

Preliminary Official Statement Dated October 15, 2019

New Issue: Book-Entry Only

**RATINGS: S&P Global Ratings: AA+
Fitch Ratings: AAA**

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



City of Danbury, Connecticut

\$50,000,000

General Obligation Bonds, Issue of 2019, Series B

Dated: Date of Delivery

**Due: Serially on November 1, 2020-2039,
as detailed below:**

The Bonds will bear interest payable May 1, 2020 and semiannually thereafter on November 1 and May 1 in each year until maturity or earlier redemption. The Bonds are issuable only as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "Book-Entry-Only Transfer System" herein.

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

Year	Principal	Coupon	Yield	CUSIP	Year	Principal	Coupon	Yield	CUSIP
2020	\$ 2,500,000	.._%	.._%	235866__	2030	\$ 2,500,000	.._%	.._%	235866__
2021	2,500,000	.._%	.._%	235866__	2031	2,500,000	.._%	.._%	235866__
2022	2,500,000	.._%	.._%	235866__	2032	2,500,000	.._%	.._%	235866__
2023	2,500,000	.._%	.._%	235866__	2033	2,500,000	.._%	.._%	235866__
2024	2,500,000	.._%	.._%	235866__	2034	2,500,000	.._%	.._%	235866__
2025	2,500,000	.._%	.._%	235866__	2035	2,500,000	.._%	.._%	235866__
2026	2,500,000	.._%	.._%	235866__	2036	2,500,000	.._%	.._%	235866__
2027	2,500,000	.._%	.._%	235866__	2037	2,500,000	.._%	.._%	235866__
2028	2,500,000	.._%	.._%	235866__	2038	2,500,000	.._%	.._%	235866__
2029	2,500,000	.._%	.._%	235866__	2039	2,500,000	.._%	.._%	235866__

Electronic bids via PARITY for the Bonds will be received until 11:30 A.M. (E.T.) on Tuesday, October 22, 2019 at Danbury City Hall, Finance Department Conference Room, 155 Deer Hill Avenue, Danbury, Connecticut 06810.

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

The Registrar, Transfer Agent, Paying Agent, and Certifying Agent will be U.S. Bank National Association, Goodwin Square, 225 Asylum Street, 23rd Floor, Hartford, Connecticut 06103.

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut and certain other conditions. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC on or about November 4, 2019.



This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may an offer to buy be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. A definitive Official Statement with respect to these securities will be made available concurrently with their sale.

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

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

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

Other than as to matters expressly set forth in Appendix B, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that it has independently verified the same.

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

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

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Bond Issue Summary

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

Date of Sale:	Tuesday, October 22, 2019, 11:30 A.M. (E.T.).
Location of Sale:	Danbury City Hall, Finance Department Conference Room, 155 Deer Hill Avenue, Danbury, Connecticut 06810.
Issuer:	City of Danbury, Connecticut (the "City").
Issue:	\$50,000,000 General Obligation Bonds, Issue of 2019, Series B (the "Bonds").
Dated Date:	Date of Delivery.
Interest Due:	May 1, 2020 and semiannually thereafter on November 1 and May 1 in each year until maturity or earlier redemption.
Principal Due:	November 1 in each of the years 2020 through 2039, as detailed in this Official Statement.
Purpose and Authority:	A portion of the Bond proceeds are being issued to provide new money for a wastewater treatment plant improvement project.
Redemption:	The Bonds are subject to redemption prior to maturity.
Security and Remedies:	The Bonds will be general obligations of the City, and the City will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
Credit Rating:	The Bonds have been rated, "AA+" from S&P Global Ratings, and "AAA" from Fitch Ratings.
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date.
Bond Insurance:	The City does not expect to direct purchase a credit enhancement facility.
Bank Qualification:	The Bonds shall NOT be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, the City will provide or cause to be provided: (i) certain annual financial information and operating data, including audited financial statements; (ii) timely notice of the occurrence of certain events within 10 business days of the occurrence of such events; and (iii) timely notice of its failure to provide such annual financial information, pursuant to a Continuing Disclosure Agreement to be executed by the City substantially in the form attached as Appendix C to this Official Statement.
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, 23 rd Floor Hartford, Connecticut 06103.
Municipal Advisor:	Phoenix Advisors, LLC, of Milford, Connecticut. Telephone (203) 878-4945.
Legal Opinion:	Robinson & Cole LLP, of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about November 4, 2019, against payment in federal funds.
Issuer Official:	Questions concerning the City and the Official Statement should be addressed to David W. St. Hilaire, Director of Finance, City of Danbury, 155 Deer Hill Avenue, Danbury, Connecticut 06810. Telephone (203) 797-4652.

I. Bond Information

Introduction

This Official Statement, including the cover page, inside cover page and appendices, is provided for the purpose of presenting certain information relating to the City of Danbury, Connecticut (the "City"), in connection with the original issuance and sale of \$50,000,000 General Obligation Bonds, Issue of 2019, Series B (the "Bonds") of the City.

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

U.S. Bank National Association, Goodwin Square, 225 Asylum Street 23rd Floor, Hartford, Connecticut will act as Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds.

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

Municipal Advisor

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

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

Description of the Bonds

The Bonds will be dated the date of delivery and will mature in the years and in such amounts and shall bear interest at such rate of rates as set forth on the front cover of this Official Statement, payable on May 1, 2020 and semiannually thereafter on November 1 and May 1 in each year until maturity or optional redemption. Interest will be calculated on the basis of twelve 30-day months and a 360-day year. Interest is payable to the registered owner as of the close of business on the fifteenth day of April and October, or the preceding day if such date is not a business day, in each year, by check mailed to the registered owner; or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, and the City shall agree.

Redemption Provisions

Bonds maturing on or before November 1, 2026 are not subject to redemption prior to maturity. The Bonds maturing November 1, 2027 and thereafter are subject to redemption prior to maturity, at the election of the City, on or after November 1, 2026 at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the City may determine, at the respective prices (expressed as a percentage of the principal amount of Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
November 1, 2026 and thereafter	100%

Notice of redemption shall be given by the City or its agent by mailing a copy of the redemption notice by first-class mail at least thirty (30) days prior to the date fixed for redemption to the registered owner as the same shall last appear on the registration books for the Bonds. Failure to give such notice by mailing to any registered

owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

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

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

Authorization and Purpose

The Bonds are issued pursuant to Title 7 of the General Statutes of Connecticut as amended, the City charter and ordinances adopted by the City Council of the City or approved by the voters of the City at referendum.

Proceeds of the Issue

Proceeds of the Bonds will be used to provide new money borrowing for the project listed below:

<u>Project</u>	<u>Authorized</u>	<u>This Issue The Bonds</u>
Waste Water Treatment Plant Upgrade	\$ 112,600,000	\$ 50,000,000
Total	\$ 112,600,000	\$ 50,000,000

School Projects

Pursuant to Section 10-287i of the Connecticut General Statutes, as amended, the State of Connecticut will provide proportional progress payments for eligible school construction expenses on projects approved on or after July 1, 1996. Debt service reimbursement will continue under the old program for all projects approved prior to July 1, 1996. However, the City will receive approximately 63% of eligible costs in State funding for the Danbury High School project.

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

Book-Entry-Only Transfer System

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

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

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

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

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

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

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

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

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

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

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

Security and Remedies

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

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

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

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

Qualification for Financial Institutions

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

Availability of Continuing Information

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

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, annual financial information and operating data, timely notice of a failure by the City to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement, and timely notice of the occurrence of certain events with respect to the Bonds pursuant to the Continuing Disclosure Agreement to be executed by the City substantially in the form attached as Appendix C to this Official Statement. The Underwriter's obligation to purchase the Bonds shall be conditioned upon its receiving at or prior to the delivery of the Bonds the executed copies of the Continuing Disclosure Agreement.

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

Ratings

The Bonds were rated as follows: “AA+” from S&P Global Ratings (“S&P”), and “AAA” from Fitch Ratings, respectively.

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

Bond Insurance

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

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II. The Issuer



Description of the Municipality

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

According to the U.S. Bureau of Census, American Community Survey (2013-2017), Danbury has a median household income of \$68,068. Danbury is diversely populated with an estimated population of 87,543 (2019). The City's residents represent more than 60 different nationalities and the students entering Danbury public schools speak over 45 different languages. Danbury is a hub for retail shopping. The Danbury Fair Mall remains the largest mall in New England and newer shopping centers have attracted tenants such as Home Depot, Best Buy, Lowes and Wal-Mart.

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

Form of Government

The City operates under a Charter, adopted in 1889, and was last revised in November, 2009. Pursuant to Section 8-10 of the City Charter, the City Council recently established and appointed a charter revision commission to review and, if necessary, amend the Danbury Municipal Charter. The City is governed by a Mayor and a twenty-one member City Council. The Mayor is the City's Chief Executive Officer and the City Council is the legislative body.

Principal Municipal Officials

Office	Name	Manner of Selection	Term	Years of Service	Employment Last Five Years
Mayor.....	Mark D. Boughton	Elected	12/17-11/19	17	Mayor
Treasurer.....	Daniel P. Jowdy	Elected	12/17-11/19	15	Funeral Director
Council.....	21 members	Elected	12/17-11/19	Various	Various
Director of Finance.....	David W. St. Hilaire	Appointed ¹	Indefinite	12	Director of Finance
		Civil Service			
Tax Collector.....	Scott Ferguson	Appointed ¹	Indefinite	13	Manager, Taxes
		Civil Service			
Assessor.....	David W. St. Hilaire ³	Appointed ¹	Indefinite		Tax Assessor
Superintendent of Schools....	Dr. Sal Pascarella	Appointed ²	Contract	12	Superintendent
Corporation Counsel.....	Robert J. Yamin	Appointed ¹	Indefinite	17	Attorney

¹ Appointed by the Mayor.

² Appointed by the Board of Education.

³ Acting Tax Assessor.

Municipal Services

Danbury Police Department – DPD “Dependable, Professional, Dedicated”

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

The Danbury Police Department has three major divisions; Patrol, Investigations, and Professional Standards. It has an authorized strength of 154 sworn officers. Additional civilian support personnel are assigned to various divisions within the agency.

In September of 2018, the Department earned Tier 3 Accreditation from the State of Connecticut Police Officer Standards and Training Council (POSTC). This is the highest level of accreditation than can be achieved from POSTC.

