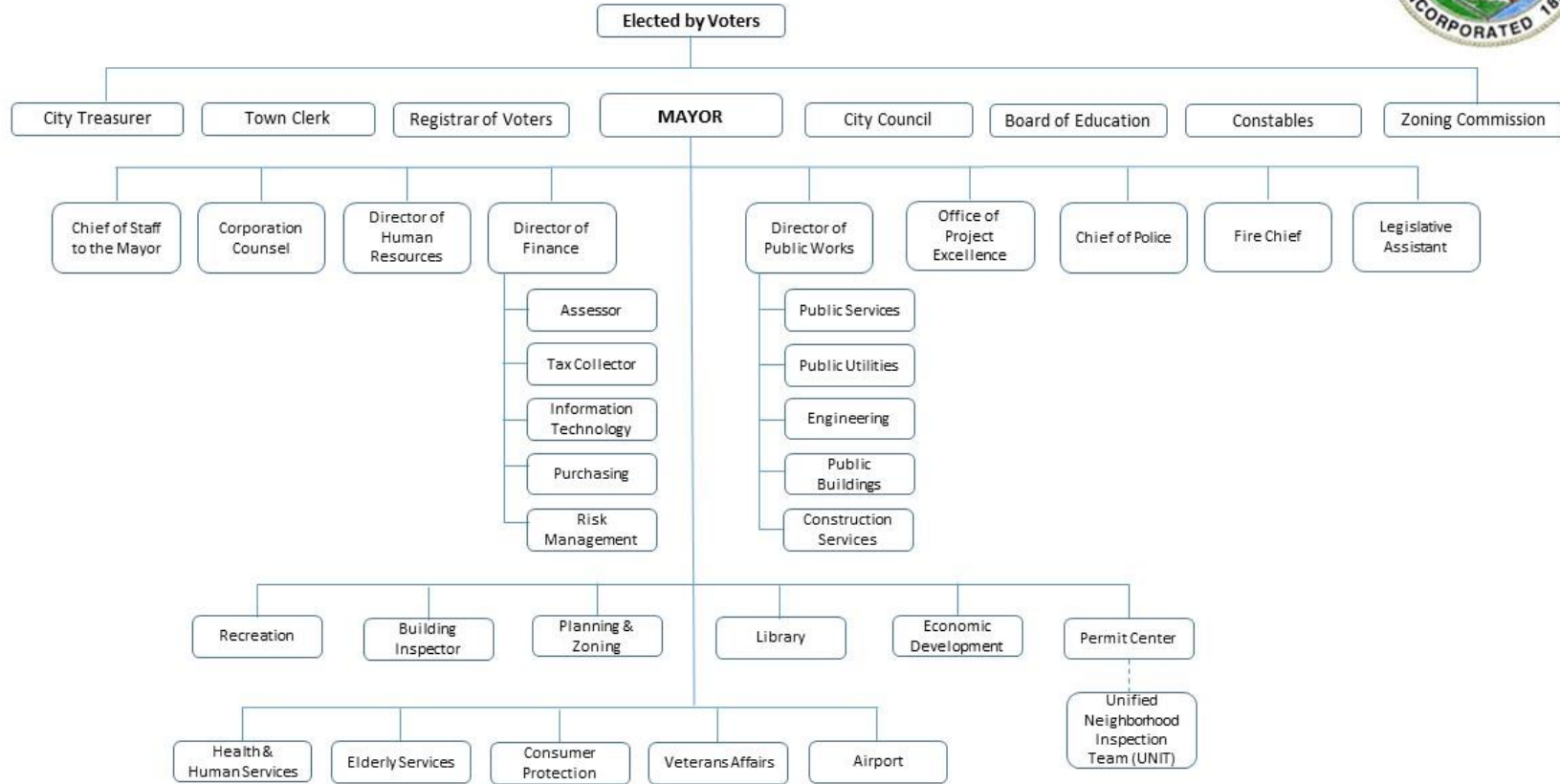
Frank Gentile
Manager, Information Technology

Independent Auditors

RSM US LLP
New Haven, Connecticut

CITY OF DANBURY

ORGANIZATION CHART



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Financial Section

Independent Auditor's Report

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, 2016, 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% 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 City'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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis, 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, 2017 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, 2017

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**City of Danbury, Connecticut
Management's Discussion and Analysis, Unaudited
June 30, 2016**

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, 2016. We encourage readers to consider the information presented here along with additional information we have furnished in our letter of transmittal.

Financial Highlights

- Unassigned fund balance increased \$5.6 million to \$28.7 million for the general fund while the total fund balance amounted to \$33.0 million, an increase of \$1.5 million. On an actual budgetary basis, revenues were greater than expenditures by approximately \$1.6 million, however overall the City's general fund realized a surplus of approximately \$1.55 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 \$1.6 million. Unassigned general fund balance at year-end represents 11.7% of the ensuing year's total general fund expenditures of \$244.1 million.
- On a government-wide basis for the year-ended June 30, 2016, the City's net position totaled \$218.6 million, a decrease of \$4.0 million from last year's total of \$222.6 million. Government-wide expenses totaled \$328.9 million and revenues totaled \$324.9 million. Total net position for Governmental Activities and Business-type Activities at fiscal year-end were \$60.9 million and \$157.7 million, respectively. Net position for Governmental Activities decreased by \$7.3 million while net position increased for Business-Type Activities by \$3.3 million or (10.7%) and 2.1%, respectively. Of the City's total net position at June 30, 2016, (\$90.1) million or (41.2%) 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 \$26.6 million, an increase of \$1.3 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 and Roads projects.

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 \$80.3 million 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, \$14.3 million of which impacted the FY ended June 30, 2016. 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 25 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be a major fund. Other funds

considered to be Major Funds are Miscellaneous Special Revenue, Vision 2020 and the Roads Fund. The Miscellaneous Special Revenue Fund is the consolidation of 53 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, 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, DHS 2020 Fund and the Farioly Permanent Fund.

The basic governmental fund financial statements can be found on pages 20-22 of this report.

The City of Danbury adopts an annual appropriated budget for its general fund. A budgetary comparison statement on page 120 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 eight pension funds trust funds, one OPEB trust fund, one private purpose fund and twelve 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 28-108 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 125-127 for the budgetary comparison statement has been provided for the General Fund.

Required supplementary information can be found on pages 109-123.

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 \$218.6 million at June 30, 2016, an increase of \$7.0 million in net position from the previous fiscal year.

Summary Statement of Net Position (Deficit)

	June 30, 2016			June 30, 2015		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 99,070	\$ 31,593	\$ 130,663	\$ 91,715	\$ 30,192	\$ 121,907
Non-Current	2,458	444	2,902	4,357	1,215	5,572
Capital Assets	342,043	147,990	490,033	335,118	148,559	483,677
Total assets	443,571	180,027	623,598	431,190	179,966	611,156
Deferred outflows of resources	35,551	701	36,252	10,477	752	11,229
Total deferred outflows of resources	35,551	701	36,252	10,477	752	11,229
Current Liabilities	67,629	4,293	71,922	71,109	5,210	76,319
Long-Term Liabilities Outstanding	346,343	18,754	365,097	300,475	21,109	321,584
Total liabilities	413,972	23,047	437,019	371,584	26,319	397,903
Deferred Inflows of Resources	4,262	-	4,262	1,907	-	1,907
Total deferred inflows of resources	4,262	-	4,262	1,907	-	1,907
Net Position (Deficit)						
Net investment in capital assets	180,033	127,056	307,089	200,189	124,555	324,744
Restricted	1,611	-	1,611	(536)	-	(536)
Unrestricted (deficit)	(120,757)	30,625	(90,132)	(131,477)	29,844	(101,633)
Total net position (deficit)	\$ 60,887	\$ 157,681	\$ 218,568	\$ 68,176	\$ 154,399	\$ 222,575

At the end of the current fiscal year, the City of Danbury reported negative growth of \$4.0 million in total net position (deficit) over last year. In comparison to last year, net position invested in capital assets (net of related debt) decreased for Governmental activities by \$20.1 million and increased Business-type activities increased by \$2.4 million; restricted net position increased for governmental activities by \$2.2 million but remained unchanged for business-type activities; unrestricted net position increased by \$0.8 million for business-type activities and increased for governmental activities by \$10.6 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 \$218.6 million. This is down from last year's net position of \$222.6.0 million. Total net position for Governmental Activities at fiscal year-end were \$60.9 million (down from \$68.2 million in the previous year) and total net position for Business-type activities were \$157.7 million (up from \$154.4 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, 2016			Year Ended June 30, 2015		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program revenues:						
Charges for services	\$ 16,008	\$ 25,747	\$ 41,755	\$ 12,577	\$ 24,146	\$ 36,723
Operating grants and contributions	73,346	-	73,346	77,412	-	77,412
Capital grants and contributions	5,484	983	6,467	17,591	443	18,034
General revenues:						
Property taxes	198,306	-	198,306	190,023	-	190,023
Grants and contributions not restricted to specific programs	4,860	(138)	4,722	5,501	5	5,506
Unrestricted investment earnings	257	70	327	121	25	146
Other non-operating revenues (transfers)	-	-	-	925	(925)	-
Total revenues	298,261	26,662	324,923	304,150	23,694	327,844
Expenses						
General government	25,061	-	25,061	24,109	-	24,109
Public safety	52,708	3,521	56,229	52,715	2,924	55,639
Public works	23,084	19,859	42,943	24,344	18,519	42,863
Health and welfare	4,946	-	4,946	6,581	-	6,581
Culture and recreation	3,707	-	3,707	3,467	-	3,467
Education	190,634	-	190,634	184,483	-	184,483
Interest on long-term debt	5,410	-	5,410	1,830	-	1,830
Total expenses	305,550	23,380	328,930	297,529	21,443	318,972
Change in net position (deficit)	(7,289)	3,282	(4,007)	6,621	2,251	8,872
Net Position (Deficit) - Beginning	68,176	154,399	222,575	61,555	152,148	213,703
Net Position (Deficit) - Ending	\$ 60,887	\$ 157,681	\$ 218,568	\$ 68,176	\$ 154,399	\$ 222,575

Government Activities

For Governmental activities, approximately 66.5% of the revenues were derived from property taxes followed by 31.8% from program revenues, then 1.7% from grants and investment earnings.

Total revenues in Governmental Activities decreased by \$5.9 million as compared to last year. Property tax revenues increased by \$8.3 million, due to an increase in the mill rate and grand list, while most of the \$14.2 million decrease in Program Revenues and other general revenues is due to a decrease of \$12.1 million in capital grants and contributions.

For Governmental Activities, the City's expenses relate as follows: 62.3% - Education; 17.3% - Public Safety; 7.6% - Public Works; 8.2% - General Government; 1.2% - Cultural and Recreation; 1.6% - Health and Welfare; and 1.8% 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 \$1.2 million in personal related costs for FY 2015-2016.
- The City also realized budgeted savings from the following: Liability – Automobile-Property (LAP) and workers' compensation insurance savings and employee and retirement savings (\$2.9 million); \$1.5 million savings in utilities, fuel, heating oil, supplies, maintenance, equipment, and profession/other services.
- Education and interest expenses had increased by \$6.0 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 \$3.3 million or 2.1%. Factors impacting the growth include:

Water Fund: The water fund had a negative change in net position of \$9,237 for a total ending net position of \$77.4 million. Usage related charges for services increased by \$150,000 however, expenses increased by \$1.6 million due to a "one-time" charge for pension contributions. However, this amount was offset by \$239,000 of non-operating expenses and \$660,000 of capital contributions.

Sewer Fund: The sewer fund had a positive change in net position of \$3.3 million for a total ending net position of \$77.4 million. Usage related charges for services and connection charges increased by nearly \$1.4 million, the net income before capital contributions and transfers resulted in a surplus of \$2.0 million. However, there was also \$300,000 of additional capital contributions.

Ambulance Fund: The ambulance fund had a negative change in net position of \$3,000 for a total ending net position of \$2.9 million. Although revenues only exceeded operating expenses by \$53,000, the fund had a \$56,000 loss on the sale of assets thus resulting in a negative change of net position of about \$3,000.

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 \$26.6 million. The General Fund and Other Governmental Funds reported fund balances of \$32.9 million and \$(6.3) million, respectively. The increase in capital projects fund balance is primarily due to the timing of the completion of projects and state aid reimbursements. The general fund is the chief operating fund of the City of Danbury. At the end of the current fiscal year, unassigned fund balance of the general fund increased to \$28.6 million while total fund balance equals \$32.9 million. Approximately \$28.6 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 \$4.3 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 (\$2.25 million) and education (\$.98 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 11.7% of total general fund expenditures while total fund balance represents 13.5 % of that same amount.

The City of Danbury's General Fund unassigned Budgetary Fund Balance increased by \$5.5 million during the current fiscal year. The FY 16-17 budget required the use of appropriated fund balance of \$750,000. The revenue challenges for FY 2015-2016 included the following:

- To minimize the use of the appropriated fund balance of \$1.8 million. Fortunately, the City finished with a surplus and did not require the use of any of the FY 2015-2016 appropriated fund balance.
- There was a \$0.9 million increase in expected property tax revenues due to lower 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 when the State allocates more than \$600,000 less than the adopted budget. 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 \$1.2 million to more accurately reflect an outstanding amount due to the City from the State.

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

- Bond Premiums, which are typically unbudgeted, amounted to \$1.3 million.
- The City received prescription reimbursements amounting to \$0.3 million.

Total general fund. Fund balance increased to \$32.9 million from \$31.4 million, an increase of \$1.5 million. The General Account (typically called the General Fund) contributed an additional \$1.6 million to the fund balance which was offset by a reduction of \$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 \$1.5 million to the General Fund Balance for FY 2015-2016.

The Miscellaneous Special Revenue Fund had a decrease 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 \$1.6 million due to the permanent financing of BANS.

The Roads fund had a decrease of fund balance this year of \$1.7 million due to the timing of expenditures and bond proceeds.

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 loss of \$0.3 million, a decrease of approximately \$1.0 million from the prior year. Capital contributions totaled \$0.6 million and non-operating expenses totaled \$0.2 million which resulted in the fund decreasing its net position by \$9,237. Unrestricted net position totaled \$16.0 million at year-end.

Net Position of the Sewer Fund at the end of the year amounted to \$77.4 million. The fund generated operating income of nearly \$3.2 million and capital contributions of about \$0.3 million. The fund's overall net position increased by \$3.2 million. Unrestricted net position totaled \$12.6 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 \$2.0 million at year-end.

General Fund Budgetary Highlights

The difference between the original budgeted expenditures and the final amended budget was \$3.6 million. The major additional appropriations which were authorized by the City Council and approved during the year are summarized below:

- \$90,548 for Historical Documents.
- \$288,717 for Prior Year Encumbrances.
- \$3.2 million for Capital Projects.

During the year, actual revenues on a budgetary basis were \$235.6 million, \$.3 million under budgetary estimates, which is primarily due to a budgetary shortfall of intergovernmental revenues of \$1.5 million. Furthermore, the City had anticipated a planned use of general fund balance of \$1.8 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, 2016, the City of Danbury's investment in capital assets for its governmental and business-type activities amounted to \$490.0 million, net of accumulated depreciation. This investment in capital assets includes land, building and land improvements, machinery and equipment and infrastructure. The total increase in the City of Danbury's investment in capital assets for the current fiscal year was \$6.3 million.

	June 30, 2016			June 30, 2015		
	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	\$ 48,964,594	\$ 1,031,946	\$ 49,996,540
Easements	918,950	-	918,950	918,950	-	918,950
Land Improvements	9,503,217	-	9,503,217	8,077,843	-	8,077,843
Buildings and Improvements	203,603,068	56,452,165	260,055,233	196,008,811	53,837,708	249,846,519
Machinery and Equipment	16,699,402	16,804,205	33,503,607	16,151,322	17,195,876	33,347,198
Infrastructure	56,391,796	73,603,229	129,995,025	51,639,709	66,259,320	117,899,029
Other	-	49,123	49,123	-	50,404	50,404
Construction in Progress	5,961,848	49,379	6,011,227	13,357,072	10,183,458	23,540,530
Total	\$ 342,042,875	\$ 147,990,047	\$ 490,032,922	\$ 335,118,301	\$ 148,558,712	\$ 483,677,013

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

- Road reconstruction, repaving, drainage, and intersection improvements to various city streets for \$4,369,000
- Completed roof replacement projects for the following schools:
 - Rogers Park Middle School - \$1,468,000
 - King Street Intermediate - \$929,000
 - Hayestown Avenue - \$589,000
 - South Street - \$818,000
- Began Danbury High School Renovations for \$1,989,000
- Completed Crosby Street bridge for \$1,600,000
- Executed lease for two new Fire pumpers and refurbish one Ladder Truck for \$1,460,000
- Replaced Public Works equipment and vehicles for \$1,491,000
- Completed the Fire Training School for \$1,000,000
- Completed construction of Mill Ridge multipurpose field - \$867,000
- Repairs and renovations to various city and school buildings for \$584,000
- Executed lease for School technology upgrades for \$550,000
- Airport improvements and equipment replacements for \$331,000
- Installed/Replaced Generators for \$302,000
- Replaced Public Safety Vehicles and Equipment for \$280,000
- Intersections Improvements for \$239,000
- Replaced Underground Storage Tanks for \$235,000
- Began renovations to Fire Department buildings for \$161,000
- Purchased the Octagon House for \$140,000
- Bridge Improvements of \$145,000
- Began replacing the City's phone system (Voice over IP) for \$91,000

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 \$176.8 million. 100% of this debt is backed by the full faith and credit of the city government.

	June 30, 2016			June 30, 2015		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
General Obligation Bonds	\$ 131,366,254	\$ 15,078,746	\$ 146,445,000	\$ 124,087,349	\$ 17,012,651	\$ 141,100,000
Bond Anticipation Notes	25,000,000	-	25,000,000	30,900,000	700,000	31,600,000
Notes Payable	662,000	4,744,051	5,406,051	734,000	5,009,539	5,743,539
Total	\$ 157,028,254	\$ 19,822,797	\$ 176,851,051	\$ 155,721,349	\$ 22,722,190	\$ 178,443,539

The City of Danbury's total debt decreased by \$1.6 million during the current fiscal year, due to an increase of approximately \$5.3 million in long-term debt and a \$6.9 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 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 \$1,390 million. As of June 30, 2016 the City recorded long-term debt of \$131.3 million related to Governmental Activities and \$15.0 million related to Business-Type Activities, and other debt of \$25.7 million related to Governmental Activities and \$4.7 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 2016, the unemployment rate for the Danbury Labor Market Area was 3.0%, the lowest in the State of Connecticut. Connecticut's unemployment rate was 3.7% 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.

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Basic Financial Statements

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City of Danbury, Connecticut

Statement of Net Position (Deficit)
June 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 51,979,791	\$ 23,724,075	\$ 75,703,866
Investments	11,192,232	-	11,192,232
Receivables (net of allowances for collection losses):			
Property taxes	7,790,190	-	7,790,190
Special assessments	-	2,141,214	2,141,214
Accounts receivable	3,984,027	-	3,984,027
Federal and state governments	15,466,275	-	15,466,275
User charges	-	4,121,300	4,121,300
Other receivable	-	115,632	115,632
Unbilled services	-	3,202,661	3,202,661
Inventories	53,242	388,642	441,884
Due from fiduciary fund	-	-	-
Internal balances	2,100,398	(2,100,398)	-
Other assets	2,457,916	443,514	2,901,430
Restricted cash	6,503,901	-	6,503,901
Capital assets, not being depreciated	55,845,392	1,081,325	56,926,717
Capital assets, net of accumulated depreciation	286,197,483	146,908,722	433,106,205
Total assets	443,570,847	180,026,687	623,597,534
Deferred Outflows of Resources			
Pension expense	32,106,360	-	32,106,360
Deferred charges on refunding	3,444,788	700,572	4,145,360
Total deferred outflows of resources	35,551,148	700,572	36,251,720
Liabilities			
Accounts payable	11,171,422	1,115,858	12,287,280
Accrued liabilities	12,950,429	359,913	13,310,342
Unearned revenues	5,872,841	636,717	6,509,558
Bond anticipation notes payable	20,900,000	-	20,900,000
Noncurrent liabilities:			
Due within one year	16,734,250	2,180,470	18,914,720
Due in more than one year	346,343,222	18,754,009	365,097,231
Total liabilities	413,972,164	23,046,967	437,019,131
Deferred Inflows of Resources			
Pension credit	1,396,285	-	1,396,285
Advanced tax collections	2,865,736	-	2,865,736
Total deferred inflows of resources	4,262,021	-	4,262,021
Net Position (Deficit)			
Net Investment in capital assets	180,033,946	127,055,568	307,089,514
Restricted for			
Culture and recreation	25,936	-	25,936
Loans and other	1,585,189	-	1,585,189
Unrestricted (deficit)	(120,757,261)	30,624,724	(90,132,537)
Total net position (deficit)	\$ 60,887,810	\$ 157,680,292	\$ 218,568,102

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
\$	185,266	\$ 345,261	\$ 182,000	\$ 25,975	\$ 87,506
	-	-	-	-	-
	-	-	-	-	-
	51,820	-	10,010	-	42,379
	-	-	-	-	-
	-	-	-	9,250	-
	-	-	-	-	-
	-	-	-	-	-
	14,021	69,743	4,619	5,474	-
	-	-	10,994	-	-
	-	842,385	-	128,790	-
	169,160	2,194,933	69,167	788,998	9,019
	420,267	3,452,322	276,790	958,487	138,904
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	17,497	167,961	25,919	1,177	31,421
	35,094	64,503	39,274	2,876	3,697
	13,714	176,305	-	-	5,000
	-	-	-	-	-
	2,000	232,581	-	-	-
	-	1,647,586	13,014	900	-
	68,305	2,288,936	78,207	4,953	40,118
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	167,160	1,157,151	69,167	917,788	9,019
	-	-	3,889	28,778	-
	-	-	-	-	-
	184,802	6,235	125,527	6,968	89,767
\$	351,962	\$ 1,163,386	\$ 198,583	\$ 953,534	\$ 98,786

City of Danbury, Connecticut

Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ (25,060,127)	\$ 4,621,715	\$ 4,010	\$ -
Public safety	(52,707,961)	4,637,869	186,946	-
Public works	(23,083,845)	422,720	2,616,007	5,021,764
Health and welfare	(4,945,618)	386,469	475,207	263,209
Culture and recreation	(3,706,591)	305,942	4,784	199,000
Education	(190,634,285)	5,632,568	70,058,627	-
Interest on long-term debt	(5,410,032)	-	-	-
Total governmental activities	(305,548,459)	16,007,283	73,345,581	5,483,973
Business-type activities:				
Water	(9,763,129)	9,138,626	-	657,059
Sewer	(10,095,401)	13,033,815	-	325,560
Ambulance	(3,521,206)	3,574,681	-	-
Total business-type activities	(23,379,736)	25,747,122	-	982,619
Total primary government	(328,928,195)	41,754,405	73,345,581	6,466,592
Component Units				
Danbury Parking Authority	(956,043)	1,007,167	-	-
Richter Park Authority	(2,462,304)	2,033,264	159,314	-
Tarrywile Park Authority	(363,017)	170,491	218,318	-
Danbury Museum and Historical Society Authority	(269,082)	150,931	184,015	-
Charles Ives Authority for the Performing Arts	(411,950)	357,513	74,191	-
Total component units	\$ (4,462,396)	\$ 3,719,366	\$ 635,838	\$ -

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

Net position - beginning

Net position - ending

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units				
Governmental Activities	Business-type Activities	Total	Danbury Parking Authority	Richter Park Authority	Tarrywile Park Authority	Danbury Museum and Historical Society Authority	Charles Ives Authority for the Performing Arts
\$ (20,434,402)	\$ -	\$ (20,434,402)	\$ -	\$ -	\$ -	\$ -	\$ -
(47,883,146)	-	(47,883,146)	-	-	-	-	-
(15,023,354)	-	(15,023,354)	-	-	-	-	-
(3,820,733)	-	(3,820,733)	-	-	-	-	-
(3,196,865)	-	(3,196,865)	-	-	-	-	-
(114,943,090)	-	(114,943,090)	-	-	-	-	-
(5,410,032)	-	(5,410,032)	-	-	-	-	-
(210,711,622)	-	(210,711,622)	-	-	-	-	-
-	32,556	32,556	-	-	-	-	-
-	3,263,974	3,263,974	-	-	-	-	-
-	53,475	53,475	-	-	-	-	-
-	3,350,005	3,350,005	-	-	-	-	-
(210,711,622)	3,350,005	(207,361,617)	-	-	-	-	-
-	-	-	51,124	-	-	-	-
-	-	-	-	(269,726)	-	-	-
-	-	-	-	-	25,792	-	-
-	-	-	-	-	-	65,864	-
-	-	-	-	-	-	-	19,754
-	-	-	51,124	(269,726)	25,792	65,864	19,754
198,306,105	-	198,306,105	-	-	-	-	-
4,860,263	(138,032)	4,722,231	-	-	-	-	-
257,221	69,607	326,828	568	-	-	-	-
-	-	-	-	-	-	-	-
203,423,589	(68,425)	203,355,164	568	-	-	-	-
(7,288,033)	3,281,580	(4,006,453)	51,692	(269,726)	25,792	65,864	19,754
68,175,843	154,398,712	222,574,555	300,270	1,433,112	172,791	887,670	79,032
\$ 60,887,810	\$ 157,680,292	\$ 218,568,102	\$ 351,962	\$ 1,163,386	\$ 198,583	\$ 953,534	\$ 98,786