Internally the City has started initiatives to better focus on officer mental health and wellness, started the implementation of an automated scheduling system for greater efficiency, and is currently studying the feasibility of implementing a body camera program. Leveraging a local grant, the City approved new software to improve and streamline its personnel management system, and recently received a generous donation to outfit the City’s three patrol K-9’s with brand new ballistic vests. Additionally, several new officers joined the department, thanks to successful entry-level and lateral recruitment campaigns.

Externally, the City ran two successful Citizens Police Academies this past year. During the summer of 2018 the City’s School Resource Officers ran a two-week Junior Police Academy at Rogers Park Middle School. The City’s Traffic Division secured grants to conduct various enforcement initiatives throughout the year, especially to deter distracted driving. The City recently secured a grant to provide foot patrols to downtown on a limited basis this coming spring and summer.

The City had another relatively successful year with the overall crime rate, including a significant reduction in violent crime. This is due not only to the efforts of the men and women of the police department but also to the positive relationships that the City has developed and maintained with our residential and business communities, civic organizations and other agencies.

Danbury Fire Department and EMS

The mission of the Danbury Fire Department (the “Department”) is to provide for the protection of life, property and the environment for all citizens in the safest and most efficient manner possible. To meet this objective, the Department utilizes an aggressive Fire Education, Prevention and Inspection Program, rapid professional responses, up-to-date emergency equipment and continuing training for both Career and Volunteer Divisions of the Department.

Initiatives of the Department include the upgrading of the Computer Aided Dispatch with the NexGen system and the Computer Aided Dispatch (NexGen Public Safety software system) for the Police Department and EMS. The Department has Telestaff and the Firehouse Software to assist in its operations. The program assists in tracking of schedules, overtime and other various leaves, which allows the City to better track its budget allocations. The program is a system specifically designed to assist in Fire Department operations in all facets from fire response to inspection tracking and maintenance of gear and equipment.

The programs of the Community Risk Reduction division of the Department include all aspects of the efforts to reduce fire risks in the City. Based in City Hall, adjacent to the Permit Center, this division is led by the Fire Marshal and staffed by six Deputy Fire Marshals. The Community Risk Reduction programs include pre-construction plan reviews, prescribed inspections of occupancies, complaint response, and public education. The public education activities include programs developed and delivered to students in City schools, and target populations such as senior citizen groups as well as business and social organizations.

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

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

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

All firefighters are cross-trained to an advanced life support first responder level. The Fire Department operates five (5) engine companies with one heavy rescue, one special response vehicle and one truck company. Each company is equipped with automatic defibrillators and other advanced life support equipment. With rapid response times due to geographic distribution of fire stations, this complement of equipment and professionally trained personnel helps make Danbury a safe community in which to work and live. The deployment schedule for ambulances coupled with the Department's first responder engine companies has improved response time throughout the City. This response model has benefited residents in all areas of the City with timely lifesaving emergency medical care.

The City has partnered with Western Connecticut Health Network ("WCHN"), the parent of Danbury Hospital, through a performance based EMS contract to manage, staff and operate the Danbury Emergency Medical Services Division. Each City ambulance is staffed with a paramedic offering the highest level of pre hospital advanced care to those in need of medical attention. Throughout the many years of this engagement, collaborative efforts with Fire and EMS officials have focused on specific performance metrics to consistently deliver prompt, courteous and professional emergency medical care to the citizens and visitors of Danbury. Additionally, the continual assessment of specific analytics has best facilitated EMS transport resources to be operated and staffed according to peak hour call volume demand. As such, the EMS program has historically proven both fiscally and operationally responsible through optimal revenue recovery and high call volume coverage performance. Advances in resuscitation protocols, have yielded a more coordinated and expedient response of strategically positioned fire department first responders and paramedics. Efforts in continually developing a reliable emergency medical dispatch program recognize that early notification and activation of the 9-1-1 system are often the first link in the chain of survival. In fact, the EMS program has consistently been recognized in providing gold standard care for patients experiencing cardiac emergencies through the Mission Lifeline program. Quality and performance improvement initiatives through the regular review and medical oversight established by existing oversight committee

membership remain the foundation of the systematic and collaborative approach in responding and managing emergency medical services in the City.

Training programs for both career and volunteer members are continuous and have expanded to meet recent challenges and demands of the fire and emergency services. Hundreds of continuing classroom and practical hours keep firefighters abreast of current risks, equipment use, standards, regulations and safety practices. All career recruits attend an initial fifteen (15) week session at the Connecticut State Fire Academy. This basic training, at one of the premier fire training institutions in the country, prepares recruits for the challenges they will face. Many members continue their education at the National Fire Academy, State Fire Academy and other institutions of higher learning including Naugatuck Valley Community College and the University of New Haven. The Department has completed construction of its new classroom structure at the Fire Training School which includes two classrooms, office and break room space, two truck bays, and unique features for firefighter training. This facility complements the existing burn building and other training props on site.

The Department continues public education activities throughout the community with Juvenile Fire Setter Intervention programs and Fire of Life senior citizen programs (sponsored by the Danbury Professional Firefighters Local 801). An initiative of the Department has placed automatic defibrillators in municipal buildings and City schools.

A Federal grant was awarded for replacement of mobile and portable radios. Collaboration with the American Red Cross facilitated distribution of smoke detectors throughout the community. A private donor contributed funds for the purchase of a drone which is used to provide situational awareness such as live aerial feed of fires or large-scale incidents, pre-planning information, and to search for lost persons in rugged terrain. A corporate grant covered the purchase of a new Utility Terrain Vehicle that will be used for search and rescue operations for lost persons in rugged terrain, emergency medical evacuation from remote locations, and wildland firefighting.

These programs, response, mitigation and fire suppression actions, each contribute to improving the quality of life in the City.

Parks and Recreation

Excluding school facilities, the City has 1,680 acres designated for park and recreational use distributed as follows: 251 acres of City parks; 256 acres of natural resource areas; and 1,054 acres of special use parks. The Parks & Recreation Department uses 15 schools for playgrounds/ball fields, which account for 55 acres.

The City also contains recreational facilities and parks owned and maintained by state and community organizations. Wooster Mountain State Park (428 acres), administered by Squantz Pond State Park, contains a few lightly used hiking trails and a shooting range operated by the Danbury Shooting Sports Associates. Lattin's Cove (5 acres) operates a State boat launch on Lake Candlewood. Privately owned recreational facilities include diverse organizations such as the Swampfield Land Trust, the Portuguese Cultural Center, the Ridgewood Country Club, private and parochial schools and Western Connecticut State University. The facilities and parks owned and maintained by the City include:

- *Bear Mountain Park* (140 acres): mostly undeveloped, passive recreation with a conservational outlook, Ranger Cottage and parking with many diverse hiking trails.
- *Blind Brook Playground* (.5 acres): playground.
- *Danbury Dog Park, Miry Brook Rd.* Off leash park for small and large dogs.
- *Danbury Green* (1 acre): benches, walkway and band shell.
- *Elmwood Park* (2 acres): park benches for passive recreation and a fountain.
- *Farrington Property* (192 acres): hiking trails.
- *Hatter's Community Park* (32 acres): bowling alley, Park & Recreation Office, 3 softball fields, banquet hall, open air Pavilion and playground.
- *Highland Playground* (8 acres): playground and spray-park.
- *John Perry Field* (3 acres): all-purpose field turf surface, located in Rogers Park, used for football, soccer, lacrosse (boys & girls) and field hockey, located in Rogers Park.
- *Joseph Sauer Memorial Park* (2 acres): park for the elderly and a basketball court.
- *Kennedy Park* (1 acre): park benches for passive recreation.

- *Lake Candlewood Park* (11 acres): swimming, picnicking, volleyball court, motorized boating and boat ramp.
- *Lake Kenosia Park* (25 acres): picnicking, Spray Park, non-motorized boating, four soccer fields and playground.
- *Mill Plain Swamp* (34 acres): no facilities.
- *Mill Ridge, West Side Middle School Academy*, all-purpose field turf playing surface, soccer and rugby.
- *Old Quarry Nature Center* (40 acres): trails, bird watching and natural scenery.
- *Richter Park* (230 acres): 18-hole golf course, pro shop, restaurant, playhouse, basketball court, fishing, hiking trail, two tennis courts and winter recreation. (Richter Park Drive).
- *Rogers Park* (56 acres): 8 tennis courts/lights, handball/paddleball court, 4 softball fields, 6 baseball fields, 1 all-purpose turf field, and 6 volleyball courts.
- *Rogers Park Playground* (1 acre) and spray park.
- *Rogers Park Pond* (7 acres): interpretative trails, outdoor fitness park and footbridge.
- *Rowan Street Playground* (3 acres): playground.
- *Stephen A. Kaplanis Field* (5.5 acres): all-purpose field turf surface used for football, soccer, lacrosse (boys & girls) and field hockey.
- *Still River Greenway* (35 acres): hiking trails, education station, boat launch, bird sanctuary and footbridge.
- *Tom West Park* (.5 acres): playground.
- *Wiedel Meadows- Passive Recreational*.

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

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

Danbury Public Library

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

- *Hours*: The library is open a total of 51 hours per week, Monday – Sunday, from September through May, and 44 hours per week, Monday – Saturday, during the summer.
- *E-books and Streaming Services*: The library provides access, with a valid Danbury Library card, to a growing collection of downloadable and streaming eBooks, audiobooks, music, movies, and television shows. Downloadable content can be accessed through an e-reader, smart phone, tablet or personal computer. The library currently offers Overdrive and RB Digital for e-books and audiobooks; Hoopla for music, movies, audiobooks e-books, comics and television shows; Freegal for music; Kanopy for film; and Tumblebooks for e-books for children,
- *Audio-Video Department*: A 4,200 square foot area holds more than 20,000 non-print items including: DVDs, compact discs, books on CD, Playaways (books on MP3), and Blu-ray discs.
- *Personal computers for the public use*: Access to word processing, spreadsheet programs, the Internet and a variety of on-line databases is available for public use on 94 computers. Free high-speed wireless Internet access is available in the library, as well as on the library plaza.
- *Library Technology Center*: A 4,300 square foot computer lab with 23 workstations can be used by the public for Internet access, word processing, on-line access to the library catalog, resume and typing programs

and multilingual access to the Internet. Library staff members offer introductory as well as specialized Internet and computer classes to the public on a regular basis in English or Spanish. The technology center also lends out iPads, Kindles, Rokus, Chromebooks, and WiFi hotspots to Danbury residents.