City of Danbury, Connecticut

Balance Sheet - Governmental Funds
June 30, 2016

	General	Miscellaneous Special Revenue	Vision 2020	Roads	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 22,410,565	\$ 4,794,518	\$ 1,238,615	\$ 7,479,292	\$ 15,710,183	\$ 51,633,173
Investments	11,192,232	-	-	-	-	11,192,232
Receivables (net of allowances for collection losses):						
Property taxes	7,790,190	-	-	-	-	7,790,190
Contract receivable	-	-	-	-	273,771	273,771
State and federal governments	750,000	929,708	5,999,707	2,487,719	5,299,141	15,466,275
Accounts receivable	3,546,082	17,025	-	-	5,048	3,568,155
Inventories	-	-	-	-	53,242	53,242
Other assets	52,415	-	-	-	-	52,415
Due from other funds	8,230,345	181,893	-	-	11,717	8,423,955
Total assets	\$ 53,971,829	\$ 5,923,144	\$ 7,238,322	\$ 9,967,011	\$ 21,353,102	\$ 98,453,408
Liabilities						
Accounts payable	\$ 4,940,311	\$ 1,094,617	\$ 219,653	\$ 666,401	\$ 3,710,383	\$ 10,631,365
Accrued wages	867,121	-	-	-	112,811	979,932
Due to other funds	5,241,401	1,082,827	-	-	3,842,016	10,166,244
Unearned revenue	70,403	3,268,697	-	-	2,533,741	5,872,841
Bond anticipation notes payable	-	-	9,000,000	9,400,000	2,500,000	20,900,000
Total liabilities	11,119,236	5,446,141	9,219,653	10,066,401	12,698,951	48,550,382
Deferred Inflows of Resources						
Unavailable revenues	9,863,364	917,302	6,000,707	2,487,719	4,014,714	23,283,806
Total liabilities	9,863,364	917,302	6,000,707	2,487,719	4,014,714	23,283,806
Fund Balances (Deficits)						
Nonspendable	52,415	-	-	-	1,536,375	1,588,790
Restricted	-	-	-	-	7,770,387	7,770,387
Committed	-	398,113	234,630	1,206,873	42,676,996	44,516,612
Assigned	4,290,436	-	-	-	-	4,290,436
Unassigned	28,646,378	(838,412)	(8,216,668)	(3,793,982)	(47,344,321)	(31,547,005)
Total fund balances (deficits)	32,989,229	(440,299)	(7,982,038)	(2,587,109)	4,639,437	26,619,220
Total liabilities and fund balances (deficits)	\$ 53,971,829	\$ 5,923,144	\$ 7,238,322	\$ 9,967,011	\$ 21,353,102	

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

Capital assets, net of accumulated depreciation of \$232,004,778 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.	342,042,875
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(363,077,472)
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).	3,040,690
Deferred Outflow - Pension expense	32,106,360
Deferred Inflow - Pension credit	(1,396,285)
Deferred charges on refundings	3,444,788
Unavailable revenue	20,418,070
Accrued interest	(2,310,436)

Net position (deficit) of governmental activities \$ 60,887,810

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, 2016

	General	Miscellaneous Special Revenue	Vision 2020	Roads	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 196,683,257	\$ -	\$ -	\$ -	\$ -	\$ 196,683,257
State and federal governments	47,213,313	1,737,953	(1,000)	-	30,806,065	79,756,331
Licenses and permits	3,775,368	-	-	-	2,465,379	6,240,747
Charges for services	8,796,204	392,759	-	-	165,037	9,354,000
Fines and penalties	1,568,929	-	-	-	-	1,568,929
Investment income	230,372	-	-	-	27,596	257,968
Contributions	-	21,717	200,000	-	253	221,970
Total revenues	258,267,443	2,152,429	199,000	-	33,464,330	294,083,202
Expenditures						
Current						
General government	9,532,956	322,615	-	-	142,093	9,997,664
Public safety	34,844,916	653,859	-	-	254,770	35,753,545
Public works	9,581,993	-	-	-	503,571	10,085,564
Health and welfare	2,048,343	150,369	-	-	839,374	3,038,086
Culture and recreation	2,782,720	-	-	-	25,687	2,808,407
Education	144,825,555	-	-	-	31,485,579	176,311,134
Pension and other employee benefits	32,684,190	63	-	-	-	32,684,253
Debt service						
Principal retirements	10,400,095	-	5,500,000	-	2,400,000	18,300,095
Interest and other charges	5,288,527	-	258,557	-	50,862	5,597,946
Capital outlay	2,127,004	1,966,593	1,456,121	9,581,817	8,594,668	23,726,203
Total expenditures	254,116,299	3,093,499	7,214,678	9,581,817	44,296,604	318,302,897
Excess (deficiency) of revenues over (under) expenditures	4,151,144	(941,070)	(7,015,678)	(9,581,817)	(10,832,274)	(24,219,695)
Other Financing Sources (Uses)						
Transfers in	6,167	46,100	-	-	6,207,764	6,260,031
Transfers out	(6,072,864)	(6,167)	-	-	(181,000)	(6,260,031)
Issuance of refunding bonds	14,334,000	-	-	-	-	14,334,000
Issuance of bonds	-	-	7,650,000	6,735,926	3,614,074	18,000,000
Issuance of bond anticipation notes	-	-	1,000,000	1,100,000	2,000,000	4,100,000
Payment to escrow agent	(15,862,071)	-	-	-	-	(15,862,071)
Issuance of capital leases	2,010,198	-	-	-	-	2,010,198
Premium on bonds	2,983,165	-	-	-	-	2,983,165
Total other financing sources (uses)	(2,601,405)	39,933	8,650,000	7,835,926	11,640,838	25,565,292
Net change in fund balances (deficits)	1,549,739	(901,137)	1,634,322	(1,745,891)	808,564	1,345,597
Fund Balances (Deficits), Beginning	31,439,490	460,838	(9,616,360)	(841,218)	3,830,873	25,273,623
Fund Balances (Deficits), Ending	\$ 32,989,229	\$ (440,299)	\$ (7,982,038)	\$ (2,587,109)	\$ 4,639,437	\$ 26,619,220

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, 2016**

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

Net change in fund balances – total governmental funds \$ 1,345,597

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 6,929,051

Pension expense 23,456,492

Pension credit (1,273,239)

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	158,356
Miscellaneous revenue	(36,140)
Intergovernmental revenue and other	4,042,311

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. (2,650,344)

Internal service funds are used by management to charge the costs of liability and medical insurance to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. 3,000,000

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. (42,260,117)

Change in net position (deficit) of governmental activities \$ (7,288,033)

See Notes to Financial Statements.

City of Danbury, Connecticut

Statement of Net Position - Proprietary Funds
June 30, 2016

	Business-Type Activities - Enterprise Funds				Governmental
	Major		Nonmajor	Totals	Internal Service Funds
	Water	Sewer	Ambulance		
Assets					
Current Assets					
Cash and cash equivalents	\$ 12,852,521	\$ 10,268,207	\$ 603,347	\$ 23,724,075	\$ 6,850,519
Receivables (net of allowances for collection losses):					
Unbilled services	1,506,644	1,696,017	-	3,202,661	-
Special assessments receivable	59,962	237,282	-	297,244	-
User charges	1,084,178	1,224,581	1,812,541	4,121,300	-
Due from other funds	119,374	4,018,563	-	4,137,937	6,411,705
Prepaid	391	443,123	-	443,514	-
Other	-	115,632	-	115,632	142,101
Inventories	388,642	-	-	388,642	-
Total current assets	16,011,712	18,003,405	2,415,888	36,431,005	13,404,325
Noncurrent Assets					
Capital assets (net of accumulated depreciation)	69,805,339	77,333,239	851,469	147,990,047	-
Special assessments receivable, net	187,979	1,655,991	-	1,843,970	-
Total noncurrent assets	69,993,318	78,989,230	851,469	149,834,017	-
Total assets	86,005,030	96,992,635	3,267,357	186,265,022	13,404,325
Deferred outflows of resources					
Deferred charges on refunding	380,643	319,929	-	700,572	-
Total deferred outflows of resources	380,643	319,929	-	700,572	-
Liabilities					
Current Liabilities					
Accrued liabilities	217,186	142,727	-	359,913	9,660,061
Accounts payable	172,143	762,508	181,207	1,115,858	540,057
Due to other funds	180,932	5,827,403	230,000	6,238,335	163,517
Unearned revenues	-	636,717	-	636,717	-
Bonds and notes payable	1,218,407	962,063	-	2,180,470	-
Total current liabilities	1,788,668	8,331,418	411,207	10,531,293	10,363,635
Noncurrent Liabilities					
Bonds payable (net of unamortized premium)	7,197,433	11,556,576	-	18,754,009	-
Total noncurrent liabilities	7,197,433	11,556,576	-	18,754,009	-
Total liabilities	8,986,101	19,887,994	411,207	29,285,302	10,363,635
Net Position					
Net investment in capital assets	61,389,499	64,814,600	851,469	127,055,568	-
Unrestricted	16,010,073	12,609,970	2,004,681	30,624,724	3,040,690
Total net position	\$ 77,399,572	\$ 77,424,570	\$ 2,856,150	\$ 157,680,292	\$ 3,040,690

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, 2016

	Business-Type Activities - Enterprise Funds				Governmental
	Water	Sewer	Ambulance	Totals	Internal Service Funds
Operating Revenues					
Charges for services	\$ 9,138,626	\$ 12,546,320	\$ 3,574,681	\$ 25,259,627	\$ 19,126,352
Septic and connection fees	-	487,495	-	487,495	-
Total operating revenues	9,138,626	13,033,815	3,574,681	25,747,122	19,126,352
Operating Expenses					
Salaries, benefits and claims	6,425,117	757,961	2,303,026	9,486,104	-
Materials and supplies	580,533	-	-	580,533	-
Depreciation	1,549,432	3,065,839	139,587	4,754,858	-
Utilities	634,856	-	-	634,856	-
Administrative and operating	296,221	5,923,909	1,078,593	7,298,723	16,126,352
Total operating expenses	9,486,159	9,747,709	3,521,206	22,755,074	16,126,352
Operating income(loss)	(347,533)	3,286,106	53,475	2,992,048	3,000,000
Nonoperating Revenues (Expenses)					
Interest income	37,672	30,257	1,678	69,607	-
Loss on disposal of capital assets	(79,465)	-	(58,567)	(138,032)	-
Interest expense	(276,970)	(347,692)	-	(624,662)	-
Total nonoperating revenues (expenses)	(318,763)	(317,435)	(56,889)	(693,087)	-
Net income before capital contributions and transfers	(666,296)	2,968,671	(3,414)	2,298,961	3,000,000
Capital Contributions	657,059	325,560	-	982,619	-
Loss on disposal of capital assets	-	-	-	-	-
Change in net position	(9,237)	3,294,231	(3,414)	3,281,580	3,000,000
Net Position, Beginning	77,408,809	74,130,339	2,859,564	\$ 154,398,712	40,690
Net Position, Ending	\$ 77,399,572	\$ 77,424,570	\$ 2,856,150	\$ 157,680,292	\$ 3,040,690

See Notes to Financial Statements.

City of Danbury, Connecticut

Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds				Governmental
	Water	Sewer	Ambulance	Totals	Internal Service Funds
Cash Flows From Operating Activities:					
Receipts from customers and users	\$ 9,309,720	\$ 13,088,314	\$ 3,150,147	\$ 25,548,181	\$ 20,961,197
Payments to suppliers/claims paid	(1,689,483)	(6,461,215)	(760,791)	(8,911,489)	(19,164,365)
Payments to employees	(6,538,923)	(757,961)	(2,303,026)	(9,599,910)	-
Net cash provided by operating activities	1,081,314	5,869,138	86,330	7,036,782	1,796,832
Cash Flows From Capital and Related Financing Activities:					
Principal payments on debt	(1,126,492)	(1,264,181)	-	(2,390,673)	-
Interest paid on debt	(59,911)	(624,559)	-	(684,470)	-
Capital contributions	657,060	325,560	-	982,620	-
Purchase of capital assets	(737,288)	(3,230,388)	(218,519)	(4,186,195)	-
Net cash used in capital and related financing activities	(1,266,631)	(4,793,568)	(218,519)	(6,278,718)	-
Cash Flows From Investing Activities:					
Interest received on investments	37,672	30,257	1,678	69,607	-
Net cash provided by investing activities	37,672	30,257	1,678	69,607	-
Net increase (decrease) in cash and cash equivalents	(147,645)	1,105,827	(130,511)	827,671	1,796,832
Cash and Cash Equivalents					
Beginning	13,000,166	9,162,380	733,858	22,896,404	5,053,687
Ending	<u>\$ 12,852,521</u>	<u>\$ 10,268,207</u>	<u>\$ 603,347</u>	<u>\$ 23,724,075</u>	<u>\$ 6,850,519</u>
Reconciliation of Operating Income (loss) to Net Cash Provided by Operating Activities:					
Operating income	\$ (347,533)	\$ 3,286,106	\$ 53,475	\$ 2,992,048	\$ 3,000,000
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	1,549,432	3,065,839	139,587	4,754,858	-
Loss on disposal of capital assets	(79,465)	-	(58,567)	(138,032)	-
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	171,094	399,371	(429,828)	140,637	299,799
(Increase) decrease in other assets	41,297	155,132	5,294	201,723	-
(Decrease) increase in accrued expenses	(112,080)	312,694	146,369	346,983	(3,093,310)
(Decrease) increase in due to/from other funds	(141,431)	(850,000)	230,000	(761,431)	1,590,343
Decrease in unearned revenue	-	(500,004)	-	(500,004)	-
Net cash provided by operating activities	\$ 1,081,314	\$ 5,869,138	\$ 86,330	\$ 7,036,782	\$ 1,796,832
Supplemental Schedule of Noncash Financing Activities:					
Amortization of gain on refunded debt	\$ 69,590	\$ 43,703	\$ -	\$ 113,293	\$ -
Amortization of premium on refunded debt	\$ 137,512	\$ 105,891	\$ -	\$ 243,403	\$ -

See Notes to Financial Statements.

City of Danbury, Connecticut

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2016

	Trust Funds	Private Purpose Trust Fund	Agency Funds
Assets			
Cash and cash equivalents	\$ 8,632,178	\$ 1,377	\$ 3,564,334
Investments, at fair value			
Common stock	27,228,808	-	-
Debt securities	7,973,955	-	-
Equity and fixed income mutual funds	105,822,460	-	-
Private hedge funds	96,024,145	-	-
Total investments	237,049,368	-	-
Accrued interest and dividends	211,548	-	-
Total assets	245,893,094	1,377	3,564,334
Liabilities			
Pending purchases	121,786	-	-
Due to other funds	2,405,501	-	-
Other liabilities	-	-	3,564,334
	2,527,287	-	3,564,334
Net Position- Restricted for Pension, OPEB Benefits and Other Purposes	\$ 243,365,807	\$ 1,377	\$ -

See Notes to Financial Statements.

City of Danbury, Connecticut

Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended June 30, 2016

	Trust Funds	Private Purpose Trust Fund
Additions		
Contributions:		
Employer	\$ 31,059,367	\$ -
Plan members	1,228,785	-
Total contributions	<u>32,288,152</u>	<u>-</u>
Investment Income (loss):		
Net depreciation in fair value of investments	(13,282,024)	-
Interest and dividends	6,462,723	3
	<u>(6,819,301)</u>	<u>3</u>
Less investment expenses:		
Investment management fees	703,952	-
Net investment income (loss)	<u>(7,523,253)</u>	<u>3</u>
Deductions		
Benefits	<u>37,682,014</u>	<u>-</u>
Change in net position	<u>(12,917,115)</u>	<u>3</u>
Net Position - Restricted for Pension, OPEB and Other Purposes		
Beginning of year	<u>256,282,922</u>	<u>1,374</u>
End of year	<u>\$ 243,365,807</u>	<u>\$ 1,377</u>

See Notes to Financial Statements.

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

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

Accounting principles generally accepted in the United States of America (GAAP) as prescribed by Governmental Accounting Standards Board (GASB) 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 GAAP, 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. 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 implementation of this statement added additional disclosures to Note 3.

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 Statement Nos. 67 and 68*. This statement completes the suite of pension standards. Statement No. 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 Statement Nos. 67 and 68). The requirements in Statement No. 73 for reporting pensions generally are the same as in Statement No. 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. The implementation of this statement had no impact on the City's financial statements.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. 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. The implementation of this statement had no impact on the City's financial statements.

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 June 15, 2015. Portfolio quality and monthly shadow pricing are effective for periods beginning after December 15, 2015. The implementation of this statement had no impact on the City's financial statements.

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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, 2016.

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, 2016.

Richter Park Authority 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, 2015.

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, 2016.

The Charles Ives Authority for the Performing Arts (Charles Ives) is responsible, in affiliation with Western Connecticut State 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, 2015.

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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 *Road Fund* accounts for expenditures related to capital projects for public works and public safety technology.

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.

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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.

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

The pension fund allows for investments in certain alternative investments. Alternative investments may include private equity 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 that represents the net asset value of these funds. 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.

The investments in the pool adhere to GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which accounts for the asset investment. These investments are stated at amortized cost.

Fair value: The City uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. 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. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for certain assets or liabilities. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability.

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fair value measurements focus on exit prices in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment.

The City's fair value measurements are classified into a fair value hierarchy based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

The three categories within the hierarchy are as follows:

Level 1: Quoted prices in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, and market-corroborated inputs.

Level 3: Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement.

Investments measured at the net asset value (NAV): Investments valued using the net asset value (NAV) per share (or its equivalent) are considered "alternative investments" and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships. The City values these investments based on the partnerships' audited financial statements. If June 30 statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than June 30. If June 30 valuations are not available, the value is progressed from the most recently available valuation taking into account subsequent calls and distributions.

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.

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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

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.

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.

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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. Since the policy was adopted, the city has contributed approximately \$2.6 million, which included \$920,000 during FY 2015-2016.

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, including gains and losses on refundings 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.

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.

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

- *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	\$ (135,466,254)
Add: unamortized premium	(10,941,268)
Capital leases payable	(14,076,365)
Compensated absences	(3,311,172)
Heart and hypertension	(1,959,000)
Pollution remediation obligation	(1,166,955)
Landfill closure	(6,814,741)
HUD-Section 108 loans	(662,000)
Legal claims and other	(750,000)
Net pension liability	(120,455,117)
OPEB obligations	(67,324,600)
Easement obligations	(150,000)
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ (363,077,472)</u>

City of Danbury, Connecticut

Notes to Financial Statements

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

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

Capital outlay	\$ 21,020,662
Depreciation expense	(14,075,448)
Loss on disposal of capital assets	<u>(16,163)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ 6,929,051</u></u>

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

Debt issued or incurred	
Issuance of bonds (including bond anticipation notes)	\$ (36,434,000)
Bond premium	(2,983,165)
Issuance of capital leases	(2,010,198)
Principal repayments	
General obligation debt	33,027,095
Amortization of premiums	1,457,961
Amortization of premiums deferred charges	1,618,146
Capital leases	<u>2,673,817</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (2,650,344)</u></u>

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

City of Danbury, Connecticut

Notes to Financial Statements

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

Compensated absences	\$ (142,460)
Heart and hypertension	59,526
Other post-employment benefits	(14,276,700)
Accrued interest	7,729
Net pension liability	(30,399,082)
Landfill closure	435,518
Other liabilities and easements	<u>2,055,352</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (42,260,117)</u></u>

Note 3. Cash, Cash Equivalents and Investments

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

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

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

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

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

Custodial credit risk:

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2016, \$91,852,498 of the City's bank balance of \$94,404,657 was uninsured and uncollateralized.

City of Danbury, Connecticut

Notes to Financial Statements

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, 2016:

Cash and Cash Equivalents:

Deposits with financial institutions	\$ 94,405,657
Total cash and cash equivalents	<u>94,405,657</u>

Investments:

General Fund	
U.S. government agencies	6,127,437 *
U.S. treasury notes	<u>5,064,795 *</u>
Total government investments	<u>11,192,232</u>

Pension Trust Funds:

U.S. treasury notes	2,718,552 *
U.S. government agencies	1,597,485 *
Asset backed securities	1,059,187 *
Corporate bonds	2,410,977 *
Foreign bonds	187,754 *
Common stocks	27,228,808 *
Fixed income funds	24,974,167
Equity mutual funds	80,848,293
Alternative investments	<u>96,024,145</u>
Total pension investments	<u>237,049,368</u>
Total cash, cash equivalents and investments	<u>\$ 342,647,257</u>

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

City of Danbury, Connecticut

Notes to Financial Statements

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

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

	Primary Government
Statement of Net Position	
Cash and cash equivalents	\$ 82,207,767
Investments	11,192,232
	<u>93,399,999</u>
Fiduciary Funds	
Cash and cash equivalents	12,197,890
Investments	237,049,368
	<u>249,247,258</u>
Total cash, cash equivalents and investments	<u><u>\$ 342,647,257</u></u>

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

Type of Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
U.S. Treasury Notes	\$ 7,783,347	\$ 3,098,651	\$ 3,981,485	\$ 703,211	\$ -
U.S. Government Agencies	7,724,922	872,639	4,453,530	1,118,587	1,280,166
Asset Backed Securities	1,059,187	-	476,360	191,420	391,407
Fixed Income Funds	24,974,167	-	9,235,233	6,401,588	9,337,346
Foreign Bonds	187,754	55,095	62,131	70,528	-
Corporate Bonds	2,410,977	161,799	1,098,379	1,035,006	115,793
Total	<u>\$ 44,140,354</u>	<u>\$ 4,188,184</u>	<u>\$ 19,307,118</u>	<u>\$ 9,520,340</u>	<u>\$ 11,124,712</u>

City of Danbury, Connecticut

Notes to Financial Statements

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

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	\$ -	\$ 30,006	\$ 12,279,593	\$ -	\$ -
AA+	2,358,334	-	-	-	45,826
AA	-	-	1,866,324	-	-
AA-	-	-	-	37,573	-
A+	-	-	-	40,142	182,904
A	-	-	2,867,655	-	39,753
A-	-	-	-	-	268,392
BBB+	-	-	-	110,039	354,002
BBB	-	-	1,891,263	-	220,456
BBB-	-	-	-	-	170,012
BB+	-	-	-	-	45,623
BB	-	-	1,802,983	-	-
B	-	-	1,945,147	-	-
CCC	-	-	1,280,590	-	-
Unrated	5,366,588	1,029,181	1,040,612	-	1,084,009
	<u>\$ 7,724,922</u>	<u>\$ 1,059,187</u>	<u>\$ 24,974,167</u>	<u>\$ 187,754</u>	<u>\$ 2,410,977</u>

City of Danbury, Connecticut

Notes to Financial Statements

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

Fair value: The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of June 30, 2016:

	Fair Value Measurements Using			
	June 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Observable Inputs (Level 3)
Investments by fair value level:				
Debt securities:				
U.S. Treasury Notes	\$ 7,783,347	\$ 7,783,347	\$ -	\$ -
U.S. Government Agencies	7,724,922	-	7,724,922	-
Corporate bonds	2,410,977	-	2,410,977	-
Foreign bonds	187,754	-	187,754	-
Asset backed securities	1,059,187	-	-	1,059,187
Total debt securities	19,166,187	7,783,347	10,323,653	1,059,187
Equity securities:				
Common stock	27,228,808	27,228,808	-	-
Equity mutual funds	80,848,293	80,848,293	-	-
Fixed income funds	24,974,167	24,974,167	-	-
Total equity securities	133,051,268	133,051,268	-	-
Total investments by fair value level	152,217,455	140,834,615	10,323,653	1,059,187
Investments measured the NAV:				
Private equity funds	9,467,556			
Hedge funds	86,556,589			
Total investments measured at the NAV	96,024,145			
Total investments measured at fair value	\$ 248,241,600			

Debt and equity securities: Debt and equity securities, classified in Level 1 of the fair value hierarchy, are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Commercial and residential mortgage-backed securities classified in Level 3 are valued using discounted cash flow techniques. Collateralized debt obligations classified in Level 3 are valued using consensus pricing.

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Investments Measured at the NAV:				
Equity hedge funds	\$ 86,556,589	\$ 8,645,000	N/A	N/A
Total Investments Measured at the NAV	\$ 86,556,589			
Private Equity Funds	\$ 9,467,556			

City of Danbury, Connecticut

Notes to Financial Statements

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

Private equity funds: This type includes limited partnership funds. These investments can never be redeemed with funds. Instead, the nature of the investments in this type is that distributions are received through liquidation of the underlying assets of the fund capital. As of June 30, 2016, it is probable that all of the investments in this type will be sold at an amount different from NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. Therefore, the fair values of the investments in this type have been determined using recent observation transaction information for similar investments and nonbinding bids received from potential buys of the investments.

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	\$ 6,778,975	\$ -
Advance property tax collections	2,865,736	-
Other	218,653	70,403
Miscellaneous special revenue:		
Grants and other	917,302	3,268,697
Vision 2020:		
Grants and other	6,000,707	-
Roads:		
Grants and other	2,487,719	-
Nonmajor funds:		
Grants and other	4,014,714	2,533,741
	<u>\$ 23,283,806</u>	<u>\$ 5,872,841</u>

City of Danbury, Connecticut

Notes to Financial Statements

Note 5. Interfund Receivables, Payables and Transfers

As of June 30, 2016, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 8,230,345	\$ 5,241,401
Miscellaneous funds	181,893	1,082,827
Water	119,374	180,932
Sewer	4,018,563	5,827,403
Nonmajor and other funds	6,423,422	6,641,034
Totals	\$ 18,973,597	\$ 18,973,597

Interfund balances represent routine short-term advances.

Interfund transfers during the year ended June 30, 2016, were as follows:

	Transfers In	Transfers Out
General Fund	\$ 6,167	\$ 6,072,864
Vision 2020	-	-
Miscellaneous special revenue	46,100	6,167
Nonmajor governmental funds and other	6,207,764	181,000
Total	\$ 6,260,031	\$ 6,260,031

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.

City of Danbury, Connecticut

Notes to Financial Statements

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Increases/ Transfers	Transfers/ Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 48,964,594	\$ -	\$ -	\$ 48,964,594
Easements	918,950	-	-	918,950
Construction in progress	13,357,072	9,561,251	(16,956,475)	5,961,848
Total capital assets, not being depreciated	63,240,616	9,561,251	(16,956,475)	55,845,392
Capital assets, being depreciated:				
Land improvements	14,535,291	2,125,762	-	16,661,053
Buildings and improvements	274,703,835	14,539,306	-	289,243,141
Machinery and equipment	54,384,627	4,361,085	(235,985)	58,509,727
Infrastructure	146,398,607	7,389,733	-	153,788,340
Total capital assets being depreciated	490,022,360	28,415,886	(235,985)	518,202,261
Less accumulated depreciation for:				
Land improvements	6,457,448	700,388	-	7,157,836
Buildings and improvements	78,695,024	6,945,049	-	85,640,073
Machinery and equipment	38,233,305	3,792,365	(215,345)	41,810,325
Infrastructure	94,758,898	2,637,646	-	97,396,544
Total accumulated depreciation	218,144,675	14,075,448	(215,345)	232,004,778
Total capital assets, being depreciated, net	271,877,685	14,340,438	(20,640)	286,197,483
Governmental activities capital assets, net	\$ 335,118,301	\$ 23,901,689	\$ (16,977,115)	\$ 342,042,875

City of Danbury, Connecticut

Notes to Financial Statements

Note 6. Capital Assets (Continued)

	Beginning Balance	Increases/ Transfers/ Reclassifications	Decreases/ Transfers/ Reclassifications	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 1,031,946	\$ -	\$ -	\$ 1,031,946
Construction in progress	10,183,458	2,982,190	(13,116,269)	49,379
Total capital assets, not being depreciated	11,215,404	2,982,190	(13,116,269)	1,081,325
Capital assets, being depreciated:				
Buildings and improvements	109,517,601	5,220,621	-	114,738,222
Machinery and equipment	28,435,899	348,851	-	28,784,750
Distribution and collection systems	91,729,943	8,750,800	-	100,480,743
Other	958,475	-	-	958,475
Furniture and fixtures	287,704	-	-	287,704
Total capital assets, being depreciated	230,929,622	14,320,272	-	245,249,894
Less accumulated depreciation for:				
Buildings and improvements	55,679,893	2,606,164	-	58,286,057
Machinery and equipment	11,240,023	740,522	-	11,980,545
Distribution and collection systems	25,470,623	1,406,891	-	26,877,514
Other	908,071	1,281	-	909,352
Furniture and fixtures	287,704	-	-	287,704
Total accumulated depreciation	93,586,314	4,754,858	-	98,341,172
Total capital assets, being depreciated, net	137,343,308	9,565,414	-	146,908,722
Business-type capital assets, net	\$ 148,558,712	\$ 12,547,604	\$ (13,116,269)	\$ 147,990,047

City of Danbury, Connecticut

Notes to Financial Statements

Note 6. Capital Assets (Continued)

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

Governmental activities			
General government		\$	1,596,715
Public safety			2,272,551
Public works, including depreciation of general infrastructure assets			2,896,244
Health and welfare			73,538
Culture and recreation			898,184
Education			6,338,216
Total depreciation expense – governmental activities		\$	<u>14,075,448</u>
Business-type activities			
Sewer		\$	3,065,839
Water			1,549,432
Ambulance			139,587
Total depreciation expense – business-type activities		\$	<u>4,754,858</u>

Discretely presented component units: Activity for the Danbury Parking Authority for the year ended June 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated				
Buildings and improvements	\$ 285,000	\$ -	\$ -	\$ 285,000
Machinery and equipment	550,986	2,199	(17,860)	535,325
Computer equipment	23,669	3,915	(9,184)	18,400
Total capital assets, being depreciated	<u>859,655</u>	<u>6,114</u>	<u>(27,044)</u>	<u>838,725</u>
Less accumulated depreciation for:				
Buildings and improvements	150,768	(15,116)	-	165,884
Machinery and equipment	486,853	(20,299)	17,860	489,292
Computer equipment	22,557	(1,016)	9,184	14,389
Total accumulated depreciation	<u>660,178</u>	<u>(36,431)</u>	<u>27,044</u>	<u>669,565</u>
Total capital assets, being depreciated, net	<u>\$ 199,477</u>	<u>\$ (30,317)</u>	<u>\$ -</u>	<u>\$ 169,160</u>

City of Danbury, Connecticut

Notes to Financial Statements

Note 6. Capital Assets (Continued)

Activity for the Richter Park Authority for the year ended December 31, 2015, 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	3,875,969	97,265	-	3,973,234
Building and improvements	2,466,208	-	-	2,466,208
Machinery and equipment	1,593,149	239,828	(64,970)	1,768,007
Totals, capital assets being depreciated	7,935,326	337,093	(64,970)	8,207,449
Less accumulated depreciation for:				
Course development improvements	2,600,729	176,356	-	2,777,085
Building and improvements	1,878,606	75,367	-	1,953,973
Machinery and equipment	1,182,634	163,794	(64,970)	1,281,458
Total accumulated depreciation	5,661,969	415,517	(64,970)	6,012,516
Total capital assets, being depreciated, net	2,273,357	(78,424)	-	2,194,933
Total capital assets, net	\$ 3,115,742	\$ (78,424)	\$ -	\$ 3,037,318

Activity for the Tarrywile Park Authority for the year ended June 30, 2016, 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	2,225	-	50,463
Administrative equipment	90,727	-	-	90,727
Vehicles	9,992	-	-	9,992
Total capital assets, being depreciated	351,410	2,225	-	353,635
Less accumulated depreciation for:				
Buildings and improvements	133,591	7,799	-	141,390
Ground maintenance equipment	44,069	1,685	-	45,754
Administrative equipment	89,540	790	-	90,330
Vehicles	4,995	1,999	-	6,994
Total accumulated depreciation	272,195	12,273	-	284,468
Total capital assets, being depreciated, net	\$ 79,215	\$ (10,048)	\$ -	\$ 69,167

City of Danbury, Connecticut

Notes to Financial Statements

Note 6. Capital Assets (Continued)

Activity for the Danbury Museum and Historical Society Authority for the year ended June 30, 2016, 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	292,792	-	(164,002)	128,790
Capital Assets, being depreciated:				
Buildings and improvements	1,188,751	282,777	-	1,471,528
Machinery and equipment	26,016	-	-	26,016
Furniture and fixtures	28,110	-	-	28,110
Total capital assets, being depreciated	1,242,877	282,777	-	1,525,654
Less accumulated depreciation:	664,176	72,480	-	736,656
Total capital assets, being depreciated, net	578,701	210,297	-	788,998
Total capital assets, net	\$ 871,493	\$ 210,297	\$ (164,002)	\$ 917,788

Activity for the Charles Ives Authority for the Performing Arts for the year ended September 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated				
Machinery and equipment	\$ 115,546	\$ -	\$ -	\$ 115,546
Total capital assets, being depreciated	115,546	-	-	115,546
Less accumulated depreciation for:				
Machinery and equipment	100,654	5,873	-	106,527
Total accumulated depreciation	100,654	5,873	-	106,527
Total capital assets, net	\$ 14,892	\$ (5,873)	\$ -	\$ 9,019

City of Danbury, Connecticut

Notes to Financial Statements

Note 7. Bond Anticipation Notes Payable

The City had \$25,000,000 of bond anticipation notes outstanding as of June 30, 2016. The bond anticipation notes bear interest at 2.00% and a yield of 0.33% and matured on July 23, 2016. 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, 2016, were as follows:

Outstanding, July 1, 2015	\$ 31,600,000
Borrowings	25,000,000
Repayments	<u>(31,600,000)</u>
Outstanding, June 30, 2016	<u>\$ 25,000,000</u>
Reported as:	
Long-term debt - governmental	<u>\$ 4,100,000</u>
Short-term debt - governmental	<u>\$ 20,900,000</u>

Of the \$25,000,000 outstanding at June 30, 2016, \$20,900,000 was rolled into General Obligation Bond Anticipation Notes on July 12, 2016. See Note 16.

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds and notes payable					
General obligation bonds	\$ 124,087,349	\$ 32,334,000	\$ 25,055,095	\$ 131,366,254	\$ 10,880,376
Notes payable	734,000	-	72,000	662,000	72,000
Bond anticipation notes	7,900,000	4,100,000	7,900,000	4,100,000	-
Plus deferred amounts:					
Unamortized premiums	9,416,064	2,983,165	1,457,961	10,941,268	-
Total bonds and notes payable	142,137,413	39,417,165	34,485,056	147,069,522	10,952,376
Capital leases	14,739,984	2,010,198	2,673,817	14,076,365	3,328,054
Landfill post-closure monitoring	7,250,259	-	435,518	6,814,741	400,000
Pollution remediation obligation	3,172,307	-	2,005,352	1,166,955	10,000
Compensated absences	3,168,712	154,176	11,716	3,311,172	1,665,820
Heart and hypertension	2,018,526	-	59,526	1,959,000	328,000
Legal claims and other	750,000	-	-	750,000	-
Easement obligation	200,000	-	50,000	150,000	50,000
Net pension liability	90,056,035	30,399,082	-	120,455,117	-
OPEB obligations	53,047,900	14,276,700	-	67,324,600	-
Governmental activity long-term liabilities	<u>\$ 316,541,136</u>	<u>\$ 86,257,321</u>	<u>\$ 39,720,985</u>	<u>\$ 363,077,472</u>	<u>\$ 16,734,250</u>
Business-type activities					
Bonds and notes payable					
General obligation bonds	\$ 17,012,651	\$ 621,000	\$ 2,554,905	\$ 15,078,746	\$ 2,180,470
Notes payable	5,009,539	-	265,488	4,744,051	-
Plus deferred amounts:					
Unamortized premiums	1,281,981	73,104	243,403	1,111,682	-
Total bonds and notes payable	23,304,171	694,104	3,063,796	20,934,479	2,180,470
Business-type activity long-term liabilities	<u>\$ 23,304,171</u>	<u>\$ 694,104</u>	<u>\$ 3,063,796</u>	<u>\$ 20,934,479</u>	<u>\$ 2,180,470</u>

Notes payable: The City's notes payable, which are payable from its governmental activities, are as follows at June 30, 2016:

	Outstanding Amount
HUD-Section 108 loan, due in annual installments through 2024 with an interest rate of 3%.	<u>\$ 662,000</u>

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

General obligation bonds: As of June 30, 2016, the outstanding general obligation bonded indebtedness of the City, payable from its governmental activities, was as follows:

	<u>Outstanding Amount</u>
\$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%.	\$ 2,458,000
\$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.	3,700,000
\$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%.	21,665,000
\$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%.	11,862,254
\$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%.	9,005,000
\$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%.	8,699,000
\$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%.	12,397,000

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

	<u>Outstanding Amount</u>
\$6,617,000 General Obligation Bonds; issued May 6, 2014; refunding due in annual installments of \$13,000 to \$1,204,000; final maturity August 1, 2021; interest at 1.00% to 5.00%.	\$ 5,532,000
\$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%.	10,450,000
\$14,955,000 General Obligation Bonds; issued March 17, 2016; due in annual installments of \$1,020,000 to \$2,835,000; final maturity July 15, 2030; interest at 2.27% to 5.00%.	14,334,000
\$18,000,000 General Obligation Bonds; issued July 23, 2015; due in annual installments of \$900,000; final maturity August 1, 2025; interest at 3.00% to 5.00%.	<u>18,000,000</u>
Total bonds and notes payable	<u><u>\$ 132,028,254</u></u>

At June 30, 2016, the outstanding general obligation bonded indebtedness of the City, payable from its business-type activities, was as follows:

	<u>Outstanding Amount</u>
\$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%.	\$ 122,000
\$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%.	4,140,000
\$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%.	707,746

City of Danbury, Connecticut

Notes to Financial Statements

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%.	\$ 70,000
\$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%.	751,000
\$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%.	2,288,000
\$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%.	3,418,000
\$438,000 General Obligation Bonds; issued March 17, 2016; due in annual installments of \$20,000 to \$67,000; final maturity July 15, 2030; interest at 2.27% to 5.00%.	438,000
\$183,000 General Obligation Bonds; issued July 23, 2015; due in annual installments of \$20,000 to \$45,000; final maturity August 1, 2025; interest at 3.00% to 5.00%.	183,000
Total general obligation bonds	<u>15,078,746</u>
\$2,549,994 Clean Water Fund 5155-C note payable signed March 31, 2010 due in annual installments of \$107,476 (\$206,709 in 2011); final maturity September 30, 2029, interest at 2%.	1,783,767
\$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%.	2,960,284
Total notes payable	<u>4,744,051</u>
Total bonds and notes payable	<u>\$ 19,822,797</u>

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

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

	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total Payments	Principal	Interest	Total Payments
2017	\$ 10,952,376	\$ 4,964,364	\$ 15,916,740	\$ 2,180,470	\$ 690,930	2,871,400
2018	11,155,376	4,592,988	15,748,364	2,197,937	601,959	2,799,896
2019	10,840,376	4,105,170	14,945,546	2,010,514	515,919	2,526,433
2020	10,171,376	3,618,971	13,790,347	1,600,204	439,921	2,040,125
2021	10,016,250	3,163,337	13,179,587	1,491,134	374,820	1,865,954
2022-2026	44,422,750	10,195,202	54,617,952	6,611,426	1,120,103	7,731,529
2027-2031	27,769,750	3,025,354	30,795,104	3,404,257	201,544	3,605,801
2032-2036	6,700,000	518,656	7,218,656	326,855	5,475	332,330
Total	\$ 132,028,254	\$ 34,184,042	\$ 166,212,296	\$ 19,822,797	\$ 3,950,671	\$ 23,773,468

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, 2016, the amount of defeased debt outstanding, but removed from the City's government-wide financial statements was approximately \$18,955,000.

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 post-closure care, aggregating \$6,814,741, 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, 2016. However, the actual cost of post-closure 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, 2016 was \$67,324,600. 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 \$3,311,172 as of June 30, 2016. The General Fund has typically been used to liquidate the liability for compensated absences.

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

Heart and hypertension: The City has certain police officers and firefighters or their widows receiving benefits under the State's Heart and Hypertension statutes. Additionally, the City pays for medical costs for other officers and firefighters under the same statutes. The statutes require that the City pay monthly amounts to the officer or firefighter 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 1.28% 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 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.

On October 28, 2015, the City entered into a \$550,000 lease agreement for certain equipment. The lease has an interest rate of 1.540% and matures March 16, 2020.

On April 29, 2016, the City entered into a lease of \$1,460,198 for pumper trucks and refurbishing an aerial ladder fire truck. The lease has an interest rate of 1.29% and matures April 29, 2021.

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

The capitalized value of property under capital leases is summarized below:

Buildings and improvements	\$ 11,943,648
Machinery and equipment	24,237,700
Accumulated depreciation	(21,774,243)
Net book value	<u>\$ 14,407,105</u>

Future minimum lease payments under capital leases are as follows:

<u>Fiscal Year</u>	
2017	\$ 3,328,054
2018	2,634,681
2019	1,995,966
2020	1,702,960
2021	1,520,532
Thereafter	5,268,194
	<u>16,450,387</u>
Less amount representing interest*	(2,374,022)
	<u>\$ 14,076,365</u>

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, 2015:

Beginning balance	\$ 832,500
Additions	1,500,000
Deductions	(922,755)
Ending balance	<u>\$ 1,409,745</u>

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

On October 18, 2011, the Authority entered into an agreement with Newtown Savings Bank for a credit line in the amount of \$300,000 bearing interest at a variable rate per annum of .75% above the Prime Rate. Interest on outstanding principal is payable monthly commencing November 2011. Principal is payable upon demand. The line of credit is used for working capital needs of the Authority. At December 31, 2015, the credit balance was \$300,000.

Authorized but unissued bonds: Bonds authorized but unissued by the City at June 30, 2016, were as follows:

General purpose	\$ 15,919,854
Schools	20,890,982
Sewer	11,713,349
Water	2,221,731
	<u>\$ 50,745,916</u>

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

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

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

	Debt Limit	Indebtedness	Balance
General purpose	\$ 446,577,743	\$ 137,805,454	\$ 308,772,289
Unfunded pension benefit obligation	595,436,991	-	595,436,991
Schools	893,155,487	118,721,720	774,433,767
Sewers	744,296,239	16,275,284	728,020,955
Urban renewal	645,056,740	662,000	644,394,740

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 \$86.23 per ton. The aggregate guaranteed annual tonnage of the eleven Contracting Municipalities is 115,300 tons per year. The City's Service Payment commitment is a put-or-pay commitment, in that if the aggregate guaranteed annual tonnage of the Contracting Municipalities is not met by the total deliveries of all the Contracting Municipalities in any year, the City must pay the Service Payment for its proportionate share of the shortfall of the aggregate guaranteed annual tonnage (even if it did deliver its full portion).

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 9. Commitments and Contingencies (Continued)

Waste water treatment: The City has a 20-year agreement through June 2018 (the Agreement) with Veolia Water to manage its waste water collection and treatment system. As consideration for such Agreement, the City received a \$10 million up-front concession fee. If the Agreement is terminated prior to the end of the 20 year term, the City has to repay the unamortized balance of the concession fee (calculated using the straight-line method over the term of the Agreement). The unamortized balance of the concession fee at June 30, 2016 was \$624,925 and is recorded as unearned revenue in the Sewer Enterprise Fund.

Under the Agreement, the City pays an annual base fee of approximately \$4,900,000 plus an annual adjustment equal to the change in the consumer price index. Which currently totals approximately \$130,000.

Note 10. Fund Deficits

The City has the following fund deficits at June 30, 2016, and expects to eliminate the deficits in the future as follows:

Fund	Deficit June 30, 2016	Plan for Eliminating Debt
Capital Projects		
Vision 2020	\$ (7,982,038)	Through future debt issuance/grant reimbursements
Danbury High School	(924,790)	Through future debt issuance/grant reimbursements
Roads	(2,587,109)	Through future debt issuance/grant reimbursements
Open Space	(231,109)	Through future debt issuance/grant reimbursements
Head Start	(2,198,349)	Through future debt issuance/grant reimbursements
Special Revenue:		
Misc. Special Revenue Fund	(440,299)	Through future grant reimbursement/transfers/revenues
LOCIP	(206,129)	Through future grant reimbursement
CDBG	(667,399)	Through future grant reimbursement/transfers/revenues
Airport	(348,754)	Through future grant reimbursement/transfers/revenues

Note 11. Employee Retirement Plans

The City maintains eight 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 following 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. The City of Danbury 401(a) Retirement Plan is a defined contribution plan that covers all Teamsters' and DMEA union employees who are hired subsequent to July 2011. 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 and 401(a) retirement plan do not, however, issue stand-alone financial reports.

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Benefit Plans (Continued)

Assets in the defined contribution plan are allocated to each participant in a separate account and investments are self-directed. Employer contributions are subject to five-year cliff vesting schedule

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, 2016**

	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	\$ 662,966	\$ 101,224	\$ 30,795	\$ 483,765	\$ 1,827,137	\$ 401,830	\$ 45,014	\$ 5,079,447	\$ 8,632,178
Investments, at fair value									
Common stock	11,260,627	218,076	268,644	4,662,491	7,409,615	3,386,430	22,925	-	27,228,808
Debt securities	3,297,674	63,864	78,672	1,365,410	2,169,905	991,716	6,714	-	7,973,955
Mutual funds	43,763,476	847,534	1,044,062	18,120,376	28,796,841	13,161,074	89,097	-	105,822,460
Private hedge fund	39,711,327	769,059	947,391	16,442,574	26,130,483	11,942,463	80,848	-	96,024,145
Total investments	98,033,104	1,898,533	2,338,769	40,590,851	64,506,844	29,481,683	199,584	-	237,049,368
Accrued interest and dividends	87,197	1,747	2,106	35,984	57,422	26,389	191	512	211,548
Pending sales	-	-	-	-	-	-	-	-	-
Total assets	98,783,267	2,001,504	2,371,670	41,110,600	66,391,403	29,909,902	244,789	5,079,959	245,893,094
Liabilities									
Accrued expenses and management fees	6,949	229	213	2,216	3,257	1,471	24	107,427	121,786
Due to other funds	-	-	-	-	-	-	-	2,405,501	2,405,501
Pending purchases	-	-	-	-	-	-	-	-	-
Total liabilities	6,949	229	213	2,216	3,257	1,471	24	2,512,928	2,527,287
Net position- restricted for pension benefits and other purposes	\$ 98,776,318	\$ 2,001,275	\$ 2,371,457	\$ 41,108,384	\$ 66,388,146	\$ 29,908,431	\$ 244,765	\$ 2,567,031	\$ 243,365,807

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

**Schedule of Changes in Plan Net Position
Year Ended June 30, 2016**

	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	\$ 3,846,000	\$ 655,000	\$ 415,000	\$ 1,152,000	\$ 3,327,082	\$ 2,385,261	\$ 64,490	\$ 19,214,534	\$ 31,059,367
Plan members	223,956	-	-	6,427	471,063	475,914	51,425	-	1,228,785
Total contributions	4,069,956	655,000	415,000	1,158,427	3,798,145	2,861,175	115,915	19,214,534	32,288,152
Investment Income:									
Net appreciation (depreciation) in fair value of investments	(5,516,528)	(106,010)	(131,224)	(2,354,507)	(3,638,308)	(1,534,462)	(4,351)	3,366	(13,282,024)
Interest and dividends	2,671,709	52,274	64,008	1,106,042	1,758,162	805,022	5,506	-	6,462,723
	(2,844,819)	(53,736)	(67,216)	(1,248,465)	(1,880,146)	(729,440)	1,155	3,366	(6,819,301)
Less investment expenses:									
Investment management fees	325,677	16,423	14,814	104,507	165,639	68,521	8,371	-	703,952
Net investment income	(3,170,496)	(70,159)	(82,030)	(1,352,972)	(2,045,785)	(797,961)	(7,216)	3,366	(7,523,253)
Deductions									
Benefits paid	8,687,738	1,218,841	844,166	4,361,459	4,638,499	1,268,318	11,903	16,651,090	37,682,014
Total deductions	8,687,738	1,218,841	844,166	4,361,459	4,638,499	1,268,318	11,903	16,651,090	37,682,014
Net change in net position	(7,788,278)	(634,000)	(511,196)	(4,556,004)	(2,886,139)	794,896	96,796	2,566,810	(12,917,115)
Net position-restricted for pension benefits									
Beginning 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
End of year	\$ 98,776,318	\$ 2,001,275	\$ 2,371,457	\$ 41,108,384	\$ 66,388,146	\$ 29,908,431	\$ 244,765	\$ 2,567,031	\$ 243,365,807

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Investments: Investments are stated at fair value.

The City sets asset allocation parameters for all pension plans, as follows:

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

The following represents the investments in the pension plans that represent more than 5% of the plan's net position as of June 30, 2016:

FPA Crescent Fund	\$ 12,202,000
Hartford Capital Appec – I	12,967,000
Kopernik Global Bond Fund	12,181,000
Iva World Fund – I	13,277,000

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

General employees' pension plan:

Plan membership: Eligible regular full-time employees of the City are members of the Plan. At July 1, 2015, Pension Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	545
Inactive plan members entitled to but not yet receiving benefits	168
Active plan members	<u>474</u>
	<u><u>1,187</u></u>

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Benefits provided:

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

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

Early retirement: Requirement: Attainment of age 55.

Amount: Accrued Benefit at termination, reduced by one-half of one% 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:

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

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

Net pension liability of the City: The components of the net pension liability of the City at June 30, 2016, were as follows:

General Employees Pension Plan Net Pension Liability	2016	2015	2014
Total pension liability	\$ 147,793,970	\$ 139,426,682	\$ 135,754,698
Plan fiduciary net position	98,776,588	106,573,144	106,900,119
Net pension liability	<u>\$ 49,017,382</u>	<u>\$ 32,853,538</u>	<u>\$ 28,854,579</u>
Plan fiduciary net position as a percentage of total pension liability	66.83%	76.44%	78.75%

Rate of return: For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was -2.96%. 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, 2015, 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 BB.
Mortality improvement:	Active/Regular Retirement – Projected to date of decrement using Scale BB (generational mortality). Disabled – RP 2000 Disabled mortality table – separate male and female rates.
Employee turnover:	Table T-5 by Crocker, Sarason and Straight.
Employee disability:	No rates.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

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

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Weighting</u>
Russell 3000	36%	7.10%	2.56%
MS EAFE	24%	7.00%	1.68%
BC Int Gov/CR	35%	1.85%	0.65%
T-Bills	5%	0.00%	0.00%
Total	100%		4.89%
Long-term inflation expectation			2.70%
Long-term expected nominal return			<u>7.59%</u>

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Discount rate: The discount rate used to measure the total pension liability as of June 30, 2016 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	\$ 67,039,135	\$ 49,017,382	\$ 33,884,110

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 6/30/15	\$ (139,426,682)	\$ 106,573,144	\$ (32,853,538)
Changes for the year:			
Service cost	(2,262,441)	-	(2,262,441)
Interest	(9,963,041)	-	(9,963,041)
Differences between expected and actual experience	1,674,712	-	1,674,712
Changes of assumptions	(6,504,256)	-	(6,504,256)
Contributions - employer	-	3,846,000	3,846,000
Contributions - member	-	223,956	223,956
Net investment loss	-	(3,105,668)	(3,105,668)
Benefit payments, including refunds of employee contributions	8,687,738	(8,687,738)	-
Administrative expense	-	(73,106)	(73,106)
Net changes	(8,367,288)	(7,796,556)	(16,163,844)
Balances at 6/30/16	\$ (147,793,970)	\$ 98,776,588	\$ (49,017,382)

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

For the year ended June 30, 2016, the City recognized pension expense of \$8,506,997. At June 30, 2016, 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	\$ -	\$ (1,285,244)
Changes of assumptions	4,991,638	-
Net difference between projected and actual earnings on pension plan investments	10,739,124	-
Total	<u>\$ 15,730,762</u>	<u>\$ (1,285,244)</u>

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

<u>Year Ended June 30,</u>	General Employees Pension Plan
2017	\$ 3,991,848
2018	3,991,848
2019	3,991,847
2020	2,469,975
2021	-
Thereafter	-

Pre-67 Police Pension Plan:

Plan membership: Eligible regular full-time employees of the City are members of the Plan. At July 1, 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	-
Active plan members	<u>-</u>
	<u>26</u>

Benefits provided:

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

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

Net pension liability of the City: The components of the net pension liability of the City at June 30, 2016, were as follows:

Pre-1967 Police Pension Plan Net Pension Liability	2016	2015	2014
Total pension liability	\$ 7,189,465	\$ 7,553,761	\$ 8,238,533
Plan fiduciary net position	2,001,275	2,635,275	3,135,282
Net pension liability	<u>\$ 5,188,190</u>	<u>\$ 4,918,486</u>	<u>\$ 5,103,251</u>
Plan fiduciary net position as a percentage of total pension liability	27.84%	34.89%	38.06%

Rate of return: For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was (2.40%). 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:	Projected to date of decrement using Scale AA
Expense loading:	Administrative expenses are paid outside the plan.
Cost of living increases:	2.75%

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Weighting</u>
Russell 3000	36%	7.10%	2.56%
MS EAFE	24%	7.00%	1.68%
BC Int Gov/CR	35%	1.85%	0.65%
T-Bills	5%	0.00%	0.00%
Total	<u>100%</u>		<u>4.89%</u>
Long-term inflation expectation			<u>2.70%</u>
Long-term expected nominal return			<u><u>7.59%</u></u>

Discount rate: The discount rate used to measure the total pension liability as of June 30, 2016, was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the City of Danbury Pre-67 Police Pension Plan contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to some periods of projected benefit payments to determine the total pension liability. The remaining projected future benefit payments were discounted using the 20-year general obligation municipal bond rate.