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

– *Program Rooms*: The Farioly Program Room, which seats up to 70, has kitchen facilities. The Lower Level Meeting Room, which seats up to 30, can be reserved by the public for programs and workshops. A third conference room in the Technology Center can be reserved for smaller gatherings and seats 12. The Study Pod accommodates up to four people, and is designed for quiet study, business meetings, and interviews.

– *Danbury Library Homepage*: Connecting to the library’s home page (danburylibrary.org) allows off-site customers to view the library’s catalog, reserve books, subscribe to an on-line newsletter, visit selected web sites of current interest, and retrieve full-text magazine articles 24 hours a day, seven days a week. Residents can also access digital services of ebooks, downloadable music, movies and audiobooks. The library homepage can be viewed in English, Portuguese, and Spanish.

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

A Board of Directors, appointed by the Mayor, governs the Danbury Public Library. The Mayor also appoints a Library Director to promote library services, supervise a staff of 45, and manage an operating budget of \$2 million.

Solid Waste - Recycling

The City of Danbury is a member of the Housatonic Resources Recovery Authority (“HRRR”), and that membership has no sunset date. As a member of the HRRR, Danbury’s solid waste and recycling contracts are managed by the HRRR as part of a regional authority. The HRRR negotiates the tip fees on behalf of its members. The 2019 calendar year tipping fee is \$87.47 per ton while 2020’s fee has been set at \$88.21 per ton. HRRR’s services are funded through a program fee that is collected as part of the tip fees which is paid by the private haulers. The haulers charge the residents of the City of Danbury (their customers) directly for collection services. The City of Danbury has no financial obligation to the HRRR. The City of Danbury is in the process of signing a new “Form of Municipal Agreement” (the current FOMA expires June 30, 2019) which is an attachment to the new full solid waste and recycling system agreement (contract) which takes effect July 1, 2019. The HRRR negotiated the ten year contract with Winters Brothers Waste Systems of Connecticut (operators of the City’s transfer station). There are approximately thirty independent haulers registered to collect solid waste in the City. There is no municipal garbage collection.

The City’s landfill closed on December 31, 1996. However the final closure and capping of the landfill was not completed until 1998. The \$11 million project included installation of a gas recovery system including a full synthetic geomembrane cap.

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

On April 21, 2004, the City entered into a 12-year contract with Total Landscaping and Tree Service, LLC for the management and operation of a wood waste facility and a leaf composting facility. The contract was automatically renewed for an additional five-year term on March 1, 2016. The wood waste and leaf composting operations are conducted at City owned facilities. Total Landscaping and Tree Service, LLC is responsible for accepting and processing wood waste and leaves deposited at these City owned facilities as generated by the City or its residents.

Enterprise Funds

Sewer Fund

The City had a 20-year agreement through June 2018 (the “Agreement”) with Veolia Water to manage its wastewater collection and treatment system. However, a 5-year extension (with two one-year extension options) to this agreement was signed on October 1, 2017. The annual base fee is maintained at approximately \$4.9 million (plus an annual adjustment equal to the change in the consumer price index, which currently totals approximately \$154,000) through June 30, 2023. The City continues to exercise control over its rate setting and inter-municipal agreements. The City retains full legal title and ownership of the facility. Veolia operates and maintains the facility in accordance with the terms and conditions of the City’s NPDES permit (# CT0100145). The contract with Veolia contains additional performance standards, such as Veolia implementing a program to provide a year round nitrification process to ensure the quality of effluent, which are above the requirements of the City’s current NPDES permit. A laboratory is maintained on site by Veolia to ensure proper operation of the plant process and to comply with the Connecticut Department of Energy and Environmental Protection requirements.

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

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

Sewer rates increased 3.50% for fiscal year 2019-20. The historical sewer rate increases for the last five years were as follows:

<i>Fiscal Year Ending</i>	<i>Annual % Increase/Decrease</i>
June 30, 2020	3.50%
June 30, 2019	2.95%
June 30, 2018	0.00%
June 30, 2017	2.95%
June 30, 2016	0.00%

¹ Currently, sewer consumption is billed at 90% of water consumption. As of 7/1/2019, it will be adjusted to 95% of water consumption.

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

Water Fund

The City’s raw water supply has 8 reservoirs with a total capacity of 3.0 billion gallons of water. The safe yield of the City’s water system is 7.9 million gallons per day. Presently, the Danbury Water Department produces and distributes an average of 6.6 million gallons per day.

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

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

Metered and non-metered rates provide funds for the operation, maintenance, and debt service of the water system. Water rates decreased by 1.50% for fiscal year 2019-20. The historical water rate changes for the last five years were as follows:

<i>Fiscal Year Ending</i>	<i>Annual % Change</i>
June 30, 2020	(1.50%)
June 30, 2019	2.75%
June 30, 2018	0.00%
June 30, 2017	2.95%
June 30, 2016	0.00%

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

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Employee Relations and Collective Bargaining

Municipal Employees

Fiscal Year Ended June 30	2019	2018	2017	2016	2015
General Government.....	551	551	552	550	562
Board of Education.....	1,750	1,725	1,686	1,617	1,571
Total.....	2,301	2,276	2,238	2,167	2,133

Employee Bargaining Organizations

Board of Education Groups	Number of Employees	Current Contract Expiration Date
Non-Bargaining Employees.....	49	N/A
DSAA - School Administrators.....	47	6/30/2022
NEA Teachers.....	935	6/30/2020
Local 677 Teamsters Custodians.....	76	6/30/2019 ²
CSEA Paraprofessionals.....	436	6/30/2019 ³
School Nurses Association.....	27	6/30/2020
Local 677 Teamsters School Lunch.....	66	6/30/2021
Danbury Association of School Secretaries.....	87	6/30/2021
Safety Advocates.....	27	6/30/2021
Total.....	1,750	
City Groups		
Danbury Police Union, Hat City Local, CACP ¹	154	6/30/2021
UPSEIU (formerly DMEA) Municipal Employees.....	94	6/30/2020
Local 677 Teamsters.....	108	6/30/2020
Local 801 AFL CIO Firefighters.....	118	6/30/2020
Non-Bargaining Employees.....	77	N/A
Total.....	551	

¹ Includes two canine control officers.

² In negotiation. Custodians: Tentative agreement should be ratified in a few weeks.

³ In negotiation. Paraprofessionals: BOE has two more sessions. Agreement may be reached before the end of September.

Source: City of Danbury, Finance Department.

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

Educational Services

The Board of Education of the City is comprised of eleven elected members each serving a four year term, as provided by the City Charter. The Mayor serves as an ex-officio member. The Board of Education is responsible for maintaining public elementary and secondary schools. There are thirteen (13) elementary schools, three (3) middle schools, one (1) high school and one (1) alternative high school providing educational programs to students in grades pre-kindergarten through twelve.

School Facilities

School	Grades	Date Opened (Add. or Ren.)	Type of Construction	Number of Classrooms	Enrollment 10/1/18	Rated Capacity
Great Plain.....	PK - 5	1963	Brick	21	300	379
Hayestown.....	PK - 5	1955	Brick	26	470	448
King Street Primary	PK - 2	1977	Brick	22	452	488
King Street Intermediate	3 - 5	1964	Brick	31	370	322
Magnet.....	K - 4	2006	Brick	18	377	390
Mill Ridge Primary	PK - 2	1974	Brick	22	373	396
Morris Street.....	PK - 5	1892	Brick	24	332	379
		1963	(Addition)			
		1980	(Add. & Ren.)			
Park Avenue.....	PK - 5	1951	Brick	22	640	402
		2015	(Addition)			
Pembroke.....	PK - 5	1970	Brick	23	345	425
Ellsworth Avenue	PK - 5	1952	Brick	19	469	356
Shelter Rock.....	PK - 5	1963	Brick	22	545	405
		1973	(Addition)			
		2015	(Addition)			
South Street.....	PK - 5	1935	Brick	19	390	339
		1980	(Add. & Ren.)			
Stadley Rough.....	PK - 5	1971	Brick	21	514	494
		2015	(Addition)			
Broadview M.S.	6 - 8	1967	Brick	39	977	1,012
Rogers Pk. M.S.	6 - 8	1972	Brick	42	979	1,012
Westside M.S.	6 - 8	1957	Brick	36	639	600
Danbury H.S.	9 - 12	1964	Brick	117	3,086	2,442
Alternative Center.....	9 - 12	1977	Brick	11	91	100
Total.....				535	11,349¹	10,389

¹ Total represents all students reported by the district, including students placed in schools outside of the district. Therefore, the sum of school-level counts may be less than the total district enrollment.

Source: Danbury Board of Education

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School Enrollment

Year	<u>Historical</u>				Total
	Pre-K - 5	6-8	9-12	Other	
2009-2010	5,100	2,146	2,944	307	10,497
2010-2011	5,199	2,201	2,981	346	10,727
2011-2012	5,277	2,232	2,981	335	10,825
2012-2013	5,348	2,272	2,944	354	10,918
2013-2014	5,302	2,293	2,960	214	10,769
2014-2015	5,516	2,416	2,993	*	10,925
2015-2016	5,613	2,472	3,035	*	11,120
2016-2017	5,423	2,539	3,095	*	11,057
2017-2018	5,447	2,453	3,201	*	11,101
2018-2019	5,732	2,601	3,199	*	11,532
* Head Start number no longer in BOE count					
		<u>Projected</u> ¹			
2019-2020 ²	5,674	2,648	3,300	-	11,622
2020-2021	5,640	2,724	3,270	-	11,634
2021-2022	5,668	2,701	3,325	-	11,694

¹ Projections based on 2% Enrollment Growth based on Enrollment Study.

² The expected enrollment numbers are higher than projected by 2.5%.

Source: Board of Education FY 2018/2019 Budget Book.

The Danbury Public Schools 2020 Task Force, launched in 2008, was charged with studying the Danbury Public Schools Five Year Plan and identifying strategies for both long and short term facility management, space utilization analysis, and capital improvement planning. The outcome of the study led to the City authorizing bonding in the amount of \$44 million for the Vision 2020 – Public Improvement Project and to the \$53.5 million Danbury High School (DHS) expansion project. As part of the projects, Mill Ridge Educational Center (renovated and renamed Westside Middle School), Park Avenue, Shelter Rock and Stadley Rough and Danbury High schools will be expanded and upgraded to accommodate the expanding enrollment. The City received approximately 63% reimbursement from the State of Connecticut School Building Grant program for these projects.

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III. Economic and Demographic Information

Population and Density

Year	Actual		Density ²
	Population ¹	% Increase	
2017 ³	84,573	4.5%	1,922
2010	80,893	8.1%	1,838
2000	74,848	14.1%	1,701
1990	65,585	8.5%	1,491
1980	60,470	18.4%	1,374
1970	51,066	-	1,161

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

² Per square mile: 44.0 square miles.

³ American Community Survey 2013-2017.

Age Distribution of the Population

Age	City of Danbury		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years	5,408	6.4%	186,188	5.2%
5 to 9 years	4,983	5.9	206,536	5.7
10 to 14 years	4,690	5.5	225,831	6.3
15 to 19 years	5,835	6.9	249,777	6.9
20 to 24 years	5,986	7.1	245,849	6.8
25 to 34 years	12,161	14.4	439,239	12.2
35 to 44 years	12,709	15.0	433,401	12.1
45 to 54 years	11,878	14.0	535,611	14.9
55 to 59 years	5,097	6.0	266,501	7.4
60 to 64 years	4,478	5.3	229,788	6.4
65 to 74 years	6,295	7.4	318,515	8.9
75 to 84 years	3,302	3.9	167,133	4.6
85 years and over	1,751	2.1	90,109	2.5
Total.....	84,573	100.0%	3,594,478	100.0%

Median Age (Years) 2017..... 37.6 40.8

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

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

Source: American Community Survey 2013-2017

Income Distribution

Family Income	City of Danbury		State of Connecticut	
	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	694	3.5%	27,787	3.1%
10,000 - 14,999.....	347	1.8	16,143	1.8
15,000 - 24,999.....	968	4.9	41,072	4.6
25,000 - 34,999.....	1,618	8.2	52,218	5.8
35,000 - 49,999.....	2,167	11.0	82,371	9.2
50,000 - 74,999.....	3,682	18.7	134,356	15.0
75,000 - 99,999.....	2,797	14.2	122,244	13.6
100,000 - 149,999.....	3,923	19.9	186,352	20.8
150,000 - 199,999.....	1,569	8.0	100,359	11.2
200,000 and over.....	1,916	9.7	132,765	14.8
Total.....	19,681	100.0%	895,667	100.0%

Source: American Community Survey 2013-2017

Income Levels

	<u>City of Danbury</u>	<u>State of Connecticut</u>
Per Capita Income, 2017	\$ 32,764	\$ 41,365
Median Family Income, 2017	\$ 78,392	\$ 93,800
Median Household Income, 2017	\$ 68,068	\$ 73,781

Source: American Community Survey 2013-2017

Educational Attainment Population 25 years and over

	<u>City of Danbury</u>		<u>State of Connecticut</u>	
	Number	Percent	Number	Percent
Less than 9th grade.....	6,799	11.8%	104,623	4.2%
9th to 12th grade.....	3,675	6.4	137,877	5.6
High School graduate.....	16,866	29.2	673,582	27.2
Some college, no degree.....	9,121	15.8	422,535	17.0
Associate's degree	3,561	6.2	188,481	7.6
Bachelor's degree.....	10,161	17.6	532,055	21.5
Graduate or professional degree.....	7,488	13.0	421,144	17.0
Total.....	57,671	100.0%	2,480,297	100.0%
Total high school graduate or higher (%).....	81.8%		90.2%	
Total Bachelor's degree or higher (%).....	30.6%		38.4%	

Source: American Community Survey 2013-2017

Major Employers As of July 2019

<u>Name</u>	<u>Business</u>	<u>Approximate Number of Employees¹</u>
Western CT Health Network (Danbury Hospital)....	Hospital (excluding affiliates)	2,665
Boehringer-Ingelheim Pharmaceuticals ²	Pharmaceuticals	2,500
Danbury School Systems.....	Education	1,750
Cartus (formerly Cedant Mobility)	Relocation firm	1,255
IQVIA Holdings - Data Processing.....	Pharmaceutical Service Consulting	1,000
Western CT State University.....	Education	578
City of Danbury.....	Government	551
UTC B. F. Goodrich.....	Aerospace	531
Praxair, Inc.....	Industrial Gases	479
Pitney Bowes.....	Mailing Machines	300

¹ Does not include part-time employees

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

Source: Department of Business Advocacy; Reported in CAFR Page 192; and current BOE employee bargaining data.

Employment by Industry

Sector	City of Danbury		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	101	0.2%	7,166	0.4%
Construction.....	4,625	10.2	104,122	5.8
Manufacturing.....	5,671	12.5	191,519	10.6
Wholesale trade.....	861	1.9	44,741	2.5
Retail trade.....	5,898	13.1	193,016	10.7
Transportation warehousing, and utilities....	1,644	3.6	68,926	3.8
Information.....	752	1.7	42,200	2.3
Finance, insurance, real estate, and leasing..	2,654	5.9	163,810	9.1
Professional, scientific, management, administrative, and waste management.....	5,877	13.0	208,130	11.5
Education, health and social services.....	9,613	21.3	478,083	26.5
Arts, entertainment, recreation, accommodation and food services.....	4,137	9.2	153,679	8.5
Other services (except public admin.).....	2,476	5.5	82,538	4.6
Public Administration.....	880	1.9	67,156	3.7
Total Labor Force, Employed.....	45,189	100%	1,805,086	100.0%

Source: American Community Survey 2013-2017

Employment Data By Place of Residence

Period	City of Danbury		Percentage Unemployed		
	Employed	Unemployed	City of Danbury	Danbury Labor Market	State of Connecticut
August 2019	46,396	1,397	2.9	3.0	3.6
Annual Average					
2018.....	45,621	1,609	3.4	3.4	4.1
2017.....	46,042	1,871	3.9	3.9	4.7
2016.....	45,113	2,046	4.3	4.4	5.3
2015.....	44,782	2,160	4.6	4.5	5.6
2014.....	43,746	2,471	5.4	5.3	6.7
2013.....	42,539	2,826	6.2	6.3	7.9
2012.....	43,255	3,169	6.8	6.7	8.3
2011.....	41,519	3,323	7.4	7.2	8.8
2010.....	41,394	3,495	7.8	7.6	9.0
2009.....	41,496	3,350	7.5	7.3	8.2

Source: State of Connecticut, Department of Labor.

Age Distribution of Housing

Year Built	City of Danbury		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	6,717	20.6%	338,011	22.4%
1940 to 1969.....	9,790	30.0	535,477	35.5
1970 to 1979.....	4,729	14.5	200,217	13.3
1980 to 1989.....	4,776	14.6	191,939	12.7
1990 to 1999.....	2,184	6.7	114,261	7.6
2000 or 2009.....	3,503	10.7	105,131	7.0
2010 or later.....	959	2.9	22,675	1.5
Total Housing Units.....	32,658	100.0%	1,507,711	100.0%

Source: American Community Survey 2013-2017

Housing Inventory

Housing Units	City of Danbury		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached.....	14,147	43.3%	892,621	59.2%
1-unit, attached.....	3,501	10.7	81,393	5.4
2 units.....	3,494	10.7	123,040	8.2
3 or 4 units.....	3,770	11.5	130,914	8.7
5 to 9 units.....	2,195	6.7	82,787	5.5
10 to 19 units.....	1,735	5.3	56,540	3.8
20 or more units.....	3,377	10.3	128,477	8.5
Mobile home.....	439	1.3	11,564	0.8
Boat, RV, van, etc.....	-	-	375	0.0
Total Inventory.....	32,658	100.0%	1,507,711	100.0%

Source: American Community Survey 2013-2017

Building Permits

Calendar Year	Residential		Commercial		Industrial		Total		
	Ending 12/31	No.	Value	No.	Value	No.	Value	No.	Value
2018		977	\$ 43,988,687	180	\$ 51,759,308	2	\$ 1,000,000	1,159	\$ 96,747,995
2017		1,036	55,776,275	200	29,432,456	2	500,000	1,238	85,708,731
2016		876	40,316,792	231	78,064,219	3	913,500	1,110	119,294,511
2015		900	115,268,512	241	51,735,137	5	1,646,000	1,146	168,649,649
2014		951	78,906,280	192	48,270,735	10	13,451,161	1,153	140,628,176
2013		967	42,944,615	219	145,532,615	11	16,709,942	1,197	205,187,172
2012		872	92,841,102	273	72,099,494	4	5,422,450	1,149	170,363,046
2011		829	30,801,215	235	45,597,554	11	4,619,000	1,075	81,017,769
2010		823	29,438,911	225	44,204,745	7	10,037,000	1,055	83,680,656
2009		949	59,205,660	165	25,269,316	11	1,450,559	1,125	85,925,535

Source: Building Department, City of Danbury

Owner-Occupied Housing Values

Specified Owner-Occupied Units	City of Danbury		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	484	2.7%	24,038	2.7%
\$50,000 to \$99,000.....	557	3.1	29,789	3.3
\$100,000 to \$149,999.....	1,108	6.3	83,320	9.2
\$150,000 to \$199,000.....	1,863	10.5	141,024	15.6
\$200,000 to \$299,999.....	5,475	30.9	244,356	26.9
\$300,000 to \$499,999.....	6,922	39.1	236,671	26.1
\$500,000 to \$999,999.....	1,155	6.5	106,192	11.7
\$1,000,000 or more.....	129	0.7	41,408	4.6
Total.....	17,693	100.0%	906,798	100.0%
Median Value.....	\$289,700		\$270,100	

Source: American Community Survey 2013-2017

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IV. Tax Base Data

Property Tax

Assessments

The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the City for inclusion onto the Grand List is the responsibility of the assessor's office. The Grand List represents the total of assessed value for all taxable real and personal property located within the City as of October 1 in accordance with Section 12-62a of the Connecticut General Statutes. A Board of Assessment Appeal determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments are computed at seventy percent (70%) of market value at the time of the last revaluation which was effective for the October 1, 2017 Grand List.

Under Section 12-62 of the General Statutes, the City must do a revaluation every five years and the assessor must fully inspect each parcel once every ten years. The next revaluation will be for the October 1, 2022 Grand List.

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

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

Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle tax rate at 39.00 mills for the assessment year commencing October 1, 2016, and 45.00 mills for the assessment year commencing October 1, 2017, and each assessment year thereafter. Section 4-66l of the General Statutes, as amended, diverts a portion of State collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. The City's motor vehicle tax rates for the current 2018 assessment year (the fiscal year ending June 30, 2020) is 27.60 mills.