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Pre-67 Police Pension Plan			
Net Pension Liability	\$ 5,544,345	\$ 5,188,190	\$ 4,863,973

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Changes in the Net Pension Liability

	Pre-1967 Police Pension Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/15	\$ (7,553,761)	\$ 2,635,275	\$ (4,918,486)
Changes for the year:			
Service cost	-	-	-
Interest	(504,238)	-	(504,238)
Differences between expected and actual experience	(201,582)	-	(201,582)
Changes of assumptions	(148,725)	-	(148,725)
Contributions - employer	-	655,000	655,000
Contributions - member	-	-	-
Net investment loss	-	(61,449)	(61,449)
Benefit payments, including refunds of employee contributions	1,218,841	(1,218,841)	-
Administrative expense	-	(8,710)	(8,710)
Net changes	364,296	(634,000)	(269,704)
Balances at 6/30/16	\$ (7,189,465)	\$ 2,001,275	\$ (5,188,190)

For the year ended June 30, 2016, the City recognized pension expense of \$762,508. At June 30, 2016, 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	256,176	-
Total	\$ 256,176	\$ -

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

<u>Year Ended June 30,</u>	<u>Pre-1967 Police Pension Plan</u>
2017	\$ 69,918
2018	69,918
2019	69,918
2020	46,422
2021	-
Thereafter	-

Pre-67 Fire Pension Plan

Plan membership: Eligible regular full-time employees of the City are members of the Plan. At July 1, 2015, Pension Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	19
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>-</u>
	<u>19</u>

Benefits provided:

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Net pension liability: The components of the net pension liability of the City of Danbury Pre-67 Fire Department at June 30, 2016 were as follows:

Pre-1967 Fire Pension Plan Net Pension Liability	2016	2015	2014
Total pension liability	\$ 6,121,256	\$ 6,140,850	\$ 6,571,981
Plan fiduciary net position	2,371,457	2,882,653	3,246,640
Net pension liability	<u>\$ 3,749,799</u>	<u>\$ 3,258,197</u>	<u>\$ 3,325,341</u>
Plan fiduciary net position as a percentage of total pension liability	38.74%	46.94%	49.40%

Rate of return: For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was -2.74%. 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, 2015, 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:	Projected to date of decrement using Scale AA
Expense loading:	Administrative expenses are paid outside the plan.
Cost of living increases:	2.75% (Prior 3.00%)

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Weighting</u>
Russell 3000	36%	7.10%	2.56%
MS EAFE	24%	7.00%	1.68%
BC Int Gov/CR	35%	1.85%	0.65%
T-Bills	5%	0.00%	0.00%
Total	<u>100%</u>		<u>4.89%</u>
Long-term inflation expectation			<u>2.70%</u>
Long-term expected nominal return			<u>7.59%</u>

Discount rate: The discount rate used to measure the total pension liability as of June 30, 2016 was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the City of Danbury Pre-67 Fire Pension Plan contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to some periods of projected benefit payments to determine the total pension liability. The remaining projected future benefit payments were discounted using the 20-year general obligation municipal bond rate.

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Pre-67 Fire Pension Plan			
Net Pension Liability	\$ 4,112,769	\$ 3,749,799	\$ 3,425,054

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Changes in the Net Pension Liability

	Pre-1967 Fire Pension Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/15	\$ (6,140,850)	\$ 2,882,653	\$ (3,258,197)
Changes for the year:			
Service cost	-	-	-
Interest	(415,146)	-	(415,146)
Differences between expected and actual experience	(230,528)	-	(230,528)
Changes of assumptions	(178,899)	-	(178,899)
Contributions - employer	-	415,000	415,000
Contributions - member	-	-	-
Net investment loss	-	(75,668)	(75,668)
Benefit payments, including refunds of employee contributions	844,167	(844,167)	-
Administrative expense	-	(6,361)	(6,361)
Net changes	19,594	(511,196)	(491,602)
Balances at 6/30/16	\$ (6,121,256)	\$ 2,371,457	\$ (3,749,799)

For the year ended June 30, 2016, the City recognized pension expense of \$714,116. At June 30, 2016, 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	283,813	-
Total	\$ 283,813	\$ -

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

<u>Year Ended June 30,</u>	<u>Pre-1967 Fire Pension Plan</u>
2017	\$ 76,662
2018	76,662
2019	76,661
2020	53,828
2021	-
Thereafter	-

Post-67 Police Pension Plan

Plan membership: Eligible regular full-time employees of the City are members of the Plan. At July 1, 2015, Pension Plan membership consisted of the following:

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

Benefits provided:

Plan identification:	Single-employer pension plan.
Effective date:	July 1, 1967.
Eligibility requirements:	Hired by Police Dept. on or after July 1, 1967 and before April 20, 1983 and contributes to the plan.
Compensation:	Total salary or wages earned by a participant from the City for a particular year.
Final compensation:	The highest-paid year of service.
Normal retirement age:	Age 65.
Credited service:	Latest period of continuous service during which the participant contributes
Normal retirement benefit:	2% of Final Compensation times years of Credited Service. Maximum benefit equals 68% of Final Compensation.
Early retirement:	Age 55 or 27 years of Credited Service. Normal retirement benefit formula applies.
Vesting:	15 years of service and employee contributions remain in plan.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

Net pension liability: The components of the net pension liability of the City at June 30, 2016 were as follows:

Post-1967 Police Pension Plan Net Pension Liability	2016	2015	2014
Total pension liability	\$ 57,667,341	\$ 57,920,766	\$ 58,965,087
Plan fiduciary net position	41,108,178	45,664,389	47,267,854
Net pension liability	<u>\$ 16,559,163</u>	<u>\$ 12,256,377</u>	<u>\$ 11,697,233</u>
Plan fiduciary net position as a percentage of total pension liability	71.29%	78.84%	80.16%

Rate of return: For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was (3.03%). The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Weighting</u>
Russell 3000	36%	7.10%	2.56%
MS EAFE	24%	7.00%	1.68%
BC Int Gov/CR	35%	1.85%	0.65%
T-Bills	5%	0.00%	0.00%
Total	<u>100%</u>		<u>4.89%</u>
Long-term inflation expectation			<u>2.70%</u>
Long-term expected nominal return			<u>7.59%</u>

Discount rate: The discount rate used to measure the total pension liability as of June 30, 2016 was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the City of Danbury Post-67 Police Pension Plan contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to some periods of projected benefit payments to determine the total pension liability. The remaining projected future benefit payments were discounted using the 20-year general obligation municipal bond rate.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

Post-67 Police Pension Plan	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 22,128,628	\$ 16,559,163	\$ 11,849,212

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 6/30/15	\$ (57,920,766)	\$ 45,664,389	\$ (12,256,377)
Changes for the year:			
Service cost	(59,491)	-	(59,491)
Interest	(4,048,243)	-	(4,048,243)
Differences between expected and actual experience	-	(1,343,456)	(1,343,456)
Changes of assumptions	-	-	-
Contributions - employer	-	1,152,000	1,152,000
Contributions - member	-	6,427	6,427
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	4,361,159	(4,361,159)	-
Administrative expense	-	(10,023)	(10,023)
Net changes	253,425	(4,556,211)	(4,302,786)
Balances at 6/30/16	\$ (57,667,341)	\$ 41,108,178	\$ (16,559,163)

For the year ended June 30, 2016, the City recognized pension expense of \$4,769,578. At June 30, 2016, 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	4,583,469	-
Total	\$ 4,583,469	\$ -

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

<u>Year Ended June 30,</u>	<u>Post-1967 Police Pension Plan</u>
2017	\$ 1,225,176
2018	1,225,176
2019	1,225,176
2020	907,941
2021	-
Thereafter	-

Post-67 Fire Pension Plan

Plan membership: Eligible regular full-time employees of the City are members of the Plan. At July 1, 2015, Pension Plan membership consisted of the following:

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

Benefits provided:

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:	2% of Final Compensation times years of Credited Service. Maximum benefit equals 68% of Final Compensation.
Early retirement:	Age 55 or 27 years of Credited Service. Normal retirement benefit formula applies.
Vesting:	Termination prior to retirement eligibility results in forfeiture of accrued benefit.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Employee contributions:	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, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was -2.94%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

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

Net pension liability: The components of the net pension liability of the City at June 30, 2016 were as follows:

Post-1967 Fire Pension Plan Net Pension Liability	2016	2015	2014
Total pension liability	\$ 92,085,519	\$ 88,632,015	\$ 84,072,799
Plan fiduciary net position	66,387,139	69,274,284	68,583,724
Net pension liability	<u>\$ 25,698,380</u>	<u>\$ 19,357,731</u>	<u>\$ 15,489,075</u>
Plan fiduciary net position as a percentage of total pension liability	72.09%	78.16%	81.58%

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Weighting</u>
Russell 3000	36%	7.10%	2.56%
MS EAFE	24%	7.00%	1.68%
BC Int Gov/CR	35%	1.85%	0.65%
T-Bills	5%	0.00%	0.00%
Total	<u>100%</u>		<u>4.89%</u>
Long-term inflation expectation			<u>2.70%</u>
Long-term expected nominal return			<u>7.59%</u>

Discount rate: The discount rate used to measure the total pension liability as of June 30, 2016 was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the City of Danbury Post-67 Fire Pension Plan contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to some periods of projected benefit payments to determine the total pension liability. The remaining projected future benefit payments were discounted using the 20-year general obligation municipal bond rate.

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Post-67 Fire Pension Plan			
Net Pension Liability	\$ 37,469,106	\$ 25,698,380	\$ 15,966,660

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Changes in the Net Pension Liability

	Post-1967 Fire Pension Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/15	\$ (88,632,015)	\$ 69,274,284	\$ (19,357,731)
Changes for the year:			
Service cost	(1,707,587)	-	(1,707,587)
Interest	(6,384,417)	-	(6,384,417)
Differences between expected and actual experience	-	(2,030,614)	(2,030,614)
Changes of assumptions	-	3,327,082	3,327,082
Contributions - employer	-	471,063	471,063
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	4,638,500	(4,638,500)	-
Administrative expense	-	(16,176)	(16,176)
Net changes	(3,453,504)	(2,887,145)	(6,340,649)
Balances at 6/30/16	\$ (92,085,519)	\$ 66,387,139	\$ (25,698,380)

For the year ended June 30, 2016, the City recognized pension expense of \$4,769,578. At June 30, 2016, 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	\$ 401,819	\$ -
Changes of assumptions	283,973	-
Net difference between projected and actual earnings on pension plan investments	7,015,529	-
Total	\$ 7,701,321	\$ -

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

<u>Year Ended June 30,</u>	<u>Post-1967 Fire Pension Plan</u>
2017	\$ 2,124,341
2018	2,124,341
2019	2,048,141
2020	1,404,498
2021	-
Thereafter	-

Post-83 Police Pension Plan

Plan membership: Eligible regular full-time employees of the City are members of the Plan. At July 1, 2014, Pension Plan membership consisted of the following:

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

Benefits provided:

Plan identification:	Single-employer pension plan.
Effective date:	April 20, 1983.
Eligibility requirements:	Hired by Police Department after April 20, 1983 and contributing to the Plan.
Compensation:	Total straight-time wages paid by the City.
Average compensation:	The average annual compensation during the three highest-paid years of service.
Normal retirement age:	Age 65.
Credited service:	Latest period of continuous service during which the participant contributes
Normal retirement benefit:	Effective March 19, 2007, 3% of Average Compensation per year of service for the final five years of service, and 2% of Average Compensation per year of service prior to the final five years, but in no case greater than 68% of pay.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

Net pension liability: The components of the net pension liability of the City at June 30, 2016 were as follows:

Post-1983 Police Pension Plan Net Pension Liability	2016	2015	2014
Total pension liability	\$ 50,136,766	\$ 46,492,098	\$ 42,391,697
Plan fiduciary net position	29,908,430	29,104,395	26,580,553
Net pension liability	<u>\$ 20,228,336</u>	<u>\$ 17,387,703</u>	<u>\$ 15,811,144</u>
Plan fiduciary net position as a percentage of total pension liability	59.65%	62.60%	62.70%

Rate of return: For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was -2.58%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Weighting</u>
Russell 3000	36%	7.10%	2.56%
MS EAFE	24%	7.00%	1.68%
BC Int Gov/CR	35%	1.85%	0.65%
T-Bills	5%	0.00%	0.00%
Total	<u>100%</u>		<u>4.89%</u>
Long-term inflation expectation			<u>2.70%</u>
Long-term expected nominal return			<u>7.59%</u>

Discount rate: The discount rate used to measure the total pension liability as of June 30, 2016 was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the City of Danbury Post-83 Police Pension Plan contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to some periods of projected benefit payments to determine the total pension liability. The remaining projected future benefit payments were discounted using the 20-year general obligation municipal bond rate.

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Post-83 Police Pension Plan			
Net Pension Liability	\$ 28,329,365	\$ 20,228,336	\$ 13,647,681

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Changes in the Net Pension Liability

	Post-1983 Police Pension Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/15	\$ (46,492,098)	\$ 29,104,395	\$ (17,387,703)
Changes for the year:			
Service cost	(1,480,169)	-	(1,480,169)
Interest	(3,432,817)	-	(3,432,817)
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	2,385,261	2,385,261
Contributions - member	-	475,914	475,914
Net investment loss	-	(782,347)	(782,347)
Benefit payments, including refunds of employee contributions	1,268,318	(1,268,318)	-
Administrative expense	-	(6,475)	(6,475)
Net changes	(3,644,668)	804,035	(2,840,633)
Balances at 6/30/16	<u>\$ (50,136,766)</u>	<u>\$ 29,908,430</u>	<u>\$ (20,228,336)</u>

For the year ended June 30, 2016, the City recognized pension expense of \$3,122,230. At June 30, 2016, 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	\$ -	\$ (86,148)
Changes of assumptions	561,210	-
Net difference between projected and actual earnings on pension plan investments	2,951,739	-
Total	<u>\$ 3,512,949</u>	<u>\$ (86,148)</u>

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

<u>Year Ended June 30,</u>	<u>Post-1983 Police Pension Plan</u>
2017	\$ 845,252
2018	845,252
2019	845,252
2020	647,718
2021	57,934
Thereafter	185,393

Post-2011 Fire Pension Plan

Plan membership: Eligible regular full-time employees of the City are members of the Plan. At July 1, 2014, Pension Plan membership consisted of the following:

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

Benefits provided:

Plan identification:	Single-employer pension plan.
Effective date:	Original Plan - January 1, 2012.
Eligibility requirements:	Hired by Fire Dept. on or after January 1, 2012 and contributes to the plan.
Compensation:	Base salary.
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:	2% of Average Compensation times years of Credited Service. Maximum benefit equals 60% of Average Compensation.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Early retirement benefit:	Normal Retirement Benefit, reduced by 0.5% for each month prior to Normal Retirement Eligibility.
Vesting:	10 years of service, benefits begin at age 65.
Employee contributions:	6% of Compensation.
Disability (service-connected):	50% of Average Compensation payable for the Participant's lifetime, or Normal Retirement benefit, if greater.
Disability (non-service-connected):	2% of Average Compensation times years of Credited Service. Maximum benefit equals 60% of Final Compensation, if greater
Death benefit during active employment (service connected):	2% 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):	2% 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.

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, 2016 were as follows:

Post-2011 Fire Pension Plan Net Pension Liability	2016	2015	2014
Total pension liability	\$ 258,632	\$ 171,973	\$ 82,564
Plan fiduciary net position	244,765	147,970	35,838
Net pension liability	<u>\$ 13,867</u>	<u>\$ 24,003</u>	<u>\$ 46,726</u>
Plan fiduciary net position as a percentage of total pension liability	94.64%	86.04%	43.41%

Rate of return: For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 0.43%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

Actuarial valuation method:	Entry Age Normal Cost Method
Long-term inflation:	2.70%
Interest:	7.25% compounded annually, net of investment expense
Mortality:	Active/Regular Retirement – RP-2000 Mortality table with separate male and female rates, with blue collar adjustment, combined tables for non-annuitants and annuitants, projected to the valuation date with Scale AA. Disabled Pensioners – RP-2000 Mortality table with separate male and female rates, with no collar adjustment.
Mortality improvement:	Active/Regular Retirement – Projected to the date of decrement using Scale AA (generational mortality). Disabled – None.
Salary scale:	Graded scale 5% at age 20 down to 3% at age 60 and beyond.
Employee turnover:	Table T-1 by Crocker, Sarason and Straight.
Retirement age:	Based on scale from 50 years of age to 65 years of age
Expense loading:	We have included the estimated actuarial fees in the Normal Cost each year.
Cost of living increases:	None
Employee disability:	6 x 1955 UAW Disability Table The City's funding policy is to contribute the actuary's recommended contribution each year. The contribution is calculated as the normal cost under the projected unit credit funding method, plus an amortization of the plan's unfunded liability over 20 years from July 1, 2014, as a level percentage of pay.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Weighting</u>
Russell 3000	36%	7.10%	2.56%
MS EAFE	24%	7.00%	1.68%
BC Int Gov/CR	35%	1.85%	0.65%
T-Bills	5%	0.00%	0.00%
Total	<u>100%</u>		<u>4.89%</u>
Long-term inflation expectation			<u>2.70%</u>
Long-term expected nominal return			<u>7.59%</u>

Discount rate: The discount rate used to measure the total pension liability as of June 30, 2016 was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the City of Danbury Post-11 Fire Pension Plan contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to some periods of projected benefit payments to determine the total pension liability. The remaining projected future benefit payments were discounted using the 20-year general obligation municipal bond rate.

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Post-2011 Fire Pension Plan			
Net Pension Liability	\$ 78,911	\$ 13,867	\$ (36,888)

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Changes in the Net Pension Liability

	Post-2011 Fire Pension Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/15	\$ (171,973)	\$ 147,970	\$ (24,003)
Changes for the year:			
Service cost	(80,669)	-	(80,669)
Interest	(17,893)	-	(17,893)
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	64,490	64,490
Contributions - members	-	51,425	51,425
Net investment income	-	859	859
Benefit payments, including refunds of employee contributions	11,903	(11,903)	-
Administrative expense	-	(8,076)	(8,076)
Net changes	(86,659)	96,795	10,136
Balances at 6/30/16	\$ (258,632)	\$ 244,765	\$ (13,867)

For the year ended June 30, 2016, the City recognized pension expense of \$45,062. At June 30, 2016, 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	\$ -	\$ (24,895)
Changes of assumptions	22,887	-
Net difference between projected and actual earnings on pension plan investments	14,983	-
Total	\$ 37,870	\$ (24,895)

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

<u>Year Ended June 30,</u>	<u>Post-2011 Fire Pension Plan</u>
2017	\$ 3,994
2018	3,994
2019	3,995
2020	2,544
2021	(114)
Thereafter	(1,438)

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 \$17,630,320 as payments made by the State of Connecticut on-behalf of the City. The City does not have any liability for the Connecticut Teachers' Retirement System.

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

Contribution requirements: The pension contributions made by the State to the System are determined on an actuarial reserve basis as described in CGS Sections 10-1831 and 10-183z. Participants are required to contribute 6.0% of their annual salary rate to the System as required by CGS Section 10-183b (7). For the 2015/2016 school year, \$5,066,000 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 \$72,110,000. 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%
Salary increases, including inflation	3.75-7.00%
Long-term investment rate of return net of pension investment expense, Including inflation	8.50%

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

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

Discount rate: The discount rate used to measure the total pension liability was 8.5%. 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 \$174,346,000 and 100% of the collective net pension liability is allocated to the State. The City's proportionate share of the net pension liability is \$0.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

The following presents the City's proportionate share of the net pension liability of the System, calculated using the discount rate of 8.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.5%) or 1-percentage-point higher (9.5%) 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, 2016, the City recognized \$13,080,959 as the amount expended by the State on behalf of the City to meet the State's funding requirements.

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

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

General Government employees:

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

Board of Education employees:

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

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

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

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
General Government Employees:				
6/30/2016	\$ 21,013,700	\$ 8,447,300	40.2%	\$ 55,080,300
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:				
6/30/2016	\$ 2,497,700	\$ 787,400	31.5%	\$ 12,244,300
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	\$ 21,560,000	\$ 2,633,000
Interest on net OPEB obligation	2,019,400	500,400
Adjustments to ARC	(2,565,700)	(635,700)
Annual OPEB cost	21,013,700	2,497,700
Contributions made	8,447,300	787,400
Increase in net OPEB liability	12,566,400	1,710,300
Net OPEB obligation, beginning of year	42,513,900	10,534,000
Net OPEB obligation, end of year	\$ 55,080,300	\$ 12,244,300

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Actuarial Valuation Date	Schedule of Funding Progress 000's					Covered Payroll (Total)	UAAL as a Percentage of Payroll
	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio			
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:	4.75%
Inflation rate:	0% to 4%

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Health cost trend rates:

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

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

Note 12. Risk Management

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

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

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

Fiscal Year Ended	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2016	\$ 11,437,795	\$ 16,126,352	\$ 17,904,086	\$ 9,660,061
2015	\$ 8,559,451	\$ 18,221,575	\$ 15,343,231	\$ 11,437,795

City of Danbury, Connecticut

Notes to Financial Statements

Note 13. Joint Ventures and Related Organizations

The Candlewood Lake Authority (Candlewood) is a joint venture of five municipalities, including the City of Danbury. Candlewood is under joint control, comprised of three delegates from each member municipality selected for three-year terms. The City of Danbury has an ongoing financial responsibility but no equity interest. The City remitted \$74,636 to supplement Candlewood's operating revenues for the year ended June 30, 2016, 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, 2016, as HART would experience financial stress without such revenue supplement.

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

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

Complete financial statements for HRRRA can be obtained by request from HRRRA, 162 Whisconier Road, Brookfield, CT 06804 or at City Hall, 155 Deer Hill Avenue, Danbury, CT 06810.

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 14. Fund Balance (Deficit)

Below is a table of fund balance categories and classifications in accordance with GASB Statement No. 54 at June 30, 2016, for the City governmental funds:

	General Fund	Miscellaneous Special Revenue	Vision	Roads	Nonmajor Governmental Funds
Fund Balances (Deficits)					
Non-spendable:					
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 53,242
Permanent fund principal	-	-	-	-	1,483,133
Prepaid	52,415	-	-	-	-
Total nonspendable	52,415	-	-	-	1,536,375
Restricted:					
Public safety	-	-	-	-	659,917
General government	-	-	-	-	11,669
Public works	-	-	-	-	5,935,022
Education	-	-	-	-	299,833
Health and welfare	-	-	-	-	47,387
Railyard parking lease	-	-	-	-	-
Culture and recreation	-	-	-	-	25,936
Total restricted	-	-	-	-	6,979,764
Committed:					
General government	-	28,433	-	-	-
Public safety	-	366,680	-	-	-
Public works	-	-	135,778	1,206,873	-
Health and welfare	-	3,000	-	-	303,598
Culture and recreation	-	-	-	-	-
Education	-	-	98,852	-	42,486,614
Total committed	-	398,113	234,630	1,206,873	42,790,212
Assigned:					
General government	152,631	-	-	-	247,474
Public safety - police	75,447	-	-	-	-
Public works - maintenance	69,498	-	-	-	-
Health and welfare	16,900	-	-	-	-
Culture and recreation - library	3,373	-	-	-	47,021
Education	1,702,587	-	-	-	-
Pension and employee benefits	1,520,000	-	-	-	382,912
Future appropriation	750,000	-	-	-	677,407
Total assigned	4,290,436	-	-	-	1,354,814
Unassigned (deficit)	28,646,378	(838,412)	(8,216,668)	(3,793,982)	(47,344,321)
Total fund balance (deficit)	\$ 32,989,229	\$ (440,299)	\$ (7,982,038)	\$ (2,587,109)	\$ 4,639,437

Significant encumbrances of \$2,200,000 are included in the above table in the Assigned column for the General Fund.

City of Danbury, Connecticut

Notes to Financial Statements

Note 15. Governmental Accounting Standards Board (GASB) Statements

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

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements, except for GASB 75, which will most likely have a material impact, though the amount has not yet been determined:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment 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.
 - 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. 77, *Tax Abatement Disclosures*. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:
 - Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
 - The gross dollar amount of taxes abated during the period
 - Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

City of Danbury, Connecticut

Notes to Financial Statements

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

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

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

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

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

- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This standard narrows the scope and applicability of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan meeting specific criteria; establishes new guidance for these employers, including separate requirements for recognition and measurement of pension expense or expenditures and liabilities, note disclosures and required supplementary information (RSI). The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged.
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged.

City of Danbury, Connecticut

Notes to Financial Statements

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

- GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.
- GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

Note 16. Subsequent Events

General obligation bonds and bond anticipation notes: On July 12, 2016, the City issued \$64,000,000 of General Obligation Bond Anticipation Notes and \$16,000,000 of General Obligation Bonds. The notes mature on July 20, 2017, with interest 2.0%, effective rate of 0.61% and the bonds mature through 2036 with interest ranging from 2.0% to 4.0% and payments from \$900,000 annually.

Bond Referendum: The City voters approved a \$20 million bond referendum on November 8, 2016 for the initial funding for the Waste Water Treatment Plant project (\$10 million) and several community improvement, infrastructure and road projects (\$10 million).

**Required Supplementary
Information – *unaudited***

City of Danbury, Connecticut

Required Supplementary Information - Unaudited

Schedule of Changes in the City's Net Pension Liability and
Related Ratios and Schedule of Investment Returns
Last Three Fiscal Years

	2016	2015	2014
	General Employees Retirement	General Employees Retirement	General Employees Retirement
Changes in Net Pension Liability			
Total Pension Liability			
Service cost	\$ 2,262,441	\$ 2,132,568	\$ 2,070,454
Interest on total pension liability	9,963,041	9,705,969	9,548,761
Differences between expected and actual experience	(1,674,712)	-	-
Changes of assumptions	6,504,256	-	-
Benefit payments	(8,687,738)	(8,166,553)	(10,813,036)
Net change in total pension liability	8,367,288	3,671,984	806,179
Total Pension Liability, Beginning	139,426,682	135,754,698	134,948,519
Total pension liability, ending (a)	147,793,970	139,426,682	135,754,698
Fiduciary Net Position			
Employer contributions	3,846,000	3,776,000	3,665,000
Member contributions	223,956	217,413	120,469
Investment income net of investment expenses	(3,105,668)	3,920,638	14,322,567
Benefit payments	(8,687,738)	(8,166,553)	(10,813,036)
Administrative expenses	(73,106)	(74,473)	-
Net change in plan fiduciary net position	(7,796,556)	(326,975)	7,295,000
Fiduciary Net Position, Beginning	106,573,144	106,900,119	99,605,119
Fiduciary net position, ending (b)	98,776,588	106,573,144	106,900,119
Net pension liability, ending = (a) - (b)	\$ 49,017,382	\$ 32,853,538	\$ 28,854,579
Fiduciary Net Position as a % of Total Pension Liability	66.83%	76.44%	78.75%
Covered Payroll	\$ 25,589,700	\$ 26,806,000	\$ 26,025,000
Net Pension Liability as a % of Covered Payroll	191.55%	122.56%	110.87%
	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	-2.96%	3.79%	14.78%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present the information for those years on which information is available.