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

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

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

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

Levy

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

Comparative Assessed Valuation

Grand List as of 10/1	Commercial/				Gross Taxable Grand List	Manufacturers' ¹		Annual Change
	Residential Real Property (%)	Industrial Real Property (%)	Personal Property (%)	Motor Vehicle (%)		Exemptions, Veterans Relief and Elderly	Net Taxable Grand List	
2018	58.3%	25.4%	9.1%	7.3%	\$8,096,414,252	\$252,385,508	\$7,844,028,744 ⁴	1.39%
2017 ²	58.7	25.6	8.5	7.2	7,975,702,690	238,974,122	7,736,728,568	8.51%
2016	58.3	25.6	8.5	7.5	7,364,955,037	234,706,423	7,130,248,614	1.46%
2015	58.0	29.9	8.5	7.5	7,248,636,675	220,725,660	7,027,911,015	1.16%
2014	54.4	30.0	8.2	7.3	7,156,813,746	209,812,673	6,947,001,073	0.86%
2013	54.7	30.4	7.7	7.2	7,106,826,042	219,216,555	6,887,609,487	0.89%
2012 ²	54.7	30.6	7.7	7.0	7,059,377,127	232,270,525	6,827,106,602	-13.47%
2011	54.7	30.6	7.9	6.8	8,777,328,518	887,067,631	7,890,260,887	0.58%
2010 ³	61.4	26.7	6.4	5.5	8,717,670,101	872,588,119	7,845,081,982	-0.20%
2009 ³	61.6	27.0	6.1	5.2	8,749,742,349	888,997,101	7,860,745,248	10.13%

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

² Revaluation.

³ Revaluation. The column entitled "Exemptions" includes exemptions due to phase in of revaluation.

⁴ This is based on adjustments after Board of Appeals.

Source: City of Danbury, City Assessor's Office

Exempt Property

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

	<u>Assessed Value</u>
U.S. Government.....	\$ 72,320,800
State of Connecticut.....	420,318,200
Miscellaneous.....	475,225,800
City of Danbury.....	550,276,800
Total Exempt Property.....	\$ 1,518,141,600
Percent Compared to Gross Grand List ¹	15.79%

¹ Based on a Gross Grand List October 1, 2018 of \$9,614,555,852.

Source: City of Danbury, Assessor's Office

Property Tax Levies and Collections

Grand List as of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Original Annual Levy	Percent of Annual Levy Collected at end of Fiscal Year	Percent of Annual Levy Uncollected at end of Fiscal Year	Percent of Annual Levy Uncollected as of 6/30/19
2018	2020	\$ 7,844,028,744	27.60	\$ 216,566,602		N/A	
2017 ²	2019	7,736,728,568	27.60	213,356,078	98.6%	1.4%	1.4%
2016	2018	7,130,248,614	28.95	207,721,220	98.4%	1.6%	1.0
2015	2017	7,027,911,015	28.68	203,262,683	98.5%	1.5%	0.3
2014	2016	6,947,001,073	28.26	197,381,874	98.7%	1.3%	0.3
2013	2015	6,887,609,487	27.60	190,536,165	98.9%	1.1%	0.3
2012 ²	2014	6,827,106,602	26.80	183,121,317	98.0%	2.0%	0.3
2011	2013	7,890,260,887	22.45	177,032,636	98.2%	1.8%	0.2
2010	2012	7,845,081,982	21.69	169,828,344	98.8%	1.2%	0.2
2009	2011	7,860,745,248	20.96	164,232,064	98.4%	1.6%	0.2

¹ Revaluation.

Source: City of Danbury, Tax Collector's Office

Property Taxes Receivable

As of June 30	Total¹	Current Year
2019	\$4,684,745	\$2,895,496
2018	4,469,186	2,710,842
2017	5,901,000	2,650,000
2016	4,949,051	2,528,036
2015	5,722,623	2,755,668
2014	6,177,235	3,038,395
2013	5,075,342	2,568,724
2012	4,683,195	2,168,012
2011	6,087,661	2,023,921
2010	5,760,498	2,052,476

¹ Less allowance.

Source: Comprehensive Annual Financial Reports, City of Danbury, 2010 - 2018. Finance Department: 2019.

Ten Largest Taxpayers

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List¹
Danbury Mall Associates.....	Shopping Mall	\$ 270,240,100	3.45%
Eversource (CL&P, Yankee Gas)	Public Utility	111,301,280	1.42
Algonquin Gas Transmission LLC.....	Natural Gas Pipeline	98,827,120	1.26
Boehringer Ingelheim.....	Research Center	94,149,580	1.20
Crown Point Gardens.....	Land Developer	66,540,400	0.85
BRT Reserve LLC.....	Land Developer	63,699,800	0.81
Kennedy Flats.....	Apartments - 374 units	38,824,400	0.49
Mankind Corp.....	Research , Production	37,977,880	0.48
ENTEGRIS	Research , Production	36,569,070	0.47
Danbury DHC LLC & ME AV LLC	Apartments-268 units	34,647,000	0.44
Total.....		\$ 852,776,630	10.87%

¹Based on a Net Taxable Grand List October 1, 2018 of \$7,844,028,744.

Source: Assessor's Office, City of Danbury

V. Debt Summary
Principal Amount of Bonded Indebtedness
As of November 4, 2019
(Pro Forma)

Date	Purpose	Rate %	Amount of Original Issue	Amount Outstanding ⁴	Fiscal Year of Maturity
03/18/10	Public Improvement Refunding.....	2.000 - 5.000	27,512,000	5,985,000	2025
03/18/10	Schools Refunding.....	2.000 - 5.000	5,172,000	1,610,000	2025
03/18/10	Sewer Refunding ²	2.000 - 5.000	2,319,000	509,000	2025
03/18/10	Sewer Refunding ²	2.000 - 5.000	953,000	61,000	2025
03/18/10	Water Refunding ¹	2.000 - 5.000	2,014,000	370,000	2025
07/15/10	Public Improvement.....	2.000 - 4.000	21,625,000	1,081,250	2031
07/15/10	Schools.....	2.000 - 4.000	80,000	4,000	2031
07/15/10	Sewer ²	2.000 - 4.000	900,000	45,000	2031
07/15/10	Water ¹	2.000 - 4.000	395,000	19,750	2031
09/30/10	Sewers - Clean Water Fund Loan ²	2.000	2,549,994	1,378,463	2030
12/15/11	Public Improvement Refunding.....	3.000 - 5.000	11,701,000	11,701,000	2026
12/15/11	Schools Refunding.....	3.000 - 5.000	1,563,000	1,563,000	2026
12/15/11	Sewer Refunding ²	3.000 - 5.000	228,000	228,000	2026
12/15/11	Sewer - Lateral Refunding ³	3.000 - 5.000	1,450,000	1,450,000	2026
12/15/11	Water Refunding ¹	3.000 - 5.000	1,283,000	1,283,000	2026
07/27/12	Public Improvement.....	2.000 - 4.000	8,984,956	3,180,000	2031
07/27/12	Schools.....	2.000 - 4.000	1,976,890	695,000	2031
07/27/12	Sewer ²	2.000 - 4.000	147,232	51,000	2031
07/27/12	Sewer - Lateral ³	2.000 - 4.000	186,803	23,000	2031
07/27/12	Water ¹	2.000 - 4.000	704,119	246,000	2031
08/21/12	Public Improvement Refunding.....	2.000 - 4.000	12,383,000	11,770,000	2029
08/21/12	Schools Refunding.....	2.000 - 4.000	329,000	315,000	2028
08/21/12	Sewer - Lateral Refunding ³	2.000 - 4.000	1,232,000	1,174,000	2029
08/21/12	Sewer Refunding ²	2.000 - 4.000	449,000	425,000	2029
08/21/12	Water Refunding ¹	2.000 - 4.000	662,000	631,000	2029
01/31/13	Sewers - Clean Water Fund Loan ²	2.000	3,457,535	2,441,316	2033
05/06/14	Public Improvement Refunding.....	1.000 - 5.000	5,207,000	536,000	2022
05/06/14	Schools Refunding.....	1.000 - 5.000	1,410,000	153,000	2022
05/06/14	Sewer - Lateral Refunding ³	1.000 - 5.000	490,000	52,000	2022
05/06/14	Water Refunding ¹	1.000 - 5.000	3,793,000	374,000	2022
07/25/14	Public Improvement.....	2.000 - 4.000	2,000,000	1,500,000	2035
07/25/14	Schools.....	2.000 - 4.000	9,000,000	6,750,000	2035
07/23/15	Public Improvement.....	3.000 - 5.000	11,400,000	7,980,000	2036
07/23/15	Schools.....	3.000 - 5.000	6,600,000	4,620,000	2036
03/29/16	Public Improvement Refunding.....	2.500 - 4.000	12,394,000	12,394,000	2031
03/29/16	Schools Refunding.....	2.500 - 4.000	1,940,000	1,940,000	2031
03/29/16	Sewer - Lateral Refunding ³	2.500 - 4.000	28,000	28,000	2030
03/29/16	Sewer Refunding ²	2.500 - 4.000	183,000	183,000	2031
03/29/16	Water Refunding ¹	2.500 - 4.000	410,000	410,000	2031
07/21/16	Public Improvement.....	2.000 - 4.000	7,850,000	6,280,000	2037
07/21/16	Schools.....	2.000 - 4.000	3,000,000	2,400,000	2037
07/21/16	Sewer ²	2.000 - 4.000	4,750,000	3,800,000	2037
07/21/16	Water.....	2.000 - 4.000	400,000	320,000	2037
07/20/17	Public Improvement.....	2.000 - 5.000	3,050,000	2,744,000	2038
07/20/17	Schools.....	2.000 - 5.000	12,000,000	10,800,000	2038
07/20/17	Sewer ²	2.000 - 5.000	2,750,000	2,476,000	2038
07/20/17	Water.....	2.000 - 5.000	200,000	180,000	2038
09/21/17	Public Improvement Refunding.....	2.125-5.00	12,965,000	12,965,000	2030
09/21/17	Schools Refunding.....	2.125-5.00	1,938,000	1,938,000	2030
09/21/17	Sewer - Lateral Refunding ³	2.125-5.00	57,000	57,000	2029
09/21/17	Sewer Refunding ²	2.125-5.00	533,000	533,000	2030
09/21/17	Water Refunding ¹	2.125-5.00	297,000	297,000	2030
07/19/18	Public Improvement.....	3.000 - 5.000	6,450,000	9,845,000	2034
07/19/18	Schools.....	3.000 - 5.000	3,500,000	3,265,000	2034
07/19/18	Sewer ²	3.000 - 5.000	5,304,580	1,125,000	2034
07/19/18	Water ¹	3.000 - 5.000	245,420	225,000	2034
07/18/19	Public Improvement.....	2.000 - 5.000	3,850,000	3,850,000	2030
07/18/19	Schools.....	2.000 - 5.000	3,100,000	3,100,000	2030
07/18/19	Water ¹	2.000 - 5.000	50,000	50,000	2030
Total Long Term Debt.....			\$ 237,402,529	\$ 151,409,779	
This Issue					
11/04/19	Sewer ²	tbd	\$ 50,000,000	\$ 50,000,000	2040
Total This Issue.....			\$ 50,000,000	\$ 50,000,000	
Grand Total.....			\$ 287,402,529	\$ 201,409,779	

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

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

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

⁴ Excludes Refunded Bonds.