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 Three Fiscal Years

	2016	2015	2014
	Pre-1967 Police Pension Plan	Pre-1967 Police Pension Plan	Pre-1967 Police Pension Plan
Changes in Net Pension Liability			
Total Pension Liability			
Service cost	\$ -	\$ -	\$ -
Differences between expected and actual experience	201,582	-	-
Changes of assumptions	148,725	-	-
Interest on total pension liability	504,238	553,203	602,880
Benefit payments	(1,218,841)	(1,237,975)	(1,336,484)
Net change in total pension liability	(364,296)	(684,772)	(733,604)
Total Pension Liability, Beginning	7,553,761	8,238,533	8,972,137
Total pension liability, ending (a)	7,189,465	7,553,761	8,238,533
Fiduciary Net Position			
Employer contributions	655,000	655,000	805,000
Member contributions	-	-	-
Investment income net of investment expenses	(61,449)	88,860	383,393
Benefit payments	(1,218,841)	(1,237,975)	(1,336,484)
Administrative expenses	(8,710)	(5,892)	-
Net change in plan fiduciary net position	(634,000)	(500,007)	(148,091)
Fiduciary Net Position, Beginning	2,635,275	3,135,282	3,283,373
Fiduciary net position, ending (b)	2,001,275	2,635,275	3,135,282
Net pension liability, ending = (a) - (b)	\$ 5,188,190	\$ 4,918,486	\$ 5,103,251
Fiduciary Net Position as a % of Total Pension Liability			
	27.84%	34.89%	38.06%
Covered Payroll			
	N/A	N/A	N/A
Net Pension Liability as a % of Covered Payroll			
	0.00%	0.00%	0.00%
Annual money-weighted rate of return, net of investment expense			
	-2.40%	3.39%	11.34%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present the information for those years on which information is available.

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 Three Fiscal Years

	2016	2015	2014
	Pre-1967 Fire Pension Plan	Pre-1967 Fire Pension Plan	Pre-1967 Fire Pension Plan
Changes in Net Pension Liability			
Total Pension Liability			
Service cost	\$ -	\$ -	\$ -
Interest on total pension liability	415,146	445,256	475,224
Differences between expected and actual experience	230,528	-	-
Changes of assumptions	178,899	-	-
Benefit payments	(844,167)	(876,387)	(900,366)
Net change in total pension liability	(19,594)	(431,131)	(425,142)
Total Pension Liability, Beginning	6,140,850	6,571,981	6,997,123
Total pension liability, ending (a)	6,121,256	6,140,850	6,571,981
Fiduciary Net Position			
Employer contributions	415,000	415,000	497,000
Member contributions	-	-	-
Investment income net of investment expenses	(75,668)	104,536	420,984
Benefit payments	(844,167)	(876,387)	(900,366)
Administrative expenses	(6,361)	(7,136)	-
Net change in plan fiduciary net position	(511,196)	(363,987)	17,618
Fiduciary Net Position, Beginning	2,882,653	3,246,640	3,229,022
Fiduciary net position, ending (b)	2,371,457	2,882,653	3,246,640
Net pension liability, ending = (a) - (b)	\$ 3,749,799	\$ 3,258,197	\$ 3,325,341
Fiduciary Net Position as a % of Total Pension Liability	38.74%	46.94%	49.40%
Covered Payroll	N/A	N/A	N/A
Net Pension Liability as a % of Covered Payroll	0.00%	0.00%	0.00%
	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	-2.74%	3.63%	12.93%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present the information for those years on which information is available.

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 Three Fiscal Years

	2016	2015	2014
	Post-1967 Police Pension Plan	Post-1967 Police Pension Plan	Post-1967 Police Pension Plan
Changes in Net Pension Liability			
Total Pension Liability			
Service cost	\$ 59,491	\$ 100,676	\$ 97,744
Interest on total pension liability	4,048,243	4,135,500	4,122,607
Differences between expected and actual experience	-	(1,159,613)	-
Changes of assumptions	-	-	-
Benefit payments	(4,361,159)	(4,120,884)	(3,972,610)
Net change in total pension liability	(253,425)	(1,044,321)	247,741
Total Pension Liability, Beginning	57,920,766	58,965,087	58,717,346
Total pension liability, ending (a)	57,667,341	57,920,766	58,965,087
Fiduciary Net Position			
Fiduciary Net Position			
Employer contributions	1,152,000	803,000	799,000
Member contributions	6,427	13,032	12,953
Investment income net of investment expenses	(1,343,456)	1,722,288	6,359,533
Benefit payments	(4,361,159)	(4,120,884)	(3,972,610)
Administrative expenses	(10,023)	(20,901)	-
Net change in plan fiduciary net position	(4,556,211)	(1,603,465)	3,198,876
Fiduciary Net Position, Beginning	45,664,389	47,267,854	44,068,978
Fiduciary net position, ending (b)	41,108,178	45,664,389	47,267,854
Net pension liability, ending = (a) - (b)	\$ 16,559,163	\$ 12,256,377	\$ 11,697,233
Fiduciary Net Position as a % of Total Pension Liability	71.29%	78.84%	80.16%
Covered Payroll	\$ 1,172,000	\$ 1,138,000	\$ 1,220,000
Net Pension Liability as a % of Covered Payroll	1412.90%	1077.01%	958.79%
	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	-3.03%	3.79%	14.80%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present the information for those year on which information is available.

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 Three Fiscal Years

	2016	2015	2014
	Post-1967 Fire Pension Plan	Post-1967 Fire Pension Plan	Post-1967 Fire Pension Plan
Changes in Net Pension Liability			
Total Pension Liability			
Service cost	\$ 1,707,587	\$ 1,659,154	\$ 1,610,829
Interest on total pension liability	6,384,417	6,060,488	5,821,541
Differences between expected and actual experience	-	699,463	-
Changes of assumptions	-	494,323	-
Benefit payments	(4,638,500)	(4,354,212)	(4,021,371)
Net change in total pension liability	3,453,504	4,559,216	3,410,999
Total Pension Liability, Beginning	88,632,015	84,072,799	80,661,800
Total pension liability, ending (a)	92,085,519	88,632,015	84,072,799
Fiduciary Net Position			
Employer contributions	3,327,082	2,010,000	1,975,315
Member contributions	471,063	482,977	470,868
Investment income net of investment expenses	(2,030,614)	2,575,947	8,987,928
Benefit payments	(4,638,500)	(4,354,212)	(4,021,371)
Administrative expenses	(16,176)	(24,152)	-
Net change in plan fiduciary net position	(2,887,145)	690,560	7,412,740
Fiduciary Net Position, Beginning	69,274,284	68,583,724	61,170,984
Fiduciary net position, ending (b)	66,387,139	69,274,284	68,583,724
Net pension liability, ending = (a) - (b)	\$ 25,698,380	\$ 19,357,731	\$ 15,489,075
Fiduciary Net Position as a % of Total Pension Liability	72.09%	78.16%	81.58%
Covered Payroll	\$ 8,715,000	\$ 8,461,000	\$ 8,923,000
Net Pension Liability as a % of Covered Payroll	294.88%	228.79%	173.59%
	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	-2.94%	3.84%	14.78%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present the information for those years on which information is available.

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 Three Fiscal Years

	2016	2015	2014
	Post-1983 Police Pension Plan	Post-1983 Police Pension Plan	Post-1983 Police Pension Plan
Changes in Net Pension Liability			
Total Pension Liability			
Service cost	\$ 1,480,169	\$ 1,388,686	\$ 1,348,239
Interest on total pension liability	3,432,817	3,137,854	2,890,233
Differences between expected and actual experience	-	(107,160)	-
Changes of assumptions	-	698,090	-
Benefit payments	(1,268,318)	(1,017,069)	(715,125)
Net change in total pension liability	3,644,668	4,100,401	3,523,347
Total Pension Liability, Beginning	46,492,098	42,391,697	38,868,350
Total pension liability, ending (a)	50,136,766	46,492,098	42,391,697
Fiduciary Net Position			
Fiduciary Net Position			
Employer contributions	2,385,261	2,115,030	2,081,655
Member contributions	475,914	455,189	434,604
Investment income (loss) net of investment expenses	(782,347)	993,903	3,067,009
Benefit payments	(1,268,318)	(1,017,069)	(715,125)
Administrative expenses	(6,475)	(23,211)	-
Net change in plan fiduciary net position	804,035	2,523,842	4,868,143
Fiduciary Net Position, Beginning	29,104,395	26,580,553	21,712,410
Fiduciary net position, ending (b)	29,908,430	29,104,395	26,580,553
Net pension liability, ending = (a) - (b)	\$ 20,228,336	\$ 17,387,703	\$ 15,811,144
Fiduciary Net Position as a % of Total Pension Liability			
Fiduciary Net Position as a % of Total Pension Liability	59.65%	62.60%	62.70%
Covered Payroll	\$ 10,554,000	\$ 10,247,000	\$ 9,879,000
Net Pension Liability as a % of Covered Payroll	191.67%	169.69%	160.05%
Annual money-weighted rate of return, net of investment expense			
Annual money-weighted rate of return, net of investment expense	-2.58%	3.75%	13.36%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present the information for those years on which information is available.

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 Three Fiscal Years

	2016	2015	2014
	Post-2011 Fire Pension Plan	Post-2011 Fire Pension Plan	Post-2011 Fire Pension Plan
Changes in Net Pension Liability			
Total Pension Liability			
Service cost	\$ 80,669	\$ 78,741	\$ 76,448
Interest on total pension liability	17,893	12,904	6,116
Differences between expected and actual experience	-	(27,709)	-
Changes of assumptions	-	25,473	-
Benefit payments	(11,903)	-	-
Net change in total pension liability	86,659	89,409	82,564
Total Pension Liability, Beginning	171,973	82,564	-
Total pension liability, ending (a)	258,632	171,973	82,564
Fiduciary Net Position			
Employer contributions	64,490	70,797	-
Member contributions	51,425	45,030	35,835
Investment income net of investment expenses	859	10	3
Benefit payments	(11,903)	-	-
Administrative expenses	(8,076)	(3,705)	-
Net change in plan fiduciary net position	96,795	112,132	35,838
Fiduciary Net Position, Beginning	147,970	35,838	-
Fiduciary net position, ending (b)	244,765	147,970	35,838
Net pension liability, ending = (a) - (b)	\$ 13,867	\$ 24,003	\$ 46,726
Fiduciary Net Position as a % of Total Pension Liability			
	94.64%	86.04%	43.41%
Covered Payroll	\$ 771,841	\$ 749,360	\$ 597,250
Net Pension Liability as a % of Covered Payroll	1.80%	3.20%	7.82%
Annual money-weighted rate of return, net of investment expense			
	2016	2015	2014
	0.43%	0.01%	0.02%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present the information for those years on which information is available.

City of Danbury, Connecticut

Required Supplementary Information - Unaudited
Schedules of Employer Contributions - Pensions
Last Ten Fiscal Years

Schedule of Contributions - General Employees										
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined calculation	\$ 3,846,000	\$ 3,776,000	\$ 3,665,000	\$ 3,559,000	\$ 2,639,000	\$ 2,529,000	\$ -	\$ -	\$ -	\$ -
Contributions in relation to actuarially determined calculation	3,846,000	3,776,000	3,665,000	3,559,000	2,639,000	2,529,000	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	\$ 25,590,000	\$ 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
Contributions as a percentage of covered-employee payroll	15.03%	14.09%	14.08%	14.09%	9.81%	9.79%	0.00%	0.00%	0.00%	0.00%
Schedule of Contributions - Pre-1967 Police										
	2015	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined calculation	\$ 655,000	\$ 655,000	\$ 805,000	\$ 805,000	\$ 904,000	\$ 904,000	\$ 845,000	\$ 845,000	\$ 857,000	\$ 857,000
Contributions in relation to actuarially determined calculation	655,000	655,000	805,000	805,000	904,000	904,000	845,000	845,000	857,000	857,000
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										
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined calculation	\$ 415,000	\$ 415,000	\$ 497,000	\$ 497,000	\$ 488,000	\$ 488,000	\$ 552,000	\$ 552,000	\$ 865,000	\$ 611,000
Contributions in relation to actuarially determined calculation	415,000	415,000	497,000	497,000	488,000	488,000	552,000	552,000	865,000	611,000
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	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined calculation	\$ 841,000	\$ 803,000	\$ 799,000	\$ 748,000	\$ 798,000	\$ -	\$ -	\$ -	\$ -	\$ 713,000
Contributions in relation to actuarially determined calculation	1,152,000	803,000	799,000	748,000	798,000	-	-	-	-	713,000
Contribution deficiency (excess)	\$ (311,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	\$ 1,172,000	\$ 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
Contributions as a percentage of covered-employee payroll	98.29%	70.56%	65.49%	63.12%	71.57%	0.00%	0.00%	0.00%	0.00%	41.02%
Schedule of Contributions - Post 1967 Fire										
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined calculation	\$ 2,473,000	\$ 2,010,000	\$ 1,975,000	\$ 1,363,000	\$ 1,429,000	\$ 311,000	\$ 272,000	\$ -	\$ -	\$ 342,000
Contributions in relation to actuarially determined calculation	3,327,082	2,010,000	1,975,315	1,363,000	1,429,000	311,000	272,000	-	-	342,000
Contribution deficiency (excess)	\$ (854,082)	\$ -	\$ (315)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	\$ 8,715,000	\$ 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
Contributions as a percentage of covered-employee payroll	38.18%	23.76%	22.14%	15.73%	16.99%	3.70%	3.22%	0.00%	0.00%	4.50%
Schedule of Contributions - Post 1983 Police Pension Plan										
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined calculation	\$ 2,417,000	\$ 2,114,000	\$ 2,081,000	\$ 1,517,000	\$ 1,602,000	\$ 1,047,000	\$ 1,018,000	\$ 889,000	\$ 910,000	\$ 910,000
Contributions in relation to actuarially determined calculation	2,385,261	2,115,030	2,081,655	1,517,000	1,419,000	1,047,000	1,018,000	889,000	910,000	910,000
Contribution deficiency (excess)	\$ 31,739	\$ (1,030)	\$ (655)	\$ -	\$ 183,000	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	\$ 10,554,000	\$ 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
Contributions as a percentage of covered-employee payroll	22.60%	20.64%	21.07%	15.82%	15.24%	11.24%	11.73%	10.24%	11.74%	11.74%

City of Danbury, Connecticut

Required Supplementary Information - Unaudited
 Schedules of Employer Contributions - Pensions (Continued)
 Last Ten Fiscal Years

Schedule of Contributions - Post 2011 Fire Pension Plan										
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined calculation	\$ 42,000	\$ 41,000	\$ 40,613	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to actuarially determined calculation	64,490	70,797	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ (22,490)	\$ (29,797)	\$ 40,613	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	\$ 771,841	\$ 749,360	\$ 597,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	8.36%	9.45%	0.00%	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
Last Two Fiscal Years**

Measurement Date June, 30	2016	2015
City's proportion of the net pension liability	0.00%	0.00%
City's proportionate share of the net pension liability	\$ -	\$ -
State's proportionate share of the net pension liability associated with the City	<u>\$ 188,625,334</u>	<u>\$ 174,346,320</u>
Total	<u>\$ 188,625,334</u>	<u>\$ 174,346,320</u>
City's covered-employee payroll	<u>\$ 72,110,000</u>	<u>\$ 69,885,000</u>
City's proportionate share of the net pension liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>
System fiduciary net position as a percentage of the total pension liability	<u>59.50%</u>	<u>61.51%</u>

Notes to Connecticut State Teachers' Retirement System

Changes of Assumptions

In 2011, rates of withdrawal, retirement and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience 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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present the information for those years on which information is available.

City of Danbury, Connecticut

Required Supplementary Information - Unaudited
Schedules of Funding Progress and Employer Contributions - OPEB
June 30, 2016

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						
7/1/2014	\$ 1,053,900	\$ 229,068,600	\$ 228,014,700	5.0%	\$ 32,589,100	700.0%
7/1/2012	-	134,076,100	134,076,100	0.0%	32,315,500	415.0%
7/1/2010	-	124,038,200	124,038,200	0.0%	33,256,200	373.0%
7/1/2008	-	102,450,000	102,450,000	0.0%	34,705,900	295.0%
7/1/2006	-	73,448,012	73,448,012	0.0%	NA	NA
Board of Education Employees						
7/1/2014	\$ 146,100	\$ 30,191,100	\$ 30,045,000	0.5%	\$ 78,443,500	38.0%
7/1/2012	-	20,393,300	20,393,300	0.0%	73,580,400	28.0%
7/1/2010	-	19,730,300	19,730,300	0.0%	72,319,700	27.3%
7/1/2008	-	20,134,000	20,134,000	0.0%	66,898,500	30.0%
7/1/2006	-	20,366,070	20,366,070	0.0%	NA	NA

Schedule of Employer Contributions - OPEB

Year Ended June 30,	General Employees		Board of Education	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2016	\$ 21,560,000	39.2%	\$ 2,633,000	29.9%
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, 2016

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Revenues				
General property taxes	\$ 197,157,988	\$ 197,157,988	\$ 198,063,598	\$ 905,610
Federal and state governments	31,113,350	31,113,350	29,596,313	(1,517,037)
Licenses and permits	4,552,300	4,552,300	3,775,368	(776,932)
Charges for services	2,651,062	2,741,610	4,095,065	1,353,455
Fines and penalties	190,300	190,300	108,915	(81,385)
Investment income	200,000	200,000	230,372	30,372
Total revenues	235,865,000	235,955,548	235,869,631	(85,917)
Expenditures				
Current:				
General government	9,885,396	10,262,259	9,668,099	594,160
Public safety	34,078,557	34,209,196	32,988,672	1,220,524
Public works	10,070,166	10,164,214	9,537,691	626,523
Health and welfare	2,124,418	2,252,683	2,180,243	72,440
Culture and recreation	2,738,263	2,856,027	2,724,955	131,072
Education	124,208,575	124,208,575	124,208,575	-
Pension and other employee benefits	35,735,902	35,563,197	32,704,190	2,859,007
Contingency	475,000	179,391	-	179,391
Debt service:				
Principal retirements	10,400,095	10,400,095	10,400,095	-
Interest	5,404,706	5,148,113	5,131,029	17,084
Total expenditures	235,121,078	235,243,750	229,543,549	5,700,200
Excess (deficiency) of revenues over (under) expenditures	743,922	711,798	6,326,082	5,614,283
Other Financing Sources (Uses)				
Sale of assets	35,000	35,000	-	(35,000)
Bond Premium	-	-	1,295,790	1,295,790
Transfers in	1,800,000	5,288,717	-	(5,288,717)
Transfers (out)	(2,578,922)	(6,035,515)	(6,029,347)	6,168
Total other financing sources (uses)	(743,922)	(711,798)	(4,733,557)	(4,021,759)
Revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ -	\$ 1,592,524	\$ 1,592,524

See Note to Required Supplementary Information.

City of Danbury, Connecticut

**Note to Required Supplementary Information - Unaudited
June 30, 2016**

Note 1. Budgets and Budgetary Accounting

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

1. Prior to April 7, the Mayor submits proposed operating budgets to the City Council for the fiscal year commencing the following July 1. The Board of Education has the same duties and follows the same procedures with respect to the budget of the Board of Education as those required of the Mayor. The operating budgets include proposed expenditures and the means of financing them; however, capital lease acquisitions and state on-behalf payments are not included in the operating budget. The Animal Control and Ambulance are special revenue funds which have legally adopted annual budgets.
2. Upon receipt of the proposed budgets, the City Council publishes a notice of the proposed budgets and a public hearing to be held no later than May 1.
3. No later than May 15, the budgets are legally enacted through City Council resolution.
4. The legal level of budgetary control is at the department level. The Mayor is authorized to transfer budget amounts within departments and the City Council is authorized to transfer budget amounts between departments within any fund as well as any supplemental appropriations that amend the total expenditures of any budgeted fund. During the year, several supplemental appropriations were necessary; the effect of the amendments increased budgeted expenditures by approximately \$1,939,312.
5. Formal budgetary accounting is employed as a management control within the City for the General Fund and certain special revenue funds. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required. The General Fund budget is adopted on a modified accrual basis of accounting, except that encumbrances and continued appropriations are treated as budgeted expenditures in the year of incurrence of the commitment to purchase and certain employee benefits are budgeted on the cash basis of accounting (non-GAAP basis). Budgetary comparisons in the financial statements are presented pursuant to the applicable budgetary basis referred to above.
6. Except for purposes which are to be financed by the issuance of bonds or by special assessment, no money can be disbursed without an authorized appropriation in any fiscal year. A contingency fund may be used for emergency appropriations, however, expenditures may not be charged directly to this fund. An appropriation and transfer to the expending fund must be approved by the City Council.
7. All unencumbered appropriations, except for continued appropriations, lapse at the end of each fiscal year.

City of Danbury, Connecticut

**Note to Required Supplementary Information - Unaudited
June 30, 2016**

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	\$ 237,165,421	\$ 235,572,897
Encumbrances and continued appropriations		
June 30, 2016	-	(1,702,587)
June 30, 2015	-	1,935,358
State Teachers' Retirement on-behalf payments, not recognized for budgetary purposes	17,617,000	17,617,000
Reclassified to General Fund, as funds were previously reported as Special Revenue Funds, and no longer meet the definition in accordance with		
Non-budgeted Police Special Services	2,000,229	1,887,138
GASB 54	2,786,750	2,869,159
Refund in proceeds	14,334,000	-
Payment to escrow	-	15,862,071
Premium on refunding	1,687,375	-
Issuance of capital lease	2,010,198	2,010,198
Balance, GAAP basis	<u>\$ 277,600,973</u>	<u>\$ 276,051,234</u>

City of Danbury, Connecticut

**Note to Required Supplementary Information - Unaudited
June 30, 2016**

Note 1. Budgets and Budgetary Accounting (Continued)

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

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

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**Combining and Individual Fund
Financial Statements and Other Schedules**

General Fund

General Fund

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

City of Danbury, Connecticut

General Fund Expenditures and Encumbrances - Budgetary Basis -
 Budget and Actual - Unaudited
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary Basis	Final Budget
General Government				
Common Council	\$ 23,362	\$ 17,048	\$ 15,906	\$ 1,142
Mayor's Office	355,613	374,173	347,083	27,090
Legislative Assistant	61,517	63,011	61,508	1,503
Ordinances	17,500	23,814	23,814	0
Probate Court	21,100	21,100	20,292	808
Registrars and Elections	222,574	254,517	239,467	15,050
City Treasurer	23,378	24,020	24,020	0
Director of Finance	918,610	873,402	873,266	136
Data Processing/Information Technology	1,251,594	1,365,931	1,365,926	5
Independent Audit	45,000	38,750	38,750	-
Bureau of Assessments	386,153	361,949	361,812	137
Board of Assessments and Appeal	7,700	4,759	4,102	657
Tax Collector	587,653	582,660	580,128	2,532
Purchasing	261,552	263,428	262,184	1,244
Corporation Counsel	836,081	845,302	790,878	54,424
Town Clerk	388,326	478,958	421,735	57,223
Annual Report	10,000	10,000	10,000	-
Permit Coordination	337,950	342,879	338,987	3,892
Planning	513,737	575,446	547,914	27,532
Office of Economic Development	105,224	108,728	103,879	4,849
Danbury Conservation Commission	10,024	10,024	10,023	1
HR/Civil Service	352,173	384,974	346,358	38,616
Mayor's Discretionary Fund	15,000	16,440	15,959	481
Fair Rent Commission	500	500	141	359
City Memberships	85,870	85,870	85,087	783
Lake Authority	74,636	84,541	84,541	-
Retirement Administration	30,000	30,000	6,428	23,572
Labor Negotiations	200,200	174,500	164,365	10,135
Public Buildings	1,225,757	1,236,380	1,138,643	97,738
City Hall Building	433,440	405,386	333,390	71,996
Library Building	245,380	233,150	197,044	36,106
Police Station Building	505,373	528,001	485,365	42,636
Senior Center Building	55,100	54,403	47,256	7,147
Old Jail Building	31,032	30,868	26,114	4,754
Old Library Building	55,853	78,053	41,016	37,037
Park Buildings	153,500	160,670	140,560	20,110
Office of Project Excellence	-	115,302	114,160	1,142
Employee Benefits	36,934	3,322	-	3,322
Total general government	9,885,396	10,262,259	9,668,099	594,160

(Continued)

City of Danbury, Connecticut

General Fund Expenditures and Encumbrances - Budgetary Basis -
 Budget and Actual - Unaudited (Continued)
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Public Safety				
Police Department	\$ 16,749,952	\$ 16,802,576	\$ 16,086,076	\$ 716,500
Fire Department	12,602,689	12,654,884	12,280,677	374,207
Emergency Services Dispatch	2,473,208	2,493,514	2,481,920	11,594
Building Inspector	587,650	588,993	520,820	68,173
Department of Civil Preparedness	152,045	152,045	150,580	1,465
Department of Consumer Protection	39,487	39,487	20,372	19,115
Unified Neighborhood Inspection Team	184,686	184,743	173,973	10,770
Airport	544,855	559,874	541,195	18,679
HART	733,080	733,080	733,059	21
Employee Benefits	10,905	-	-	-
Total public safety	34,078,557	34,209,196	32,988,672	1,220,524
Public Works				
Director of Public Works	236,997	241,100	233,830	7,270
Highways	2,862,512	2,794,371	2,672,074	122,297
State Aid-Highways	360,000	362,915	353,742	9,173
Snow & Ice Removal	874,500	855,600	853,862	1,738
Street Lighting	500,000	538,489	538,488	1
Park Maintenance	1,268,583	1,317,135	1,209,336	107,799
Forestry	281,226	287,149	281,068	6,081
Public Buildings-Maint & Repair	642,500	668,133	581,861	86,273
Equipment Maintenance	1,482,203	1,492,397	1,326,606	165,791
Recycling/Solid Waste	270,250	277,332	233,767	43,565
Engineering	999,753	1,052,730	1,013,015	39,715
Construction Services	276,755	276,863	240,043	36,820
Employee Benefits	14,887	-	-	-
Total public works	10,070,166	10,164,214	9,537,691	626,523
Health and Welfare				
Health, House and Welfare Department	1,285,108	1,299,130	1,261,109	38,021
Veterans Advisory Center	54,263	54,263	37,012	17,251
Elderly Services	255,528	259,392	242,224	17,168
Elderly Transportation	12,000	12,000	12,000	-
Community Services	512,898	627,898	627,898	-
Employee Benefits	4,621	-	-	-
Total health and welfare	2,124,418	2,252,683	2,180,243	72,440
Education				
	124,000,000	124,000,000	124,000,000	-
Schools - Health, Welfare				
	208,575	208,575	208,575	-

(Continued)

City of Danbury, Connecticut

General Fund Expenditures and Encumbrances - Budgetary Basis -
 Budget and Actual - Unaudited (Continued)
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Culture and Recreation				
Danbury Public Library	\$ 1,985,944	\$ 2,047,692	\$ 1,949,539	\$ 98,153
Recreation	343,689	346,592	318,798	27,794
Tarrywile Park Authority	218,153	218,153	218,153	-
Cultural Commission	72,718	72,718	69,736	2,982
Lake Kenosia Commission	15,236	15,236	15,173	63
Ives Authority Performing Arts	-	55,404	55,404	-
Long Ridge Library	7,360	7,360	7,360	-
Danbury Museum/Hist Soc Authority	90,792	90,792	90,792	-
Employee Benefits	4,371	2,080	-	2,080
Total culture and recreation	2,738,263	2,856,027	2,724,955	131,072
Pension and Other Employee Benefits	35,735,902	35,563,197	32,704,190	2,859,007
Debt Service				
Redemption of debt	10,400,095	10,400,095	10,400,095	-
Interest - bonds	5,404,706	5,148,113	5,131,029	17,084
Total debt service	15,804,801	15,548,208	15,531,124	17,084
Capital Outlay	-	-	-	-
Contingency	475,000	179,391	-	179,391
Transfer Out	2,578,922	6,035,515	6,029,347	6,168
Total	\$ 237,700,000	\$ 241,279,265	\$ 235,572,897	\$ 5,706,368

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Nonmajor Governmental Funds

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

Capital Projects Funds

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

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

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

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

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

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

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

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

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

DHS 2020 – to account for proceeds of specific general obligation bonds for Danbury High School.

Permanent Fund

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

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

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City of Danbury, Connecticut

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2016

	Special Revenue			
	School Lunch Program	Community Development Block Grant	Metro North Parking Lease	Library Board Library Fund
Assets				
Cash and Cash Equivalents	\$ 216,113	\$ 604,395	\$ 545	\$ 143,062
Receivables				
Accounts receivable, net	273,771	-	-	-
Federal and State government	482,888	104,298	-	-
Other	-	-	938	-
Inventories	53,242	-	-	-
Due from Other Funds	-	-	467	-
Total assets	\$ 1,026,014	\$ 708,693	\$ 1,950	\$ 143,062
Liabilities				
Accounts payable	\$ 770,542	\$ 127,874	\$ 1,950	\$ 117,126
Accrued wages	-	-	-	-
Bond anticipation notes payable	-	-	-	-
Unearned revenue	-	-	-	-
Due to other funds	-	1,248,218	-	-
Total liabilities	770,542	1,376,092	1,950	117,126
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances (Deficits)				
Nonspendable	53,242	-	-	-
Restricted	202,230	47,387	-	25,936
Committed	-	-	-	-
Unassigned	-	(714,786)	-	-
Total fund balances (deficits)	255,472	(667,399)	-	25,936
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 1,026,014	\$ 708,693	\$ 1,950	\$ 143,062

Special Revenue

Animal Control	School- Based Health Center Grant	LOCIP	Airport Projects	State & Fed. School Projects	Neighborhood Stabilization Grants
\$ 319,410	\$ 128,491	\$ 322,884	\$ 303,558	\$ 3,971,756	\$ 83
-	-	-	-	-	-
-	-	206,130	410,101	694,384	-
-	-	-	-	-	4,110
-	-	-	-	-	-
-	-	-	11,250	-	-
<u>\$ 319,410</u>	<u>\$ 128,491</u>	<u>\$ 529,014</u>	<u>\$ 724,909</u>	<u>\$ 4,666,140</u>	<u>\$ 4,193</u>
\$ 62,705	\$ 128,491	\$ 53,300	\$ 99,541	\$ 2,010,803	\$ 4,110
-	-	-	-	112,811	-
-	-	-	-	-	-
-	-	-	-	2,533,741	-
9,231	-	475,713	566,878	-	83
<u>71,936</u>	<u>128,491</u>	<u>529,013</u>	<u>666,419</u>	<u>4,657,355</u>	<u>4,193</u>
-	-	206,130	407,244	-	-
-	-	206,130	407,244	-	-
-	-	-	-	-	-
247,474	-	74,548	46,026	8,785	-
-	-	-	-	-	-
-	-	(280,677)	(394,780)	-	-
<u>247,474</u>	<u>-</u>	<u>(206,129)</u>	<u>(348,754)</u>	<u>8,785</u>	<u>-</u>
<u>\$ 319,410</u>	<u>\$ 128,491</u>	<u>\$ 529,014</u>	<u>\$ 724,909</u>	<u>\$ 4,666,140</u>	<u>\$ 4,193</u>

(Continued)

City of Danbury, Connecticut

Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 June 30, 2016

	Capital Projects			
	City Projects	SECP	Danbury Neighborhood Bond	Head Start Bond
Assets				
Cash and Cash Equivalents	\$ 5,103,635	\$ -	\$ 203,884	\$ 161,651
Receivables				
Accounts receivable, net	-	-	-	-
Federal and State government	-	-	-	1,055,406
Other	-	-	-	-
Inventories	-	-	-	-
Due from Other Funds	-	-	-	-
Total assets	\$ 5,103,635	\$ -	\$ 203,884	\$ 1,217,057
Liabilities				
Accounts payable	\$ 127,990	\$ -	\$ -	\$ -
Accrued wages	-	-	-	-
Bond anticipation notes payable	-	-	-	2,250,000
Unearned revenue	-	-	-	-
Due to other funds	-	-	156,893	110,000
Total liabilities	127,990	-	156,893	2,360,000
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	1,055,406
Total deferred inflows of resources	-	-	-	1,055,406
Fund Balances (Deficits)				
Nonspendable	-	-	-	-
Restricted	4,975,645	-	46,991	-
Committed	-	-	-	-
Unassigned	-	-	-	(2,198,349)
Total fund balances (deficits)	4,975,645	-	46,991	(2,198,349)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 5,103,635	\$ -	\$ 203,884	\$ 1,217,057

Capital Projects					Permanent Fund	
Public Safety Bond	Century 21 PI	Open Space Bond	CRM Project	DHS 2020	Farioly Library	Totals
\$ 382,912	\$ 1,599,237	\$ 108,527	\$ -	\$ 461,525	\$ 1,678,515	\$ 15,710,183
-	-	-	-	-	-	273,771
-	1,308,664	-	-	1,037,270	-	5,299,141
-	-	-	-	-	-	5,048
-	-	-	-	-	-	53,242
-	-	-	-	-	-	11,717
<u>\$ 382,912</u>	<u>\$ 2,907,901</u>	<u>\$ 108,527</u>	<u>\$ -</u>	<u>\$ 1,498,795</u>	<u>\$ 1,678,515</u>	<u>\$ 21,353,102</u>
\$ -	\$ -	\$ 69,636	\$ -	\$ 136,315	\$ -	\$ 3,710,383
-	-	-	-	-	-	112,811
-	-	-	-	250,000	-	2,500,000
-	-	-	-	-	-	2,533,741
-	-	270,000	-	1,000,000	5,000	3,842,016
-	-	339,636	-	1,386,315	5,000	12,698,951
-	1,308,664	-	-	1,037,270	-	4,014,714
-	1,308,664	-	-	1,037,270	-	4,014,714
-	-	-	-	-	1,483,133	1,536,375
382,912	1,599,237	113,216	-	-	-	7,770,387
-	-	-	-	42,486,614	190,382	42,676,996
-	-	(344,325)	-	(43,411,404)	-	(47,344,321)
382,912	1,599,237	(231,109)	-	(924,790)	1,673,515	4,639,437
<u>\$ 382,912</u>	<u>\$ 2,907,901</u>	<u>\$ 108,527</u>	<u>\$ -</u>	<u>\$ 1,498,795</u>	<u>\$ 1,678,515</u>	<u>\$ 21,353,102</u>

City of Danbury, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) -
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2016

	Special Revenue			
	School Lunch Program	Community Development Block Grant	Metro North Parking Lease	Library Board Library Fund
Revenues				
Federal and state governments	\$ 2,733,948	\$ 263,209	\$ -	\$ 4,784
Licenses and permits	2,448,804	-	-	-
Charges for services	-	-	30,563	59,699
Investment income	-	-	-	182
Contributions	-	-	-	253
Total revenues	5,182,752	263,209	30,563	64,918
Expenditures				
General government	-	97,416	23,400	-
Public safety	-	-	-	-
Public works	-	503,571	-	-
Culture and recreation	-	3,200	-	22,487
Health and welfare	-	273,166	-	-
Education	5,110,288	-	-	-
Principal payments	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	7,163	21,891
Total expenditures	5,110,288	877,353	30,563	44,378
Excess (deficiency) of revenues over (under) expenditures	72,464	(614,144)	-	20,540
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Bond proceeds	-	-	-	-
Bond anticipation note proceeds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Total revenue and other financing sources (uses) over (under) expenditures	72,464	(614,144)	-	20,540
Fund Balances (Deficits), Beginning	183,008	(53,255)	-	5,396
Fund Balances (Deficits), Ending	\$ 255,472	\$ (667,399)	\$ -	\$ 25,936

Special Revenue

Animal Control	School-Based Health Center Grant	LOCIP	Airport Projects	State & Fed. School Projects	Neighborhood Stabilization Grants
\$ -	\$ 475,207	\$ 256,766	\$ 700,970	\$ 26,375,291	\$ (4,110)
16,575	-	-	-	-	-
2,251	91,001	-	-	-	-
395	-	-	-	-	-
-	-	-	-	-	-
19,221	566,208	256,766	700,970	26,375,291	(4,110)
-	-	-	-	-	(4,110)
254,770	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	566,208	-	-	-	-
-	-	-	-	26,375,291	-
-	-	-	-	-	-
-	-	-	-	-	-
18,600	-	183,344	347,286	-	-
273,370	566,208	183,344	347,286	26,375,291	(4,110)
65,371,158					
(254,149)	-	73,422	353,684	-	-
461,000	-	-	11,250	-	-
(161,000)	-	-	-	-	-
-	-	-	-	-	-
300,000	-	-	11,250	-	-
45,851	-	73,422	364,934	-	-
201,623	-	(279,551)	(713,688)	8,785	-
\$ 247,474	\$ -	\$ (206,129)	\$ (348,754)	\$ 8,785	\$ -

(Continued)

City of Danbury, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) -
 Nonmajor Governmental Funds (Continued)
 For the Year Ended June 30, 2016

	Capital Projects			
	City Projects	SECP	Danbury Neighborhood Bond	Head Start Bond
Revenues				
Federal and state governments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Charges for services	-	(18,477)	-	-
Investment income	-	-	-	-
Contributions	-	-	-	-
Total revenues	-	(18,477)	-	-
Expenditures				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Education	-	-	-	-
Principal payments	2,400,000	-	-	-
Interest	-	-	-	24,861
Capital outlay	5,228,640	-	79,982	5,925
Total expenditures	7,628,640	-	79,982	30,786
Excess (deficiency) of revenues over (under) expenditures	(7,628,640)	(18,477)	(79,982)	(30,786)
Other Financing Sources (Uses)				
Transfers in	5,578,814	-	156,700	-
Transfers out	-	-	-	-
Bond proceeds	3,600,000	-	-	-
Bond anticipation note proceeds	1,000,000	-	-	250,000
Total other financing sources (uses)	10,178,814	-	156,700	250,000
Total revenue and other financing sources (uses) over (under) expenditures	2,550,174	(18,477)	76,718	219,214
Fund Balances (Deficits), Beginning	2,425,471	18,477	(29,727)	(2,417,563)
Fund Balances (Deficits), Ending	\$ 4,975,645	\$ -	\$ 46,991	\$ (2,198,349)

Capital Projects					Permanent Fund	
Public Safety Bond	Century 21 PI	Open Space Bond	CRM Project	DHS 2020	Farioly Library	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,806,065
-	-	-	-	-	-	2,465,379
-	-	-	-	-	-	165,037
-	-	-	-	-	27,019	27,596
-	-	-	-	-	-	253
-	-	-	-	-	27,019	33,464,330
-	25,387	-	-	-	-	142,093
-	-	-	-	-	-	254,770
-	-	-	-	-	-	503,571
-	-	-	-	-	-	25,687
-	-	-	-	-	-	839,374
-	-	-	-	-	-	31,485,579
-	-	-	-	-	-	2,400,000
-	-	26,001	-	-	-	50,862
262,865	-	719,533	44,649	1,674,790	-	8,594,668
262,865	25,387	745,534	44,649	1,674,790	-	44,296,604
(262,865)	(25,387)	(745,534)	(44,649)	(1,674,790)	27,019	(10,832,274)
-	-	-	-	-	-	6,207,764
-	-	(20,000)	-	-	-	(181,000)
14,074	-	-	-	-	-	3,614,074
-	-	-	-	750,000	-	2,000,000
14,074	-	(20,000)	-	750,000	-	11,640,838
(248,791)	(25,387)	(765,534)	(44,649)	(924,790)	27,019	808,564
631,703	1,624,624	534,425	44,649	-	1,646,496	3,830,873
\$ 382,912	\$ 1,599,237	\$ (231,109)	\$ -	\$ (924,790)	\$ 1,673,515	\$ 4,639,437

City of Danbury, Connecticut

Schedule of Revenues and Expenditures
 Budget and Actual - Animal Control Fund - Unaudited
 For the Year Ended June 30, 2016

	Budgeted		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Town clerk fees	\$ 12,500	\$ 12,500	\$ 16,575	4,075
City contribution	300,000	300,000	300,000	-
Other revenue	2,100	2,100	2,646	546
Other financing sources	-	161,000	-	(161,000)
Total revenues	314,600	475,600	319,221	(156,379)
Expenditures	314,600	475,600	434,370	41,230
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (115,149)	\$ (115,149)

Internal Service Funds

Internal Service Funds

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

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

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

City of Danbury, Connecticut

Combining Statement of Net Position
Internal Service Funds
June 30, 2016

	Workers' Compensation	Risk Management	Total
Assets			
Current Assets			
Cash	\$ 2,644,436	\$ 4,206,083	\$ 6,850,519
Other assets	2,580	139,521	142,101
Due from general fund	94	6,411,611	6,411,705
Total assets	2,647,110	10,757,215	13,404,325
Liabilities			
Accounts payable	118,663	421,394	540,057
Due to other funds	-	163,517	163,517
Accrued claims and judgments	2,528,447	7,131,614	9,660,061
Total liabilities	2,647,110	7,716,525	10,363,635
Net Position			
Unrestricted	\$ -	\$ 3,040,690	\$ 3,040,690

City of Danbury, Connecticut

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 Internal Service Funds
 For the Year Ended June 30, 2016

	Workers' Compensation	Risk Management	Total
Operating Revenues			
Charges for services	\$ 3,215,592	\$ 15,910,760	\$ 19,126,352
Total operating revenues	3,215,592	15,910,760	19,126,352
Operating Expenses			
Claims	3,215,592	12,910,760	16,126,352
Total operating expenses	3,215,592	12,910,760	16,126,352
Change in net position	-	3,000,000	3,000,000
Fund Net Position, Beginning	-	40,690	40,690
Fund Net Position, Ending	\$ -	\$ 3,040,690	\$ 3,040,690

City of Danbury, Connecticut

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2016

	Workers' Compensation	Risk Management	Total
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 6,947,462	\$ 14,013,735	\$ 20,961,197
Payments to suppliers/claims paid	(4,303,026)	(14,861,339)	(19,164,365)
Net cash provided by (used in) operating activities	<u>2,644,436</u>	<u>(847,604)</u>	<u>1,796,832</u>
Net (decrease) increase in cash and cash equivalents	2,644,436	(847,604)	1,796,832
Cash and Cash Equivalents, Beginning	-	5,053,687	5,053,687
Cash and Cash Equivalents, Ending	<u>\$ 2,644,436</u>	<u>\$ 4,206,083</u>	<u>\$ 6,850,519</u>
Reconciliation of Operating Income to Net Cash			
Provided by (Used in) Operating Activities:			
Operating income	\$ -	\$ 3,000,000	\$ 3,000,000
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Changes in assets and liabilities:			
(Increase) decrease in due from other funds	3,731,870	(2,196,824)	1,535,046
(Increase) decrease accounts receivable	-	299,799	299,799
(Increase) decrease in due to other funds	-	55,297	55,297
Increase (decrease) in accrued expenses and accounts payable	(1,087,434)	(2,005,876)	(3,093,310)
Net cash provided by (used in) operating activities	<u>\$ 2,644,436</u>	<u>\$ (847,604)</u>	<u>\$ 1,796,832</u>

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

Pension Trusts, Private Purpose Trusts and Agency Funds

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

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

General Employees	Post-1967 Fire
Pre-1967 Police	Post-1983 Police
Pre-1967 Fire	Post-2011 Fire
Post-1967 Police	OPEB Trust

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

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

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

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

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

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

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

Danbury Tech Learning Center – Senior – to account for funds for the Tech Learning Center.

Danbury Housing Partnership – to account for funds for Housing Partnership.

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

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

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

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

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City of Danbury, Connecticut

Statement of Net Position - Pension Trust Funds
June 30, 2016

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police
Assets				
Cash and Cash Equivalents	\$ 662,966	\$ 101,224	\$ 30,795	\$ 483,765
Investments, at Fair Value				
Common stock	11,260,627	218,076	268,644	4,662,491
Debt securities	3,297,674	63,864	78,672	1,365,410
Equity and fixed income mutual funds	43,763,476	847,534	1,044,062	18,120,376
Private hedge fund	39,711,327	769,059	947,391	16,442,574
Total investments	98,033,104	1,898,533	2,338,769	40,590,851
Accrued Interest and Dividends	87,197	1,747	2,106	35,984
Total assets	98,783,267	2,001,504	2,371,670	41,110,600
Liabilities				
Accrued expenses and management fees	6,949	229	213	2,216
Due to other funds	-	-	-	-
Total liabilities	6,949	229	213	2,216
Net Position - restricted for pension benefits and other purposes	\$ 98,776,318	\$ 2,001,275	\$ 2,371,457	\$ 41,108,384

Post-1967 Fire	Post-1983 Police	Post-2011 Fire	OPEB	Total
\$ 1,827,137	\$ 401,830	\$ 45,014	\$ 5,079,447	\$ 8,632,178
7,409,615	3,386,430	22,925	-	27,228,808
2,169,905	991,716	6,714	-	7,973,955
28,796,841	13,161,074	89,097	-	105,822,460
26,130,483	11,942,463	80,848	-	96,024,145
64,506,844	29,481,683	199,584	-	237,049,368
57,422	26,389	191	512	211,548
66,391,403	29,909,902	244,789	5,079,959	245,893,094
3,257	1,471	24	107,427	121,786
-	-	-	2,405,501	2,405,501
3,257	1,471	24	2,512,928	2,527,287
\$ 66,388,146	\$ 29,908,431	\$ 244,765	\$ 2,567,031	\$ 243,365,807

City of Danbury, Connecticut

Statement of Net Position - Private Purpose Trust Fund
June 30, 2016

	Phoebe M. Harrison
<hr/>	
Assets	
Cash and Cash Equivalents	\$ 1,377
Total assets	<u>1,377</u>
Net position held in trust	<u>\$ 1,377</u>

City of Danbury, Connecticut

Statement of Net Position - Agency Funds
June 30, 2016

	Street Openings	School Activities	Danbury High School Scholarship	Downtown Special Services District	Security Lease Account	Danbury Permits Fund	Danbury Tech Learning Ctr Senior	Danbury Housing Partnership	Mad Hacker	Sandy	Quadracennial	Deferred Comp.	Total
Assets													
Cash and cash equivalents	\$ 615,916	\$ 746,926	\$ 769,182	\$ 72,096	\$ 18,168	\$ 1,140,231	\$ 14,044	\$ 12,316	\$ -	\$ 19,235	\$ 1,807	\$ 154,413	\$ 3,564,334
Total assets	615,916	746,926	769,182	72,096	18,168	1,140,231	14,044	12,316	-	19,235	1,807	154,413	3,564,334
Liabilities													
Other liabilities	615,916	746,926	769,182	72,096	18,168	1,140,231	14,044	12,316	-	19,235	1,807	154,413	3,564,334
Total liabilities	615,916	746,926	769,182	72,096	18,168	1,140,231	14,044	12,316	-	19,235	1,807	154,413	3,564,334
Net Position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

City of Danbury, Connecticut

Statement of Changes in Net Position - Pension Trust Funds
For the Year Ended June 30, 2016

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police
Additions				
Contributions				
Employer	\$ 3,846,000	\$ 655,000	\$ 415,000	\$ 1,152,000
Plan members	223,956	-	-	6,427
Total contributions	4,069,956	655,000	415,000	1,158,427
Investment Income (loss)				
Net (depreciation) appreciation in fair value of investments	(5,516,528)	(106,010)	(131,224)	(2,354,507)
Interest and dividends	2,671,709	52,274	64,008	1,106,042
	(2,844,819)	(53,736)	(67,216)	(1,248,465)
Less investment expenses:				
Investment management fees	325,677	16,423	14,814	104,507
Net investment income (loss)	(3,170,496)	(70,159)	(82,030)	(1,352,972)
Deductions				
Benefits	8,687,738	1,218,841	844,166	4,361,459
Change in net position	(7,788,278)	(634,000)	(511,196)	(4,556,004)
Net position - restricted for pension benefits and other purposes				
Beginning of year	106,564,596	2,635,275	2,882,653	45,664,388
End of year	\$ 98,776,318	\$ 2,001,275	\$ 2,371,457	\$ 41,108,384

	Post-1967 Fire	Post-1983 Police	Post-2011 Fire	OPEB	Total
\$	3,327,082	\$ 2,385,261	\$ 64,490	\$ 19,214,534	\$ 31,059,367
	471,063	475,914	51,425	-	1,228,785
	3,798,145	2,861,175	115,915	19,214,534	32,288,152
	(3,638,308)	(1,534,462)	(4,351)	3,366	(13,282,024)
	1,758,162	805,022	5,506	-	6,462,723
	(1,880,146)	(729,440)	1,155	3,366	(6,819,301)
	165,639	68,521	8,371	-	703,952
	(2,045,785)	(797,961)	(7,216)	3,366	(7,523,253)
	4,638,499	1,268,318	11,903	16,651,090	37,682,014
	(2,886,139)	794,896	96,796	2,566,810	(12,917,115)
	69,274,285	29,113,535	147,969	221	256,282,922
\$	66,388,146	\$ 29,908,431	\$ 244,765	\$ 2,567,031	\$ 243,365,807

City of Danbury, Connecticut

Statement of Changes in Net Position - Private Purpose Trust Fund
For the Year Ended June 30, 2016

Phoebe M.
Harrison

Deductions	
Scholarships:	
Education	\$ (3)
Deductions	<u>(3)</u>
Change in net position	(3)
Net Position Held in Trust	
Beginning of year	<u>1,374</u>
End of year	<u><u>\$ 1,377</u></u>

City of Danbury, Connecticut

Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Street Openings				
Assets				
Cash	\$ 729,120	\$ 368,696	\$ 481,900	\$ 615,916
Liabilities				
Amounts held for others	\$ 729,120	\$ 368,696	\$ 481,900	\$ 615,916
School Activities				
Assets				
Cash	\$ 733,511	\$ 1,995,428	\$ 1,982,013	\$ 746,926
Liabilities				
Amounts held for others	\$ 733,511	\$ 1,995,428	\$ 1,982,013	\$ 746,926
Danbury High School Scholarship				
Assets				
Cash	\$ 738,217	\$ 93,722	\$ 62,757	\$ 769,182
Liabilities				
Amounts held for others	\$ 738,217	\$ 93,722	\$ 62,757	\$ 769,182
Downtown Special Services				
Assets				
Cash	\$ 53,883	\$ 279,132	\$ 260,919	\$ 72,096
Liabilities				
Amounts held for others	\$ 53,883	\$ 279,132	\$ 260,919	\$ 72,096
Security Lease Account				
Assets				
Cash	\$ 17,829	\$ 12,039	\$ 11,700	\$ 18,168
Liabilities				
Amounts held for others	\$ 17,829	\$ 12,039	\$ 11,700	\$ 18,168
Danbury Permits				
Assets				
Cash	\$ 1,322,359	\$ 90,352	\$ 272,480	\$ 1,140,231
Liabilities				
Amounts held for others	\$ 1,322,359	\$ 90,352	\$ 272,480	\$ 1,140,231

City of Danbury, Connecticut

Statement of Changes in Assets and Liabilities (Continued)
 Agency Funds
 For the Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Mad Hacker				
Assets				
Cash	\$ 42	\$ -	\$ 42	\$ -
Liabilities				
Amounts held for others	\$ 42	\$ -	\$ 42	\$ -
Sandy				
Assets				
Cash	\$ 19,235	\$ -	\$ -	\$ 19,235
Liabilities				
Amounts held for others	\$ 19,235	\$ -	\$ -	\$ 19,235
Quadracennial				
Assets				
Cash	\$ 1,807	\$ -	\$ -	\$ 1,807
Liabilities				
Amounts held for others	\$ 1,807	\$ -	\$ -	\$ 1,807
Deferred Comp				
Assets				
Cash	\$ 118,001	\$ 37,212	\$ 800	\$ 154,413
Liabilities				
Amounts held for others	\$ 118,001	\$ 37,212	\$ 800	\$ 154,413
Danbury Tech Learning Ctr Senior				
Assets				
Cash	\$ 14,044	\$ -	\$ -	\$ 14,044
Liabilities				
Amounts held for others	\$ 14,044	\$ -	\$ -	\$ 14,044
Danbury Housing Partnership				
Assets				
Cash	\$ 12,932	\$ 7,000	\$ 7,616	\$ 12,316
Liabilities				
Amounts held for others	\$ 12,932	\$ 7,000	\$ 7,616	\$ 12,316
Total Agency Funds				
Assets				
Cash	\$ 3,760,980	\$ 786,341	\$ 1,027,799	\$ 3,564,334
Liabilities				
Amounts held for others	\$ 3,760,980	\$ 2,876,581	\$ 3,072,611	\$ 3,564,334