Short Term Debt
As of November 4, 2019
(Pro Forma)

Project	Authorized	Notes:
		Dated: 7/18/19 Due: 7/16/20
Gen. Public Imp. 17-18.....	\$ 3,000,000	\$ 1,000,000
Gen. Public Imp. 18-19.....	3,000,000	750,000
Gen. Public Imp. 19-20.....	3,000,000	2,500,000
Open Space	16,000,000	50,000
Danbury Road Bond 2020.....	20,000,000	2,350,000
2016 Vision Public Improvements....	10,000,000	1,000,000
DHS 2020.....	53,500,000	3,300,000
Open Space - Danbury High School...	2,900,000	300,000
Vision 2020 Bond-Schools.....	44,000,000	1,500,000
Vision 2020 Sewer upgrade.....	7,975,000	200,000
Vision 2020 Water System.....	550,000	50,000
Totals.....	\$ 163,925,000	\$ 13,000,000

Other Obligations

The City leases certain capital equipment. As of November 2019, the outstanding amount owed under such capital leases obligations was \$7,336,768 (inclusive of principal and interest payments for a lease financed an \$11.5 million Qualified Energy Conservation Bond). Please refer to the General Purpose Financial Statements, Note 8 for more information. In addition, in September 2019 the City entered into a Loan Agreement in the amount of \$1,800,000 with the United States Department of Housing and Urban Development. The loan matures in 2039.

General Fund Annual Bonded Debt Maturity Schedule
As of November 4, 2019
(Pro Forma)

Fiscal Year	Principal	Interest	Total	Cummulative % Principal Retired
2020 ²	\$ -	\$ 2,467,949	\$ 2,467,949	0.0%
2021	12,728,750	4,653,919	17,382,669	9.7
2022	12,576,500	4,103,981	16,680,481	19.3
2023	11,930,500	3,564,981	15,495,481	28.4
2024	11,708,500	3,026,823	14,735,323	37.4
2025	11,200,500	2,542,823	13,743,323	45.9
2026	11,053,000	2,104,639	13,157,639	54.4
2027	10,702,500	1,677,723	12,380,223	62.5
2028	9,521,500	1,307,543	10,829,043	69.8
2029	8,425,500	1,031,197	9,456,697	76.2
2030	7,513,500	810,501	8,324,001	82.0
2031	5,594,500	625,131	6,219,631	86.2
2032	3,674,500	490,052	4,164,552	89.1
2033	3,674,500	382,304	4,056,804	91.9
2034	3,674,500	273,874	3,948,374	94.7
2035	2,744,500	175,431	2,919,931	96.8
2036	2,194,500	96,940	2,291,440	98.4
2037	1,294,500	42,918	1,337,418	99.4
2038	752,000	11,750	763,750	100.0
Total.....	\$ 130,964,250	\$ 29,390,479	\$160,354,729	

¹ Excludes Refunded Bonds.

² Excludes \$11,988,998 in principal payments and \$2,468,505 interest payments made or coming due between July 1, 2019 and November 4, 2019.

Self-Supporting Debt Annual Bonded Maturity Schedule
As of November 4, 2019
(Pro Forma)

Fiscal Year	Principal	Interest	Total	This Issue - Principal		Cummulative % Principal Retired
				Sewer	Total	
2020 ²	\$ 192,358	\$ 359,753	\$ 552,110	\$ -	\$ -	0.3%
2021	2,004,635	650,540	2,655,175	2,500,000	2,500,000	6.7
2022	2,002,806	572,132	2,574,938	2,500,000	2,500,000	13.1
2023	1,789,848	498,616	2,288,463	2,500,000	2,500,000	19.1
2024	1,793,010	424,974	2,217,984	2,500,000	2,500,000	25.2
2025	1,797,299	356,285	2,153,583	2,500,000	2,500,000	31.3
2026	1,746,213	289,435	2,035,648	2,500,000	2,500,000	37.4
2027	1,733,257	223,301	1,956,558	2,500,000	2,500,000	43.4
2028	1,370,932	172,457	1,543,389	2,500,000	2,500,000	48.9
2029	1,143,744	139,343	1,283,088	2,500,000	2,500,000	54.0
2030	911,903	114,353	1,026,256	2,500,000	2,500,000	58.9
2031	766,670	94,678	861,348	2,500,000	2,500,000	63.5
2032	705,730	77,204	782,933	2,500,000	2,500,000	68.1
2033	622,124	60,914	683,038	2,500,000	2,500,000	72.5
2034	500,500	47,501	548,001	2,500,000	2,500,000	76.8
2035	405,500	35,038	440,538	2,500,000	2,500,000	80.9
2036	405,500	22,873	428,373	2,500,000	2,500,000	85.0
2037	405,500	10,708	416,208	2,500,000	2,500,000	89.1
2038	148,000	2,313	150,313	2,500,000	2,500,000	92.9
2039	-	-	-	2,500,000	2,500,000	96.5
2040	-	-	-	2,500,000	2,500,000	100.0
Total.....	\$ 20,445,529	\$ 4,152,415	\$24,597,944	\$ 50,000,000	\$ 50,000,000	

¹ Excludes Refunded Bonds.

² Excludes \$1,896,223 in principal payments and \$377,566 interest payments made or coming due between July 1, 2019 and November 4, 2019.

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

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**Total General Obligation Debt
Annual Bonded Debt Maturity Schedule
As of November 4, 2019
(Pro Forma)**

Fiscal Year	Principal	Interest	Total	Total Principal This Issue	Cummulative % Principal Retired
2020 ²	\$ 192,358	\$ 2,827,702	\$ 3,020,060	\$ 2,500,000	1.3
2021	14,733,385	5,304,459	20,037,844	2,500,000	9.9
2022	14,579,306	4,676,113	19,255,419	2,500,000	18.4
2023	13,720,348	4,063,596	17,783,944	2,500,000	26.4
2024	13,501,510	3,451,797	16,953,307	2,500,000	34.4
2025	12,997,799	2,899,108	15,896,907	2,500,000	42.1
2026	12,799,213	2,394,075	15,193,288	2,500,000	49.7
2027	12,435,757	1,901,024	14,336,781	2,500,000	57.1
2028	10,892,432	1,480,000	12,372,432	2,500,000	63.7
2029	9,569,244	1,170,540	10,739,784	2,500,000	69.7
2030	8,425,403	924,854	9,350,256	2,500,000	75.1
2031	6,361,170	719,809	7,080,979	2,500,000	79.5
2032	4,380,230	567,255	4,947,485	2,500,000	83.0
2033	4,296,624	443,218	4,739,843	2,500,000	86.3
2034	4,175,000	321,375	4,496,375	2,500,000	89.6
2035	3,150,000	210,469	3,360,469	2,500,000	92.5
2036	2,600,000	119,813	2,719,813	2,500,000	95.0
2037	1,700,000	53,625	1,753,625	2,500,000	97.1
2038	900,000	14,063	914,063	2,500,000	98.8
2039	-	-	-	2,500,000	100.0
Total.....	\$ 151,409,779	\$ 33,542,894	\$ 184,952,673	\$ 50,000,000	

¹ Excludes Refunded Bonds.

² Excludes \$13,919,126 in principal payments and \$2,851,430 interest payments made or coming due between July 1, 2019 and November 4, 2019.

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

Overlapping/Underlying Debt

The City has neither overlapping nor underlying debt.

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

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Debt Statement
As of November 4, 2019
(Pro Forma)

Long-Term Debt:

Public Improvement	\$ 91,811,250
Schools	39,153,000
Sewers (Includes this issue).....	66,039,779
Water.....	4,405,750
Total Long-Term Debt ^{1, 2}	<u>201,409,779</u>

Short-Term Debt:

Bond Anticipation Notes (Due July 16, 2020).....	13,000,000
Total Direct Debt	<u>214,409,779</u>
Less: Self-Supporting Sewer Debt	(66,039,779)
Self-Supporting Water Debt	<u>(4,405,750)</u>
Total Net Direct Debt	<u>143,964,250</u>
Plus: Overlapping/Underlying Debt	-
Total Overall Net Debt	<u>\$ 143,964,250</u>

¹ Excludes \$7,336,768 in capital leases (including \$11.5 million in principal and interest payments for a Qualified Energy Conservation Bond lease) and a Loan Agreement for \$1,800,000 with the United States Department of Housing and Urban Development.

² Excludes Refunded Bonds

Current Debt Ratios
As of November 4, 2019
(Pro Forma)

Population (2017) ¹	84,573
Net Taxable Grand List (10/1/18).....	\$ 7,844,028,744
Estimated Full Value	\$11,205,755,349
Equalized Net Taxable Grand List (10/1/17) ²	\$11,055,197,340
Income per Capita (2017) ¹	\$ 32,764

	Total Direct Debt:	Total Net Direct Debt:	Total Overall Net Debt:
	\$214,409,779	\$143,964,250	\$143,964,250
Per Capita.....	\$2,535	\$1,702	\$1,702
Ratio to Net Taxable Grand List.....	2.73%	1.84%	1.84%
Ratio to Estimated Full Value.....	1.91%	1.28%	1.28%
Ratio to Equalized Net Taxable Grand List.....	1.94%	1.30%	1.30%
Debt per Capita to Income per Capita (2017).....	7.74%	5.20%	5.20%

¹ United States Census Bureau: American Community Survey, 2013-2017.

² State of Connecticut, Office of Policy and Management.

Bond Authorization Procedure

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

Temporary Financing

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

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

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

Clean Water Fund Program

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

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

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

The most recent \$112.6M Wastewater Treatment Plant improvement project financed by the Bonds will not be participating in the CWF Program. To date, the City has authorized \$88,845,000 to undertake major renovations to the wastewater treatment plant financed through the CWF Program, local borrowings and state grants. The City has issued \$56,119,563 in debt and has received \$11,423,922 from the State in the form of grants for the project under the CWF Program. The City currently has CWF debt outstanding of \$3,915,004 as of June 30, 2019.