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

City of Danbury, Connecticut

Capital Assets Used in the Operation of Governmental Funds -
Schedule by Category
June 30, 2016

Governmental Funds Capital Assets	
Land	\$ 48,964,594
Easements	918,950
Land improvements	16,661,053
Buildings and improvements	289,243,141
Machinery and equipment	58,509,727
Infrastructure	153,788,340
Construction in progress	5,961,848
Total governmental funds capital assets	<u>\$ 574,047,653</u>

City of Danbury, Connecticut

**Capital Assets Used in the Operation of Governmental Funds -
 Schedule by Function and Activity
 June 30, 2016**

	Land	Easements	Land Improvements	Buildings and Improvements	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General Government	\$ 12,933,600	\$ -	\$ 82,531	\$ 25,453,158	\$ 9,239,986	\$ 23,000	\$ 266,858	\$ 47,999,133
Public Safety	7,457,129	-	43,800	41,462,887	19,967,931	4,120,003	1,407,688	74,459,438
Public Works	19,700	-	72,283	2,705,482	11,293,320	148,604,932	2,086,766	164,782,483
Health & Welfare	821,100	-	-	3,939,240	200,330	-	-	4,960,670
Education	5,431,900	-	7,302,665	199,508,970	14,760,697	42,970	2,053,376	229,100,578
Culture and Recreation	22,301,165	918,950	9,159,774	16,173,404	3,047,463	997,435	147,160	52,745,351
Total	\$ 48,964,594	\$ 918,950	\$ 16,661,053	\$ 289,243,141	\$ 58,509,727	\$ 153,788,340	\$ 5,961,848	\$ 574,047,653

City of Danbury, Connecticut

**Capital Assets Used in the Operation of Governmental Funds -
Schedule of Changes by Function and Activity
For the Year Ended June 30, 2016**

	Governmental Funds					Governmental Funds
	Capital Assets	Additions	Deletions	Transfers Out of CIP	Transfers from CIP	Capital Assets
	July 1, 2015					June 30, 2016
General Government	\$ 47,540,458	\$ 458,675	\$ -	\$ -	\$ -	\$ 47,999,133
Public Safety	71,222,350	3,443,488	(206,400)	-	-	74,459,438
Public Works	156,329,097	8,453,383	-	(2,544,700)	2,544,700	164,782,480
Health and Welfare	4,960,671	-	-	-	-	4,960,671
Education	221,246,822	7,853,759	-	(13,287,255)	13,287,255	229,100,581
Culture and Recreation	51,963,578	811,357	(29,585)	(1,124,520)	1,124,520	52,745,350
Total	\$ 553,262,976	\$ 21,020,662	\$ (235,985)	\$ (16,956,475)	\$ 16,956,475	\$ 574,047,653

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Other Schedules

City of Danbury, Connecticut

Balance Sheet - By Account - General Fund
June 30, 2016

	General	Continuing Education	Combined
Assets			
Cash and Cash Equivalents	\$ 21,432,532	\$ 978,033	\$ 22,410,565
Investments	11,192,232	-	11,192,232
Receivables (Net of Allowances for Collection Losses):			
Property taxes	7,790,190	-	7,790,190
State and federal governments	750,000	-	750,000
Accounts receivable	3,546,082	-	3,546,082
Other Assets	52,415	-	52,415
Due From Other Funds	8,230,345	-	8,230,345
Total assets	\$ 52,993,796	\$ 978,033	\$ 53,971,829
Liabilities			
Accounts Payable	\$ 4,940,311	\$ -	\$ 4,940,311
Accrued Wages	867,121	-	867,121
Due to Other Funds	5,241,401	-	5,241,401
Unearned Revenue	70,403	-	70,403
Total liabilities	11,119,236	-	11,119,236
Deferred Inflows of Resources			
Unavailable revenue	9,863,364	-	9,863,364
Total deferred inflows of resources	9,863,364	-	9,863,364
Fund Balances			
Nonspendable	52,415	-	52,415
Assigned	3,312,403	978,033	4,290,436
Unassigned	28,646,378	-	28,646,378
Total fund balances	32,011,196	978,033	32,989,229
Total liabilities, deferred inflows of resources and fund balances	\$ 52,993,796	\$ 978,033	\$ 53,971,829

City of Danbury, Connecticut

Schedule of Revenues, Expenditures and Changes in Fund Balance - By Account - General Fund
For the Year Ended June 30, 2016

	General	Continuing Education	Combined
Revenues			
Property taxes	\$ 196,683,257	\$ -	\$ 196,683,257
State and federal governments	47,213,313	-	47,213,313
Licenses and permits	3,775,368	-	3,775,368
Charges for services	6,009,454	2,786,750	8,796,204
Fines and penalties	1,568,929	-	1,568,929
Investment income	230,372	-	230,372
Total revenues	255,480,693	2,786,750	258,267,443
Expenditures			
Current:			
General government	9,532,956	-	9,532,956
Public safety	34,844,916	-	34,844,916
Public works	9,581,993	-	9,581,993
Health and welfare	2,048,343	-	2,048,343
Culture and recreation	2,782,720	-	2,782,720
Education	141,956,396	2,869,159	144,825,555
Pension and other employee benefits	32,684,190	-	32,684,190
Debt Service:			
Principal retirements	10,400,095	-	10,400,095
Interest and other charges	5,288,527	-	5,288,527
Capital Outlay	2,127,004	-	2,127,004
Total expenditures	251,247,140	2,869,159	254,116,299
Revenues over (under) expenditures	4,233,553	(82,409)	4,151,144
Other Financing Sources (Uses)			
Transfers in	6,167	-	6,167
Issuance of capital leases	2,010,198	-	2,010,198
Transfers out	(6,072,864)	-	(6,072,864)
Issuance of refunding bonds	14,334,000	-	14,334,000
Payment to escrow agent	(15,862,071)	-	(15,862,071)
Premium on bonds	2,983,165	-	2,983,165
Total other financing sources (uses)	(2,601,405)	-	(2,601,405)
Net change in fund balances	1,632,148	(82,409)	1,549,739
Fund Balances, Beginning	30,379,048	1,060,442	31,439,490
Fund Balances, Ending	\$ 32,011,196	\$ 978,033	\$ 32,989,229

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City of Danbury, Connecticut

Schedule of Property Taxes Levied, Collected and Outstanding
 General Fund
 For the Year Ended June 30, 2016

Grand List Year	Taxes Receivable July 1, 2015	Current Levy	Lawful Corrections	Transfers to Suspense	Balance to be Collected
2014	\$ -	\$ 196,409,119	\$ -	\$ -	\$ 196,409,119
2013	3,171,663	-	-	-	3,171,663
2012	1,175,506	-	-	-	1,175,506
2011	723,731	-	-	-	723,731
2010	497,916	-	-	-	497,916
2009	478,721	-	-	-	478,721
2008	490,979	-	-	-	490,979
2007	462,621	-	-	-	462,621
2006	414,430	-	-	(317,227)	97,203
2005	70,564	-	-	-	70,564
2004	66,356	-	-	-	66,356
2003	68,769	-	-	-	68,769
2002	70,119	-	-	-	70,119
2001	58,325	-	-	-	58,325
2000	63,268	-	-	-	63,268
	7,812,968	196,409,119	-	(317,227)	203,904,860
Less allowance:	(2,889,032)	-	-	-	(2,889,032)
	<u>\$ 4,923,936</u>	<u>\$ 196,409,119</u>	<u>\$ -</u>	<u>\$ (317,227)</u>	<u>\$ 201,015,828</u>

Taxes	Interest	Lien Fees	Total	Taxes Receivable June 30, 2016
193,832,390	594,793	6,911	\$ 194,434,094	\$ 2,576,729
2,114,478	337,058	9,759	2,461,295	1,057,185
498,074	168,883	1,827	668,785	677,432
153,254	91,303	192	244,749	570,477
36,829	35,240	168	72,237	461,087
30,131	16,715	144	46,991	448,590
13,409	12,448	96	25,953	477,570
11,542	17,795	144	29,481	451,079
8,098	10,860	120	19,078	89,105
-	-	-	-	70,564
-	-	-	-	66,356
-	-	-	-	68,769
-	-	-	-	70,119
-	-	-	-	58,325
-	-	-	-	63,268
196,698,205	1,285,095	19,362	198,002,662	7,206,655
-	-	-	-	(2,889,032)
<u>\$ 196,698,205</u>	<u>\$ 1,285,095</u>	<u>\$ 19,362</u>	<u>\$ 198,002,662</u>	<u>\$ 4,317,623</u>

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Statistical Section

Statistical Section

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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City of Danbury, Connecticut

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

	Fiscal Year			
	2007	2008	2009	2010
Governmental Activities				
Net investment in capital assets	\$ 140,826	\$ 140,361	\$ 139,376	\$ 144,512
Restricted	1,399	1,394	1,514	1,531
Unrestricted (deficits)	21,605	13,679	11,197	406
Total governmental activities net position	\$ 163,830	\$ 155,434	\$ 152,087	\$ 146,449
Business-Type Activities				
Net investment in capital assets	\$ 101,853	\$ 110,836	\$ 115,046	\$ 116,105
Unrestricted (deficits)	15,525	14,693	13,239	16,469
Total business-type activities net position	\$ 117,378	\$ 125,529	\$ 128,285	\$ 132,574
Primary Government				
Net investment in capital assets	\$ 242,679	\$ 251,197	\$ 254,422	\$ 260,617
Restricted	1,399	1,394	1,514	1,531
Unrestricted	37,130	28,372	24,436	16,875
Total primary government net position	\$ 281,208	\$ 280,963	\$ 280,372	\$ 279,023

Source: City CAFR.

Fiscal Year						
2011	2012	2013	2014	2015	2016	
\$ 145,411	\$ 147,295	\$ 151,177	\$ 164,322	\$ 200,189	\$ 180,034	
1,346	791	-	879	(536)	1,611	
(2,641)	(5,363)	(12,681)	(23,319)	(131,477)	(120,757)	
<u>\$ 144,116</u>	<u>\$ 142,723</u>	<u>\$ 138,496</u>	<u>\$ 141,882</u>	<u>\$ 68,176</u>	<u>\$ 60,888</u>	
\$ 121,771	\$ 123,938	\$ 125,724	\$ 125,106	\$ 124,155	\$ 127,056	
17,880	19,171	23,095	27,042	29,844	30,625	
<u>\$ 139,651</u>	<u>\$ 143,109</u>	<u>\$ 148,819</u>	<u>\$ 152,148</u>	<u>\$ 153,999</u>	<u>\$ 157,681</u>	
\$ 267,182	\$ 271,233	\$ 276,901	\$ 289,428	\$ 324,744	\$ 307,090	
1,346	791	-	879	(536)	1,611	
15,239	13,808	10,414	3,723	(101,633)	(90,132)	
<u>\$ 283,767</u>	<u>\$ 285,832</u>	<u>\$ 287,315</u>	<u>\$ 294,030</u>	<u>\$ 222,575</u>	<u>\$ 218,569</u>	

City of Danbury, Connecticut

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

	Fiscal Year				
	2007	2008	2009	2010	2011
Expenses:					
Governmental activities:					
General Government	\$ 12,302,755	\$ 13,961,569	\$ 18,306,617	\$ 16,731,874	\$ 15,560,719
Public Safety	41,643,491	48,028,046	44,778,282	50,989,593	51,277,982
Public Works	14,733,747	21,667,733	15,983,893	15,466,697	12,542,786
Health and welfare	4,431,065	6,179,952	5,058,556	6,134,629	6,673,789
Culture and Recreation	4,924,517	5,490,443	5,090,569	4,543,054	5,265,959
Education	122,426,721	139,538,575	150,405,010	148,223,024	152,260,059
Other	39,999	-	-	-	-
Interest on long-term debt	3,086,056	5,117,557	4,493,919	4,981,825	4,034,874
Total governmental activities expenses	203,588,351	239,983,875	244,116,846	247,070,696	247,616,168
Business-type activities:					
Sewer	8,651,216	9,792,295	10,133,342	9,804,007	10,217,270
Water	6,424,495	7,158,381	6,936,874	7,256,572	7,227,801
Ambulance	-	-	-	-	2,160,183
Total business-type activities expenses	15,075,711	16,950,676	17,070,216	17,060,579	19,605,254
Total primary government expenses	218,664,062	256,934,551	261,187,062	264,131,275	267,221,422
Program revenue:					
Governmental activities:					
Charges for services:					
General Government	9,237,329	8,119,461	5,921,367	6,924,945	6,305,828
Public safety	358,545	387,935	4,098,282	4,984,991	2,155,953
Public works	-	56,745	6,500	35,493	-
Health and welfare	2,295,664	2,355,045	21,088	177,406	306,655
Culture and Recreation	-	-	-	535,290	587,821
Education	9,250,052	3,009,421	4,007,877	2,994,188	3,203,327
Other	148,575	-	-	-	-
Interest on long-term debt	-	-	-	-	-
Operating grants and contributions:					
General Government	1,040,448	1,900,287	2,848,423	26,357	337,432
Public safety	240,056	589,436	527,560	51,506	24,417
Public works	3,428,076	4,209,442	5,736,165	4,229,397	2,000,690
Health and welfare	710,770	2,729,216	2,498,581	2,276,254	2,218,365
Culture and Recreation	384,633	225,828	320,543	10,315	25,880
Education	36,347,683	55,236,978	50,652,171	52,317,234	57,893,469
Capital grants and contributions:					
General government	404,946	450,010	1,100,972	1,280,153	298,393
Public safety	-	-	-	1,230,962	119,968
Public works	-	117,199	13,952	1,070,163	204,477
Health and welfare	-	-	-	595,157	659,717
Culture and recreation	397,674	-	557	-	-
Education	2,765,187	1,039,640	143,125	4,451	-
Total governmental activities program revenue	67,009,638	80,426,643	77,897,163	78,744,262	76,342,392

Source: City CAFR.

	Fiscal Year				
	2007	2008	2009	2010	2011
Business-type activities:					
Charges for services:					
Sewer	11,865,132	9,888,001	10,493,329	12,113,299	11,352,842
Water	8,235,807	8,344,079	8,104,719	7,757,354	8,842,620
Ambulance	-	-	-	-	2,839,726
Operating grants and contributions:					
Sewer	-	-	-	-	-
Water	-	-	-	-	-
Ambulance	-	-	-	-	-
Capital grants and contributions:					
Sewer	408,090	1,466,330	296,344	476,174	359,239
Water	1,676,546	4,689,422	338,795	403,578	826,885
Ambulance	-	-	-	-	-
Total business-type activities program revenues	22,185,575	24,387,832	19,233,187	20,750,405	24,221,312
Total primary government program revenues	89,195,213	104,814,475	97,130,350	99,494,667	100,563,704
Net (expense) revenue:					
Governmental activities	(136,578,713)	(159,557,232)	(166,219,683)	(168,326,434)	(171,273,776)
Business-type activities	7,109,864	7,437,156	2,162,971	3,689,826	4,616,058
Total primary government net expense	(129,468,849)	(152,120,076)	(164,056,712)	(164,636,608)	(166,657,718)
General revenues and other changes in net position:					
Governmental activities:					
Property taxes	136,344,851	140,195,658	153,095,763	154,691,223	162,128,659
Grants and contributions not restricted to specific programs	7,541,729	7,205,184	8,498,315	7,597,755	7,425,633
Investment earnings	3,387,158	3,760,101	1,963,063	399,378	199,345
Transfers and special items	-	-	-	-	(1,964,339)
Gain (loss) on disposal of capital assets	-	-	-	-	1,151,408
Total governmental activities	147,273,738	151,160,943	163,557,141	162,688,356	168,940,706
Business-type activities:					
Grants and contributions not restricted to specific programs	-	-	-	-	-
Investment earnings	697,346	714,594	592,627	598,687	496,851
Transfers and special items	-	-	-	-	1,964,339
Total business-type activities	697,346	714,594	592,627	598,687	2,461,190
Total primary government	147,971,084	151,875,537	164,149,768	163,287,043	171,401,896
Changes in net position:					
Governmental activities	10,695,025	(8,396,289)	(2,662,542)	(5,638,078)	(2,333,070)
Business-type activities	7,807,210	8,151,750	2,755,598	4,288,513	7,077,248
Total primary government	\$ 18,502,235	\$ (244,539)	\$ 93,056	\$ (1,349,565)	\$ 4,744,178

(Continued)

City of Danbury, Connecticut

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Expenses:					
Governmental activities:					
General Government	\$ 17,961,072	\$ 18,139,632	\$ 20,890,212	\$ 24,108,092	\$ 25,060,127
Public Safety	51,989,164	54,529,288	50,075,696	52,714,836	52,707,961
Public Works	18,237,392	17,048,668	20,223,960	24,344,364	23,083,845
Health and welfare	6,085,420	4,676,427	4,551,279	6,580,927	4,945,618
Culture and Recreation	4,559,420	4,432,671	4,952,292	3,512,076	3,706,591
Education	157,904,768	163,206,387	172,350,552	184,438,377	190,634,285
Other	-	-	-	-	-
Interest on long-term debt	5,068,939	3,467,604	3,194,296	1,830,478	5,410,032
Total governmental activities expenses	261,806,175	265,500,677	276,238,287	297,529,150	305,548,459
Business-type activities:					
Sewer	9,576,983	10,203,487	11,339,431	10,433,054	10,095,401
Water	7,547,425	7,683,056	7,743,465	8,085,988	9,763,129
Ambulance	2,405,558	2,630,147	2,788,996	2,923,927	3,521,206
Total business-type activities expenses	19,529,966	20,516,690	21,871,892	21,442,969	23,379,736
Total primary government expenses	281,336,141	286,017,367	298,110,179	318,972,119	328,928,195
Program revenue:					
Governmental activities:					
Charges for services:					
General Government	6,758,805	3,212,332	4,277,479	3,565,479	4,621,715
Public safety	1,662,355	5,845,209	5,854,283	4,278,270	4,637,869
Public works	335,333	232,650	245,866	452,660	422,720
Health and welfare	262,310	369,609	329,923	400,127	386,469
Culture and Recreation	244,814	243,015	266,013	224,400	305,942
Education	3,109,961	3,152,724	3,658,741	3,656,198	5,632,568
Other	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-
Operating grants and contributions:					
General Government	344,075	200,996	372,506	-	4,010
Public safety	40,829	-	-	542,121	186,946
Public works	814,078	584,941	2,330,055	4,673,957	2,616,007
Health and welfare	2,870,990	574,275	497,828	469,021	475,207
Culture and Recreation	77,574	16,419	10,733	7,296	4,784
Education	59,948,916	61,366,508	65,224,766	71,719,271	70,058,627
Capital grants and contributions:					
General government	-	7,494	-	-	-
Public safety	37,018	-	-	-	-
Public works	6,540,027	2,783,166	5,852,338	2,238,441	5,021,764
Health and welfare	884,114	483,821	431,623	947,682	263,209
Culture and recreation	-	-	-	-	199,000
Education	218,407	-	-	14,404,734	-
Total governmental activities program revenue	84,149,606	79,073,159	89,352,154	107,579,657	94,836,837

Source: City CAFR.

	Fiscal Year				
	2012	2013	2014	2015	2016
Business-type activities:					
Charges for services:					
Sewer	11,692,618	12,782,273	12,327,807	11,577,684	13,033,815
Water	7,795,700	9,200,182	8,964,237	8,995,954	9,138,626
Ambulance	2,761,382	3,249,288	2,893,050	3,572,495	3,574,681
Operating grants and contributions:					
Sewer	-	-	-	-	-
Water	-	-	-	-	-
Ambulance	-	-	-	-	-
Capital grants and contributions:					
Sewer	238,600	583,422	436,676	200,820	325,560
Water	246,230	748,560	546,299	242,095	657,059
Ambulance	-	-	-	-	-
Total business-type activities program revenues	22,734,530	26,563,725	25,168,069	24,589,048	26,729,741
Total primary government program revenues	106,884,136	105,636,884	114,520,223	132,168,705	121,566,578
Net (expense) revenue:					
Governmental activities	(177,656,569)	(186,427,518)	(186,886,133)	(189,949,493)	(210,711,622)
Business-type activities	3,204,564	6,047,035	3,296,177	3,146,079	3,350,005
Total primary government net expense	(174,452,005)	(180,380,483)	(183,589,956)	(186,803,414)	(207,361,617)
General revenues and other changes in net position:					
Governmental activities:					
Property taxes	168,129,234	176,148,559	183,283,690	190,022,731	198,306,105
Grants and contributions not restricted to specific programs	7,477,670	6,860,076	5,512,836	5,501,381	4,860,263
Investment earnings	410,250	105,309	197,943	121,400	257,221
Transfers and special items	245,814	364,665	-	925,000	-
Gain (loss) on disposal of capital assets	-	-	-	-	-
Total governmental activities	176,262,968	183,478,609	188,994,469	196,570,512	203,423,589
Business-type activities:					
Grants and contributions not restricted to specific programs	-	-	-	4,889	(138,032)
Investment earnings	500,123	17,547	13,317	24,501	69,607
Transfers and special items	(245,814)	(364,665)	18,983	(925,000)	-
Total business-type activities	254,309	(347,118)	32,300	(895,610)	(68,425)
Total primary government	176,517,277	183,131,491	189,026,769	195,674,902	203,355,164
Changes in net position:					
Governmental activities	(1,393,601)	(2,948,909)	2,108,336	6,621,019	(7,288,033)
Business-type activities	3,458,873	5,699,917	3,328,477	2,250,469	3,281,580
Total primary government	\$ 2,065,272	\$ 2,751,008	\$ 5,436,813	\$ 8,871,488	\$ (4,006,453)

City of Danbury, Connecticut

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

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

Source: City CAFR.

		Fiscal Year									
		2011	2012	2013	2014	2015	2016				
\$	6,941,653	\$	7,102,880	\$	3,420,822	\$	4,649,985	\$	3,565,479	\$	4,625,725
	2,300,338		1,740,202		5,845,209		5,854,283		4,820,391		4,824,815
	2,205,167		7,689,438		3,600,757		8,428,259		7,365,058		8,060,491
	3,184,737		4,017,414		1,427,705		1,259,374		1,816,830		1,124,885
	613,701		322,388		259,434		276,746		231,696		509,726
	61,096,796		63,277,284		64,519,232		68,883,507		89,780,203		75,691,195
	-		-		-		-		-		-
	76,342,392		84,149,606		79,073,159		89,352,154		107,579,657		94,836,837
	9,669,505		8,041,930		9,948,742		9,510,836		9,238,049		9,795,685
	11,712,081		11,931,218		13,365,695		12,764,483		11,778,504		13,359,375
	2,839,726		2,761,382		3,249,288		2,893,050		3,572,495		3,574,681
	24,221,312		22,734,530		26,563,725		25,168,369		24,589,048		26,729,741
\$	100,563,704	\$	106,884,136	\$	105,636,884	\$	114,520,523	\$	132,168,705	\$	121,566,578

City of Danbury, Connecticut

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

	Fiscal Year			
	2007	2008	2009	2010
General Fund:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved/designated	6,915,844	5,205,086	5,390,780	4,153,536
Unreserved/undesignated	21,403,829	21,776,017	20,919,615	21,250,848
Total General Fund	\$ 28,319,673	\$ 26,981,103	\$ 26,310,395	\$ 25,404,384
All Other Governmental Funds:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	50,395,006	26,264,651	9,520,697	6,669,414
Unreserved, reported in:				
Special revenue funds	2,981,388	(1,530,426)	(458,213)	(190,068)
Capital projects funds	(46,859,686)	(32,563,480)	(28,388,175)	(10,391,909)
Permanent fund	286,374	350,742	253,618	159,187
Total all other government funds	\$ 6,803,082	\$ (7,478,513)	\$ (19,072,073)	\$ (3,753,376)

Note: GASB 54 was implemented in fiscal year 2011.

Fiscal Year						
2011	2012	2013	2014	2015	2016	
\$ 77,934	\$ 597,231	\$ 564,758	\$ 42,062	\$ 4,357,152	\$ 52,415	
-	-	-	-	11,375	-	
515,990	709,030	909,216	295,320	-	-	
6,136,974	4,845,847	4,833,247	4,654,591	4,005,403	4,290,436	
21,462,697	22,140,748	22,157,381	23,862,349	23,065,200	28,646,378	
-	-	-	-	-	-	
-	-	-	-	-	-	
\$ 28,193,595	\$ 28,292,856	\$ 28,464,602	\$ 28,854,322	\$ 31,439,130	\$ 32,989,229	
\$ 1,546,569	\$ 1,545,104	\$ 1,733,074	\$ 1,554,278	\$ 1,534,375	\$ 1,536,375	
1,346,288	790,706	1,277,469	1,001,015	836,092	7,770,387	
13,750,780	13,395,650	15,985,993	4,412,521	7,777,122	44,516,612	
90,380	108,912	122,023	-	-	-	
(5,695,230)	(9,626,807)	(17,931,769)	(4,055,768)	(15,577,059)	(60,193,383)	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
\$ 11,038,787	\$ 6,213,565	\$ 1,186,790	\$ 2,912,046	\$ (5,429,470)	\$ (6,370,009)	

City of Danbury, Connecticut

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

	Fiscal Year			
	2007	2008	2009	2010
Revenues:				
Property taxes, interest and liens, net	\$ 133,943,860	\$ 139,210,955	\$ 152,551,430	\$ 154,994,853
Intergovernmental	60,140,780	70,240,583	72,956,073	74,234,415
Licenses and permits	4,921,896	3,908,131	3,342,587	2,482,279
Charges for services	9,236,606	11,850,608	10,020,317	11,366,970
Fines and penalties	1,330,121	1,325,037	1,186,314	1,350,435
Interest and dividends	3,483,454	3,838,758	1,963,063	399,378
Contributions	514,844	842,558	668,610	452,629
Installment sale proceeds	2,625,000	-	-	-
Total revenues	216,196,561	231,216,630	242,688,394	245,280,959
Expenditures:				
General Government	9,248,019	10,824,635	10,438,371	11,909,178
Public safety	27,493,478	30,778,325	31,042,636	31,903,678
Public works	8,383,455	12,704,006	11,085,499	9,681,536
Health and welfare	4,153,905	6,214,422	5,978,317	5,523,773
Culture and Recreation	3,206,707	3,296,714	3,276,915	3,117,477
Education	126,004,516	137,525,529	142,973,626	144,554,555
Pension and Other Employee Benefits	16,970,377	19,662,590	19,822,162	22,541,813
Capital outlay	27,775,383	42,901,902	36,615,116	12,408,898
Debt service:				
Principal	5,767,350	6,599,850	7,810,350	8,671,800
Interest and other charges	3,136,734	3,855,922	4,497,286	5,159,630
Total expenditures	232,139,924	274,363,895	273,540,278	255,472,338
Excess of revenues (under) expenditures	(15,943,363)	(43,147,265)	(30,851,884)	(10,191,379)
Other Financing Sources (Uses)				
Transfers in	2,237,551	721,184	744,048	919,361
Transfers out	(2,237,551)	(721,184)	(744,048)	(919,361)
Issuance of long-term debt	18,302,000	-	17,599,450	18,393,000
Issuance of bond anticipation notes	24,357,500	17,026,950	15,963,762	18,370,983
Issuance of refunding bond	-	-	-	32,684,000
Repayment of bond anticipation notes	(15,650,000)	(18,302,000)	(17,026,950)	(15,271,762)
Proceeds of refunding bonds	-	23,480,000	-	-
Payment to refunded bond escrow agent	-	-	-	(37,696,163)
Premium (discount) on long-term debt	313,112	288,200	1,120,847	6,656,563
Lease Financing	721,128	5,033,950	930,507	1,467,444
Proceeds from sale of property	-	-	-	-
Total other financing sources (uses)	28,043,740	27,527,100	18,587,616	24,604,065
Net changes in fund balance	\$ 12,100,377	\$ (15,620,165)	\$ (12,264,268)	\$ 14,412,686
Debt service as a percentage of noncapital expenditures(excluding BAN rollovers)	4.6%	4.7%	5.5%	6.0%

Fiscal Year						
2011	2012	2013	2014	2015	2016	
\$ 162,068,724	\$ 168,088,383	\$ 175,594,707	\$ 181,696,534	\$ 188,467,780	\$ 196,683,257	
71,682,473	75,461,328	72,378,403	78,939,815	98,925,509	79,756,331	
3,276,294	3,654,189	4,766,037	6,102,708	5,873,504	6,240,747	
7,166,540	7,333,880	7,037,638	7,721,610	6,455,785	9,354,000	
1,433,856	1,385,509	1,251,864	1,231,133	1,687,742	1,568,929	
199,345	410,250	105,309	197,943	121,400	257,968	
682,894	1,080,738	51,720	45,260	40,038	221,970	
-	-	-	-	-	-	
246,510,126	257,414,277	261,185,678	275,935,003	301,571,758	294,083,202	
9,789,978	9,483,182	9,800,063	10,450,782	10,050,284	9,997,664	
29,948,769	30,012,488	31,263,714	33,066,081	34,931,764	35,753,545	
9,043,532	12,902,841	9,329,736	9,215,428	9,858,741	10,085,564	
5,174,304	5,111,086	3,624,121	3,184,621	4,667,955	3,038,086	
2,931,754	2,652,403	2,525,767	2,533,961	2,667,445	2,808,407	
147,159,602	153,438,299	156,031,358	164,110,112	172,025,027	176,311,134	
25,755,047	26,447,785	30,220,696	28,941,783	31,009,316	32,684,253	
14,647,171	15,864,404	18,588,662	40,064,928	20,432,122	23,726,203	
8,413,350	10,181,600	10,937,570	11,191,096	9,529,250	18,300,095	
5,011,122	5,610,243	6,004,475	5,538,964	5,535,876	5,597,946	
257,874,629	271,704,331	278,326,162	308,297,756	300,707,780	318,302,897	
(11,364,503)	(14,290,054)	(17,140,484)	(32,362,753)	863,978	(24,219,695)	
1,208,452	1,404,242	1,688,362	3,772,000	7,288,616	6,260,031	
(3,066,904)	(1,158,428)	(1,323,697)	(3,772,000)	(6,363,616)	(6,260,031)	
21,705,000	17,552,320	10,961,846	-	250,000	18,000,000	
12,407,555	-	-	10,750,000	7,900,000	4,100,000	
-	13,264,000	12,712,000	6,617,000	3,253,129	14,334,000	
(18,370,983)	(12,407,555)	-	-	-	-	
-	-	-	-	-	-	
-	(15,101,113)	(13,725,286)	(7,278,085)	-	(15,862,071)	
831,290	3,510,677	1,946,216	1,291,152	502,810	2,983,165	
12,157,717	2,500,000	-	2,160,000	750,000	2,010,198	
2,073,700	-	26,014	-	-	-	
28,945,827	9,564,143	12,285,455	13,540,067	13,580,939	25,565,292	
\$ 17,581,324	\$ (4,725,911)	\$ (4,855,029)	\$ (18,822,686)	\$ 14,444,917	\$ 1,345,597	
5.8%	6.6%	7.0%	6.7%	5.7%	5.7%	

City of Danbury, Connecticut

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

Fiscal Year	Real Estate	Motor Vehicle	Personal Property	Total
2007	\$ 114,768,625	\$ 11,040,846	\$ 7,918,381	\$ 133,727,852
2008	118,834,061	10,472,507	8,186,224	137,492,792
2009	133,553,703	10,877,428	8,101,765	152,532,896
2010	136,584,472	10,624,865	8,381,956	155,591,293
2011	145,682,176	10,308,334	8,241,554	164,232,064
2012	150,443,539	9,777,151	8,183,228	168,403,918
2013	156,026,389	10,716,559	8,696,551	175,439,499
2014	158,215,681	10,011,351	12,834,372	181,061,404
2015	164,236,418	13,672,869	10,283,484	188,192,771
2016	169,548,420	14,410,471	11,047,998	195,006,889
Change 2007-2016	32%	23%	28%	31%

Source: City records.

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City of Danbury, Connecticut

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

Fiscal Year	Real Property			Personal Property	Motor Vehicle	Tax Exempt Real Property
	Residential	Commercial	Industrial & Land			
2007	\$ 3,956,466,400	\$ 1,160,245,310	\$ 339,218,920	\$ 453,090,190	\$ 450,926,980	\$ 871,186,910
2008 (2)	5,493,359,500	1,757,737,900	418,466,900	485,758,650	461,795,235	1,431,396,500
2009	5,575,388,700	1,723,189,090	444,078,300	536,218,350	440,615,700	1,432,149,830
2010	5,657,769,200	1,630,885,530	472,277,200	551,271,380	437,633,299	1,459,079,340
2011	5,597,762,400	1,714,902,920	441,753,900	535,429,920	455,281,381	1,479,813,080
2012	5,622,107,300	1,672,623,980	465,564,800	564,055,800	480,366,418	1,492,203,120
2013 (2)	4,099,672,800	1,414,533,720	506,423,900	556,766,090	481,980,637	1,256,206,200
2014	4,034,267,000	1,436,552,100	591,866,800	544,288,658	499,851,484	1,286,335,200
2015	4,166,825,500	1,425,785,300	495,392,700	553,850,155	514,960,091	1,421,951,600
2016	4,215,437,300	1,422,849,300	484,099,700	595,958,910	528,944,785	1,426,783,900

Source: City Records

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

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

Total Taxable Assessed Value	Percent Growth	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value (1)
\$ 6,359,947,800	2.41%	22.20	\$ 9,085,639,714	70.00%
8,617,118,185	35.49%	21.35	12,310,168,836	70.00%
8,719,490,140	1.19%	21.66	12,456,414,486	70.00%
8,749,836,609	0.35%	20.96	12,499,766,584	70.00%
8,745,130,521	-0.05%	21.69	12,493,043,601	70.00%
8,804,718,298	0.68%	22.45	12,578,168,997	70.00%
7,059,377,147	-19.82%	26.80	10,084,824,496	70.00%
7,106,826,042	0.67%	27.60	10,152,608,631	70.00%
7,156,813,746	1.38%	28.26	10,224,019,637	70.00%
7,247,289,995	1.98%	28.68	10,353,271,421	70.00%

City of Danbury, Connecticut

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

Taxpayer	2016			2007		
	Taxable Assessed Value ¹	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Danbury Mall Associates	\$ 216,217,900	1	2.98%	\$ 121,644,600	1	1.99%
Eversource (Connecticut Light & Power)	65,635,300	2	0.91%	34,661,690	6	0.57%
Gera Danbury LLC (Danbury Buildings, Inc.)	50,601,900	3	0.70%	82,659,740	2	1.35%
Boehringer-Ingelheim	64,559,590	4	0.89%	53,736,590	3	0.88%
Crown Point Gardens	49,772,000	5	0.69%	N/A	-	-
BRT Reserve LLC	48,772,000	6	0.67%	N/A	-	-
Melvyn, Mary & Seymour Powers and Danbury Industrial Corp	40,292,110	7	0.56%	36,759,440	5	0.60%
Hawley, Ervie, Germantown Plaza Assoc. & Germantown Medical Center	34,314,790	8	0.47%	28,588,150	8	0.47%
Urstadt & Biddle Properties	34,565,200	9	0.48%	N/A	-	-
Building 45 Eagle LLC	29,008,800	10	0.40%	N/A	-	-
Avalonbay Communities, Inc.	N/A	-	-	37,936,680	4	0.62%
BF Goodrich Aerospace	N/A	-	-	28,304,260	9	0.46%
WCI Communities, Inc.	N/A	-	-	34,096,600	7	0.56%
Woodland Group II, LLC Ethan Allen Inn/Lake Ave Associates	N/A	-	-	22,963,850	10	0.38%
Total	\$ 633,739,590		8.74%	\$ 481,351,600		7.88%

Source: City Records

City of Danbury, Connecticut

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

Fiscal Year Ended June 30	Grand List Year	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2007	2005	135,638,428	132,134,830	97.42%	1,506,613	133,641,443	98.53%
2008	2006	139,970,874	137,492,791	98.23%	542,839	138,035,630	98.62%
2009	2007	154,245,503	150,822,781	97.78%	1,309,950	152,132,731	98.63%
2010	2008	156,735,685	153,187,028	97.74%	1,576,509	154,763,537	98.74%
2011	2009	164,232,064	160,414,022	97.68%	1,560,786	161,974,808	98.63%
2012	2010	169,828,344	166,361,471	97.96%	1,872,226	168,233,697	99.06%
2013	2011	177,032,636	172,271,426	97.31%	2,121,260	174,392,686	98.51%
2014	2012	183,121,317	177,431,164	96.89%	2,615,010	180,046,174	98.32%
2015	2013	190,536,155	186,199,217	97.72%	2,114,478	188,313,695	98.83%
2016	2014	197,381,874	192,048,424	97.30%	-	192,048,424	97.30%

Source: City of Danbury Tax Records

City of Danbury, Connecticut

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

Governmental Activities								
Fiscal Year	Net Bonded Debt	Capital Leases	Bond Anticipation Notes	Notes Payable	Unamortized Premium	Ratio of Net Bonded Debt to Est. Actual Taxable Value	Debt Per Capita	CWF ⁽¹⁾ Notes Payable
2007	\$ 79,652,250	\$ 2,097,605	\$ 18,302,000	\$ 1,310,000	\$ 1,687,640	0.91%	\$ 1,011	\$ 15,487,697
2008	96,532,400	6,063,439	17,026,950	1,238,000	1,532,605	1.08%	1,218	12,868,315
2009	106,321,500	5,608,428	15,963,762	1,166,000	1,618,955	1.04%	1,341	10,248,933
2010	114,147,700	5,473,861	18,370,983	1,094,000	6,522,098	1.12%	1,411	10,294,388
2011	127,439,350	16,682,857	12,407,555	1,022,000	6,618,065	1.14%	1,566	7,583,140
2012	134,136,419	18,225,659	-	950,000	9,380,834	1.20%	1,632	8,190,813
2013	134,366,695	16,073,173	-	878,000	10,476,881	1.33%	1,622	5,755,638
2014	122,616,599	16,447,722	10,750,000	806,000	10,388,690	1.21%	1,465	5,271,613
2015	124,087,349	14,739,984	7,900,000	734,000	9,918,874	1.21%	1,481	5,009,539
2016	131,366,254	14,076,365	9,850,000	662,000	11,231,221	1.27%	1,552	4,744,051

Note: The City has no revenue bonds.

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

¹ Notes Payable issued under the Clean Water Program thru the State of Connecticut, final maturity date January 31, 2014

² See the schedule of Demographic and Economic Statistic on page 141 for personal income and population data.

Business-Type Activities				
General Obligation Bonds	Unamortized Premium	Total Primary Government	Percentage of Personal Income	Total Debt Per Capita ⁽²⁾
\$ 26,027,750	\$ 567,289	\$ 145,132,231	5.45%	\$ 1,843
28,807,600	447,439	164,516,748	6.65%	2,077
28,868,500	333,135	170,129,213	6.63%	2,147
26,772,300	1,055,227	183,730,557	7.33%	2,271
25,790,650	829,273	198,372,890	7.75%	2,438
23,608,581	1,066,812	195,559,118	7.72%	2,380
22,228,305	1,194,959	190,973,651	7.48%	2,306
19,393,401	1,507,108	187,181,133	7.27%	2,237
17,012,651	1,281,981	180,684,378	7.27%	2,237
15,106,746	1,111,682	188,148,320	7.08%	2,222

City of Danbury, Connecticut

Direct Governmental Activities Debt
For the Year Ended June 30, 2016
(Unaudited)

Governmental Unit	Debt Outstanding
General obligation debt	\$ 131,366,254
Capital leases	14,076,365
Bond Anticipation Notes	4,100,000
Notes Payable	662,000
Unamortized Premium	<u>10,941,268</u>
Total direct debt	<u><u>\$ 161,145,887</u></u>

*No overlapping debt.

Sources: City Records.

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

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

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City of Danbury, Connecticut

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

	2007	2008	2009	2010
Debt Limit	\$ 947,064	\$ 984,120	\$ 1,077,930	\$ 1,094,883
Total Net Debt Applicable to Limit	71,737	73,858	86,346	93,488
Legal Debt Margin	875,327	910,262	991,584	1,001,395
Total net debt applicable to the limit as a percentage of debt limit	8.20%	8.11%	8.71%	9.34%

	2011	2012	2013	2014	2015	2016
\$	1,144,174	\$ 1,184,927	\$ 1,238,585	\$ 1,278,159	\$ 1,337,604	\$ 1,389,353
	109,330	116,046	117,134	107,767	101,572	104,013
	1,034,844	1,068,881	1,121,451	1,170,392	1,236,032	1,285,340
	10.56%	10.86%	10.44%	9.21%	8.22%	8.09%

City of Danbury, Connecticut

**Computation of Legal Debt Limitation
June 30, 2016
(Unaudited)**

Total Tax Collections (Including Interest and Lien Fees) for the Year Ended June 30, 2016	\$ 198,137,715
Reimbursement for Revenue Loss: Tax relief for elderly	<u>341,282</u>
Base	<u>\$ 198,478,997</u>
Debt Limit	<u><u>\$ 1,389,352,979</u></u>

Debt Limitation	General Purpose	Schools	Sewer & Water	Urban Renewal	Unfunded Pension Benefit Obligation
2-1/4 times base	\$ 446,577,743	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	893,155,487	-	-	-
3-3/4 times base	-	-	744,296,239	-	-
3-1/4 times base	-	-	-	645,056,740	-
3 times base	-	-	-	-	595,436,991
Total debt limitation	<u>446,577,743</u>	<u>893,155,487</u>	<u>744,296,239</u>	<u>645,056,740</u>	<u>595,436,991</u>
Debt as Defined by Statute:					
Bonds payable	104,012,534	27,353,720	19,822,798	662,000	-
Bond anticipation notes payable	8,300,000	16,700,000	-	-	-
Capital leases	2,978,069	11,098,299	-	-	-
Bonds authorized but not issued, issue dates not yet established	15,919,854	20,890,982	13,935,080	-	-
Total indebtedness	<u>131,210,457</u>	<u>76,043,001</u>	<u>33,757,878</u>	<u>662,000</u>	<u>-</u>
Debt limitation in excess of indebtedness	<u><u>\$ 315,367,286</u></u>	<u><u>\$ 817,112,486</u></u>	<u><u>\$ 710,538,361</u></u>	<u><u>\$ 644,394,740</u></u>	<u><u>\$ 595,436,991</u></u>

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

City of Danbury, Connecticut

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

Fiscal Year Ended June 30	Population (**)	Personal Income (000s)	Personal (1) Income Per Capita	Median Age	School Enrollment	Unemployment(*) Rate
2007	78,760	\$ 2,664,766	\$ 33,834	35.2	9,983	3.6%
2008	79,226	2,474,307	31,231	36.9	10,119	4.5%
2009	79,256	2,566,468	32,382	37.4	10,279	7.7%
2010	80,893	2,507,926	31,003	36.2	10,497	7.5%
2011	81,354	2,559,478	31,461	36.4	10,727	7.2%
2012	82,176	2,534,143	30,838	36.4	10,825	6.9%
2013	82,818	2,552,037	30,815	36.5	10,918	6.3%
2014	83,684	2,574,957	30,770	36.3	10,996	5.1%
2015	83,784	2,631,739	31,411	36.8	10,996	4.3%
2016 (2)	84,657	2,659,161	31,411	36.8	11,120	3.6%

Sources: City Records

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

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

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

City of Danbury, Connecticut

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

Employer	2016 *			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Western Ct Health Network - Danbury	2,283	1	5.04%	2,870	1	6.66%
Boehringer-Ingelheim Pharmaceuticals	1,800	2	3.97%	2,300	2	5.33%
Danbury School Systems	1,686	3	3.72%	1,425	4	3.30%
Cartus (formerly Cendant Mobility)	1,349	4	2.98%	1,670	3	3.87%
GE Commercial Finance (formerly G.E. Capital)	688	5	1.52%	1,200	5	2.78%
UTC B. F. Goodrich	660	6	1.46%	514	8	1.19%
Pitney Bowes	650	7	1.43%	650	7	1.51%
Western CT State University	626	8	1.38%	900	6	2.09%
City of Danbury	551	9	1.22%	514	8	1.19%
Praxair, Inc.	406	10	0.90%	400	10	0.93%

Sources: Greater Danbury Chamber of Commerce

* The City's most recent analysis was conducted December 31, 2015.

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City of Danbury, Connecticut

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

Functions/Program	Fiscal Year				
	2016	2015	2014	2013	2012
Governmental Services:					
City Council	-	-	-	-	-
Mayor's Office	6	5	6	6	5
Office of Project Excellence	1	-	-	-	-
Legislative Assistant	1	1	1	1	1
Registrars/Jury Committee	2	2	2	2	2
Finance/Insurance	14	13	14	13	14
Info Technology	1	2	5	5	4
Assessments	7	7	7	8	8
Tax Collector	9	9	9	9	9
Purchasing	3	3	3	3	3
Corporation Counsel (Legal)	3	3	3	3	3
Town Clerk	6	6	6	6	6
Permit Coordination	5	5	5	5	5
Building/ Civil Prep	9	9	9	9	9
Planning	6	6	6	6	6
Public Bldgs (Facilities Management)	15	15	15	15	14
Economic Development	1	1	1	1	1
Human Resources	3	2	2	2	2
Recreation:					
General & Administrative	1	1	1	2	2
Parks	-	-	-	-	-
Police:					
Officers	156	156	156	154	154
Civilians	8	8	9	10	10
Fire:					
Firefighters and Officers	120	128	128	127	127
Civilians	2	2	2	2	2
Public Works:					
Administration	2	2	2	2	2
Equipment Maintenance	7	7	7	7	7
Park Maintenance	18	17	17	17	17
Forestry	4	4	4	4	4
Street Sweeping, Snow Removal	43	43	43	22	21
Street Maintenance & Lighting	-	-	-	21	21
Traffic Control (Engineering)	3	3	3	3	3
Construction Services	3	3	3	3	3
Water:					
Administration	6	6	7	7	7
Transmission	21	21	20	21	21
Purification	12	12	12	10	10
Sewer Maintenance	-	-	-	-	-
Stormwater	-	-	-	-	-
Other Programs/Functions:					
Consumer Protection	-	1	1	1	1
UNIT	4	3	3	3	3
Engineering	7	7	7	8	10
Library	23	20	20	24	25
Health & Human Services	12	13	13	16	15
Social Services	2	2	2	3	3
Airport	5	5	5	5	5
Total	551	553	559	566	565

Source: City Records

Fiscal Year						
2011	2010	2009	2008	2007	2006	
-	-	-	-	-	-	1
6	5	6	6	6	6	6
-	-	-	-	-	-	-
1	1	1	1	1	1	1
2	2	2	2	2	2	2
15	15	15	14	15	15	15
4	5	5	4	4	4	4
8	8	8	8	8	11	11
10	10	10	11	11	11	11
3	3	3	3	3	3	3
3	3	3	3	4	4	4
6	6	6	7	7	7	7
5	5	5	6	6	6	6
9	9	9	9	9	9	9
6	6	6	6	6	6	7
15	15	15	16	14	14	14
-	-	-	1	1	1	1
2	2	2	2	2	2	2
-	-	-	-	-	-	-
2	2	2	2	2	2	2
-	-	-	-	-	-	-
155	156	156	158	155	155	155
10	10	10	8	8	6	6
128	127	127	127	108	109	109
2	2	2	2	2	2	2
2	2	2	6	7	6	6
7	7	7	7	7	7	7
18	18	18	18	19	19	19
4	4	4	6	4	4	4
21	21	21	22	23	23	23
22	21	21	21	16	15	15
3	3	3	3	3	3	3
3	3	3	-	-	-	-
7	7	7	7	6	5	5
21	20	20	21	16	16	16
10	11	11	12	11	11	11
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1	1	1	1	1	-	-
4	4	4	4	5	4	4
8	9	9	10	11	12	12
26	25	25	27	27	28	28
17	17	17	11	11	13	13
3	4	4	11	11	10	10
5	5	5	5	5	4	4
574	574	575	589	559	555	

City of Danbury, Connecticut

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

Function/Program	Fiscal Year			
	2007	2008	2009	2010
Police:				
Calls for service	66,418	58,248	57,188	57,521
Adult arrest	1,631	1,389	2,316	7,995
Juvenile arrest	287	320	511	263
Traffic citations	6,290	2,725	4,112	4,080
Fire:				
Total fire runs	2,339	1,309	3,018	3,454
Total rescue runs	2,730	2,740	4,127	4,310
Building safety:				
Total building permits	1,446	1,044	1,125	1,055
Total value all permits	\$ 187,432,339	\$ 106,019,038	\$ 85,925,535	\$ 83,680,656
Library, volumes in collection	111,828	120,150	121,342	122,316

Source: City Records

Fiscal Year					
2011	2012	2013	2014	2015	2016
56,154	54,963	58,304	51,830	60,031	52,669
1,960	1,548	1,903	1,047	1,363	1,727
345	269	255	130	176	248
4,448	3,964	5,157	5,914	5,178	6,035
3,426	4,352	4,465	4,093	4,140	5,248
4,765	5,060	4,772	5,344	4,887	4,483
1,075	948	1,012	1,153	1,101	1,168
\$ 81,017,769	\$ 156,234,998	\$ 190,248,335	\$ 140,628,176	\$ 164,374,257	\$ 115,164,683
123,463	121,584	121,511	119,576	110,070	115,450

City of Danbury, Connecticut

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

Function/Program	Calendar Year			
	2007	2008	2009	2010
Police:				
Stations	1	1	1	1
Fire:				
Fire Stations (Career)	5	5	5	5
Fire Stations (Volunteer)	12	12	12	12
Fire Training School				
Public Works:				
Buildings	6	6	5	5
Streets (Miles)	241	241	241	241
Street Lights	2,807	2,868	2,869	2,869
Parks & Recreation:				
Acreage	1,326	1,381	1,381	1,326
Parks	15	15	17	13
Golf Course	1	1	1	1
Baseball/Softball Diamonds	13	17	15	15
Ice Skating Pond	-	-	-	-
Soccer/Football/Lacrosse Fields	8	11	8	8
Basketball Courts	2	4	2	23
Tennis Courts	10	16	10	16
Spray Park	2	2	2	2
Swimming pools	-	-	-	-
Volleyball Courts	6	6	6	6
Handball Courts	-	-	2	2
Parks with Playground Equipment	7	8	9	8
Picnic Shelters	1	1	1	1
Dog Park				
Skateboard Park				
Banquet Hall	1	1	1	1
Band Shell	1	1	1	1
Public Buildings:				
City Buildings	13	14	14	14
Schools	18	18	22	22
Library:				
Facilities	1	1	1	1
Volumes	111,828	120,150	121,342	122,316
Water:*				
Lakes	-			
Storage Capacity (MGPD)	2,933	2,705	2,792	2,484
Average Daily Consumption (MGPD)	7.20	6.55	6.52	6.30
Peak Consumption (MGPD)	9.50	8.70	8.35	8.40
Wastewater:				
Sanitary Sewers (miles)	140.00	133.95	135.36	164.00

Calendar Year						
2011	2012	2013	2014	2015	2016	
1	1	1	1	1	1	1
5	5	5	5	5	5	5
12	12	12	12	12	12	12
						1
6	6	6	6	6	6	6
242	242	242	242	242	242	242
2,869	2,873	2,873	2,873	2,873	2,873	2,880
1,573	1,607	1,607	1,607	1,607	1,607	1,610
15	15	15	15	15	17	19
1	1	1	1	1	1	1
19	19	19	19	19	19	19
-	1	1	1	1	1	1
8	8	8	8	8	8	9
21	21	21	21	21	22	22
16	16	16	16	16	16	16
2	2	2	2	2	3	3
-	-	-	-	-	-	-
6	6	6	6	6	7	7
2	2	2	2	2	2	2
9	9	9	9	9	9	9
1	1	1	1	1	1	1
						1
						1
1	1	1	1	1	1	1
1	1	1	1	1	1	1
14	14	14	14	14	14	14
21	21	21	21	21	21	21
1	1	1	1	1	1	1
123,463	121,584	121,511	116,247	110,070		115,450
2,792	2,792	2,792	2,792	2,792	2,792	2,792
6.00	5.90	6.00	6.00	6.10	6.10	6.24
8.40	8.40	7.70	8.40	8.40	8.40	8.23
165.00	166.00	166.00	166.00	166.00	166.00	166.00

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