Limitation of Indebtedness

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

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

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

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

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Statement of Debt Limitation
As of November 4, 2019
(Pro Forma)

Total Tax Collections (including interest and lien fees):

For the year ended June 30, 2018..... \$ 209,305,618

Reimbursement For Revenue Loss On:

Tax Relief for Elderly..... 4,706

BASE..... \$ 209,310,324

Debt Limitation:	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension
2 1/4 times base.....	\$ 470,948,229	-	-	-	-
4 1/2 times base.....	-	\$ 941,896,458	-	-	-
3 3/4 times base.....	-	-	\$ 784,913,715	-	-
3 1/4 times base.....	-	-	-	\$ 680,258,553	-
3 times base.....	-	-	-	-	\$ 627,930,972
Total Debt Limitation	<u>\$ 470,948,229</u>	<u>\$ 941,896,458</u>	<u>\$ 784,913,715</u>	<u>\$ 680,258,553</u>	<u>\$ 627,930,972</u>

Indebtedness:

Outstanding Debt: ^{1, 2}

Bonds Payable ³	\$ 91,811,250	\$ 39,153,000	\$ 13,255,779	\$ 2,390,000	\$ -
Bonds – This Issue.....	-	-	50,000,000	-	-
Notes.....	-	-	-	-	-
Authorized But Unissued.....	9,392,659	5,011,481	73,631,065 ⁶	-	-
Total Indebtedness ⁴	<u>101,203,909</u>	<u>44,164,481</u>	<u>136,886,844</u>	<u>2,390,000</u>	<u>-</u>
Less School Construction Grants ⁵	-	-	-	-	-

Total Net Indebtedness For Debt

Limitation Calculation..... \$ 101,203,909 \$ 44,164,481 \$ 136,886,844 \$ 2,390,000 \$ -

DEBT LIMITATION IN EXCESS OF

INDEBTEDNESS..... \$ 369,744,320 \$ 897,731,977 \$ 648,026,871 \$ 677,868,553 \$ 627,930,972

¹ Water debt is excludable from the calculation of debt limitation as allowed by Connecticut General Statutes. Excluded from above is \$4,405,750 of outstanding water bonds, \$50,000 of water notes outstanding, and \$1,776,311 of authorized but unissued water debt.

² Sewer assessment debt is excludable from the calculation of debt limitation as allowed by Connecticut General Statutes. Excluded from above is \$2,784,000 of outstanding sewer assessment bonds and \$3,251,088 of authorized but unissued sewer debt.

³ Includes Clean Water Fund Permanent Loan Obligations.

⁴ Excludes \$7,336,768 in capital leases (including \$11.5 million in principal and interest payments for a Qualified Energy Conservation Bond lease).

⁵ See "School Projects" herein.

⁶ Includes an authorization for \$112,600,000 for a Waste Water Treatment Plant upgrade.

Note: With certain exclusions as set forth in Chapter 109 of the General Statutes, bonds and notes causing the aggregate indebtedness of the City to exceed seven times annual receipts from taxation may not be issued for any purpose. This limitation is \$1,389,352,979.

**Debt Authorized but Unissued
As of November 4, 2019
(Pro Forma)**

Project	Authorized	Debt Previously Issued	Grants (actual and estimated) ⁴	Notes Due: 7/16/20	This Issue:		Debt Authorized but Unissued ³			
					The Bonds	City Paydowns	General Purpose	Schools	Sewers	Water
GENERAL PURPOSE										
Gen. Public Imp. 13-14	\$ 3,000,000	\$ 2,800,000	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gen. Public Imp. 15-16	3,000,000	2,800,000	-	-	-	-	200,000	-	-	-
Gen. Public Imp. 16-17	3,000,000	2,250,000	-	-	-	-	750,000	-	-	-
Gen. Public Imp. 17-18	3,000,000	800,000	-	1,000,000	-	-	1,200,000	-	-	-
Gen. Public Imp. 18-19	3,000,000	1,971,415	-	750,000	-	-	278,585	-	-	-
Gen. Public Imp. 19-20	3,000,000	-	-	2,500,000	-	-	500,000	-	-	-
Open Space	16,000,000	15,214,141	-	50,000	-	35,859	700,000	-	-	-
Danbury Road Bond 2020	20,000,000	15,485,926	-	2,350,000	-	-	2,164,074	-	-	-
2016 Vision Public Improvements	10,000,000	6,025,000	-	1,000,000	-	-	2,975,000	-	-	-
Vision 2020 Bond-Public Improvements	2,425,000	1,800,000	-	-	-	-	625,000	-	-	-
Sub-Total	66,425,000	49,146,482	200,000	7,650,000	-	35,859	9,392,659	-	-	-
SCHOOLS										
DHS 2020	53,500,000	16,750,000	33,316,506	3,300,000	-	-	-	133,494 ⁶	-	-
Open Space - Danbury High School	2,900,000	1,280,000	-	300,000	-	21,000	-	1,299,000	-	-
Vision 2020 Bond-Schools	44,000,000	19,000,000	19,871,013	1,500,000	-	50,000	-	3,578,987 ⁵	-	-
Sub-Total	100,400,000	37,030,000	53,187,519	5,100,000	-	71,000	-	5,011,481⁵	-	-
SEWER										
21st Century Danbury Sewer	5,000,000	4,771,535	-	-	-	172,400	-	-	56,065	-
Sewer Service Extension III ¹	5,000,000	1,748,912	-	-	-	-	-	-	3,251,088	-
2016 Sewer (WWTP Upgrade)	10,000,000	-	-	-	-	-	-	-	10,000,000	-
Waste Water Treatment Plant Upgrade ⁷	112,600,000	-	-	-	50,000,000	-	-	-	62,600,000	-
Vision 2020 Sewer upgrade	7,975,000	6,800,000	-	200,000	-	-	-	-	975,000	-
Sub-Total	140,575,000	13,320,447	-	200,000	50,000,000	172,400	-	-	76,882,153	-
WATER										
Water Service Extension II ²	3,000,000	1,373,689	-	-	-	-	-	-	-	1,626,311
Vision 2020 Water System	550,000	350,000	-	50,000	-	-	-	-	-	150,000
Sub-Total	3,550,000	1,723,689	-	50,000	-	-	-	-	-	1,776,311
Grand Total	\$ 310,950,000	\$ 101,220,618	\$ 53,387,519	\$ 13,000,000	\$ 50,000,000	\$ 279,259	\$ 9,392,659	\$ 5,011,481	\$ 76,882,153	\$ 1,776,311

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

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

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

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

⁵ The City expects to receive approximately \$24 million in State of Connecticut School Building Grants for this project. This number represents the amount authorized but unissued, net of grants received to date.

⁶ The City expects to receive approximately \$34 million in State of Connecticut School Building Grants for this project. This number represents the amount authorized but unissued, net of grants received to date.

⁷ The City expects that an estimated 19% will be paid by participating municipalities. The remaining amount of the project is expected to be paid via user fees as opposed to general taxation.

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

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

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Net Long-Term Debt ¹	Ratio of Net Long-Term Debt to Assessed Value (%)	Ratio of Net Long-Term Debt to Estimated Full Value (%)	Population ²	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt per Capita to Per Capita Income ³
				Assessed Value (%)	Estimated Full Value (%)			Capita Income ³
2019 ⁴	\$ 7,736,728,568	\$ 11,052,469,383	\$ 137,392,833	1.78%	1.24%	84,573	\$ 1,625	4.96%
2018	7,130,248,614	10,186,069,449	133,509,677	1.87%	1.31%	84,573	1,579	4.82%
2017	7,027,911,015	10,039,872,879	131,335,878	1.87%	1.31%	84,573	1,553	4.74%
2016	6,947,001,073	9,924,287,247	131,366,254	1.89%	1.32%	84,573	1,553	4.74%
2015	6,887,609,487	9,839,442,124	124,087,349	1.80%	1.26%	84,573	1,467	4.48%

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

² U.S. Census Bureau: American Community Survey, 2013-2017 used for 2015-2018. State of Connecticut data used for 2013-2014.

³ U.S. Department of Commerce, Bureau of Economic Analysis, ACS 2013-2017 data used for per capita income (\$32,764).

⁴ Subject to Audit.

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

Fiscal Year Ended 6/30	Principal	Interest	Total	Total General Fund Expenditures	Ratio of General Fund Debt Service To Total General Fund Expenditures %
2019	\$ 11,542,844	\$ 5,354,056	\$ 16,896,900	\$ 286,507,952	5.90%
2018	11,625,876	5,008,319	16,634,195	296,411,188	5.61%
2017	10,880,376	4,877,819	15,758,195	272,732,380	5.78%
2016	10,400,095	5,288,527	15,688,622	276,051,234	5.68%
2015	9,529,250	4,974,937	14,504,187	251,641,312	5.76%
2014	11,506,110	5,595,000	17,101,110	250,613,705	6.82%
2013	10,937,570	6,004,475	16,942,045	248,119,894	6.83%
2012	10,181,600	5,610,243	15,791,843	242,822,322	6.50%
2011	8,413,350	5,011,121	13,424,471	216,313,085	6.21%

Source: City of Danbury Audit Reports 2011-2018.
2019 provided by Finance Director.

**Six Year Capital Improvement Program
Fiscal Year 2020 through Fiscal Year 2025**

Proposed Projects	2019-20	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	Total
Airport	\$ 5,135,000	\$ 3,497,000	\$ 7,923,800	\$ 813,901	\$ 821,000	\$ -	\$ 18,190,701
Ambulance.....	120,000	255,000	265,000	265,000	170,000	180,000	1,255,000
Animal Control.....	715,000	15,000	15,000	-	-	-	745,000
Civil Preparation.....	405,000	-	-	-	-	-	405,000
Construction Services.....	3,403,750	948,750	198,750	198,750	150,000	-	4,900,000
Engineering	3,935,649	5,067,500	3,682,500	2,977,500	1,917,500	1,080,000	18,660,649
Equipment Maintenance	-	550,000	400,000	50,000	50,000	50,000	1,100,000
Fire	711,036	880,751	310,967	400,000	1,580,000	140,000	4,022,754
Forestry.....	50,000	405,000	180,000	75,000	75,000	116,000	901,000
Health & Human Svc	100,217	-	-	-	-	-	100,217
Highway	3,300,000	3,990,000	3,130,000	2,975,000	2,975,000	2,975,000	19,345,000
Information Technology.....	1,457,528	945,000	827,256	720,000	220,000	490,000	4,659,784
Park Maintenance.....	150,000	450,000	400,000	400,000	400,000	325,000	2,125,000
Planning.....	550,000	-	-	-	-	-	550,000
Police.....	540,000	500,000	90,000	115,000	65,000	65,000	1,375,000
Public Buildings	1,539,957	4,108,236	4,649,715	5,509,676	3,022,125	3,597,688	22,427,397
Public Buildings (BOE)	1,078,100	-	-	-	-	-	1,078,100
Recreation	-	-	-	85,000	-	-	85,000
Solid Waste/Recycle	-	-	242,000	-	-	-	242,000
Tarrywile Park	55,000	80,000	90,000	100,000	60,000	135,000	520,000
Sewer	33,269,000	55,259,850	38,694,550	3,265,550	131,550	50,000	130,670,500
Water	700,000	13,100,850	14,084,950	10,824,250	5,462,050	1,880,000	46,052,100
Total	\$ 57,215,237	\$ 90,052,937	\$ 75,184,488	\$ 28,774,627	\$ 17,099,225	\$ 11,083,688	\$ 279,410,202

Proposed Funding	2019-20	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	Total
User Charges ¹	\$ 25,760,125	\$ 52,267,993	\$ 40,751,968	\$ 11,393,910	\$ 4,658,828	\$ 1,721,500	\$ 136,554,323
Paygo	5,465,000	5,815,000	6,165,000	6,500,000	6,500,000	6,500,000	36,945,000
Notes/Bonds /Leases	5,593,339	6,671,288	4,035,592	3,429,333	1,161,163	18,919	20,909,634
St./Fed. Grants/Other	20,396,773	25,298,656	24,231,929	7,451,384	4,779,235	2,843,269	85,001,246
Total	\$ 57,215,237	\$ 90,052,937	\$ 75,184,488	\$ 28,774,627	\$ 17,099,225	\$ 11,083,688	\$ 279,410,202

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

VI. Financial Information

Fiscal Year

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

Basis of Accounting

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

Budget Procedure

The City uses the following budgetary sequence and time schedule:

	<u>By</u>
All departments submit estimates to Mayor.....	February 15th
Mayor presents budget to the City Council.....	April 7th
City Council holds public hearings	By May 1st
City Council adopts budget.....	May 15

Investment Policy

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

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

The Connecticut General Statutes, Section 7-400 and 7-402 govern eligible investments for Connecticut municipalities. Please refer to the Notes to the Financial Statements, Note 4 regarding the City's cash and cash equivalent investments at June 30, 2018.

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

Audit

The City, pursuant to the provisions of Chapter 111 of the Connecticut General Statutes (Sec. 7-391 through 397) is required to undergo an annual audit by an independent public accountant. The auditor, appointed by the City Council is required to conduct the audit under the standards adopted by the Secretary of the Office of Policy and Management by regulation and approved by the Auditor of Public Accounts. For the fiscal year ended June 30, 2018, the financial statements of the City were audited by RSM US LLP.

For thirty-one consecutive years, the City has been a recipient of the Certificate of Achievement for Excellence in Financial Reporting. This award is issued by the Government Finance Officers Association of the United States and Canada.

Liability Insurance

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Coverage has not been materially reduced, nor have settled claims exceeded commercial coverage in any of the last three years. The City self-insures up to certain levels of risk based on an evaluation of the City's financial capability to assume risk and prevailing market conditions for commercial insurance. The City is completely self-insured for all heart/hypertension liability. The City is self-insured for the first \$500,000 per claim and maintains an aggregate stop

loss on these worker's compensation claims of \$4 million. For medical insurance, the City and Board of Education ("BOE") have worked together to switch from being fully insured to self-insured as of July 1, 2013. The City and BOE remain self-insured for dental and prescription programs.

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

Comprehensive General Liability insurance on an occurrence basis with a limit of \$1,000,000 per occurrence and aggregate limit of \$3,000,000 with a deductible of \$250,000 per occurrence.

Law Enforcement Liability with a limit of \$1,000,000 per each wrongful act and an aggregate limit of \$1,000,000 with a deductible of \$250,000 for each wrongful act.

Automobile Liability insurance with a limit of \$1,000,000 per each occurrence with a deductible of \$250,000 per occurrence.

Public Official Liability insurance on a claims made basis, \$1,000,000 limit per each wrongful act and aggregate limit of \$1,000,000 with a deductible of \$250,000 for each wrongful act.

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

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

Excess liability insurance over the Comprehensive General Liability, Law Enforcement Liability, Automobile Liability, Public Officials Liability with a limit of \$20,000,000 per occurrence and an aggregate limit of \$20,000,000.

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

Pension Plans

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and its amendment, GASB Statement No. 71, was implemented on July 1, 2014. These statements revised and established new financial reporting requirements for most governments that provide their employees with pension benefits. Among other requirements, GASB Statement No. 68 required governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time and calls for immediate recognition of more pension expense than is currently required. The effects of the implementation of these statements are that a net pension liability of \$102,642,941 was recorded on the government-wide financial statements and net position was reduced by the same amount. Details can be found in Note 11 of financial statements. The adoption of these GASB standards also provided additional disclosures for the State Teachers' Retirement Plan.

The City maintains seven separate single-employer pension plans covering substantially all of its employees (collectively, "the City's plans"), except those public school teachers covered under the State of Connecticut Teachers' Retirement System. The General Employees Plan is a defined benefit plan covering all full-time employees not qualified under one of the City's other plans or the State Teachers' Retirement System. Effective July 1, 2013, General Employee Plan members, with the exception of non-union employees hired prior to January 1, 2012, began to contribute 1% of pay. This mandatory contribution increased to 2% of pay on July 1, 2014. The remaining six plans: Pre-1967 Policemen, Pre-1967 Firemen, Post-1967 Policemen, Post-1967 Firemen, Post-1983 Policemen and Post 2011 Firemen are contributory defined benefit plans, and cover all paid members of the City Police and Fire Departments. City and employee contributions are made pursuant to City Charter and Union contracts. Administrative fees are paid through the plans. The City's pension plans do not, however, issue stand-alone financial reports.

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

As of its July 1, 2017 valuation, the City reduced the interest rate assumption from 7.25% to 7.125% for all plans. The collective funding for all pensions plans is 77.2% based upon each plan's most recent valuation. The individual funding status as of most recent valuations are as follows:

<i>Plan</i>	<i>Total Actuarial Accrued Liability</i>	<i>Actuarial Value Of Assets</i>	<i>Unfunded Accrued Liability</i>	<i>Funded Ratio</i>	<i>Valuation Date</i>
General Employees	\$144,475,221	\$114,051,818	\$30,423,403	78.94%	7/1/2017
Pre-1967 Police	6,007,913	1,959,557	4,048,356	32.62%	7/1/2017
Pre-1967 Fire	5,799,260	2,657,957	3,141,303	45.83%	7/1/2017
Post-1967 Police	57,508,894	46,248,505	11,260,389	80.42%	7/1/2017
Post-1967 Fire	93,236,088	77,520,984	15,715,104	83.14%	7/1/2017
Post-1983 Police	54,806,574	36,869,534	17,937,040	67.27%	7/1/2017
Post-2011 Fire	416,745	392,199	24,546	94.11%	7/1/2017

Source: Individual Valuation Reports.

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

The following presents the net pension liability of the City's plans, calculated using the discount rate of 7.25% as well as what the City's 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:

	<i>1% Decrease 6.25%</i>	<i>Current Discount Rate 7.25%</i>	<i>1% Increase 8.25%</i>
General Employees	\$ 57,273,290	\$ 39,481,814	\$ 24,457,126
Pre-1967 Police	3,922,915	3,690,675	3,477,884
Pre-1967 Fire	3,168,723	2,879,763	2,620,495
Post-1967 Police	18,924,820	13,843,907	9,503,221
Post-1967 Fire	33,325,129	21,459,405	11,593,981
Post-1983 Police	30,390,941	21,286,485	13,890,413
Post-2011 Fire	130,302	892	(100,635)

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

Other Post-Employment Benefits (OPEB)

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

The implementation schedule required the City to implement the provisions of this GASB Statement and recognize the liability on its financial statements in fiscal year ending 2010. In fiscal year ending June 30, 2008, the City adopted an ordinance for the establishment of an Other Post-employment Benefit (OPEB) Trust and appointed members to the Board. The City set up a \$1.2 million fund balance reserve for fiscal year ending 2011, made additional contributions of \$7.3 million through fiscal year ending 2019 and budgeted \$3.0 million for fiscal year ending 2020. An OPEB funding policy was approved in May 2014 to gradually reduce the funding gap each year until the ARC is fully funded. The goal is to fund the liability by at least 50% within 30 years which should include increases of 5% over the annual pay-as-you-go funding levels. The most recent valuation of July 1, 2016 estimates the City's total (BOE and City) OPEB liability to be approximately \$229.7 million with a fiscal year 2018 ARC of

\$18.7 million. The net budget impact of the ARC is \$11.6 million, since the City is already contributing towards retiree health benefits.

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

	General Government Employees	Board of Education Employees
Total OPEB Liability		
Service Cost.....	\$ 4,924,813	\$ 1,023,694
Changes in Assumptions.....	(4,594,287)	(523,751)
Differences Between Expected and Actual and Actual Experience.....	(730,155)	854,537
Interest.....	12,528,613	538,215
Contributions - Employer.....	(10,558,546)	(909,734)
Contributions - TRB Subsidy.....	-	(97,740)
Net Investment Income.....	(65,020)	(1,635)
Benefit Payments, Including Refunds..... of Member Contributions.....	8,558,546 (8,558,546)	1,007,474 (1,007,474)
Net Change in Total OPEB Liability.....	1,505,418	883,586
Total OPEB Liability - Beginning.....	212,979,088	14,363,018
Total OPEB Liability - Ending.....	\$ 214,484,506	\$ 15,246,604

Fiscal Year	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation¹
General Government Employees:				
6/30/2018	\$ 15,605,213	\$ 10,558,546	67.7%	\$ 214,484,506
6/30/2017	21,207,600	8,537,900	40.3%	212,979,088
6/30/2016	21,013,700	8,447,300	40.2%	237,385,830
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:				
6/30/2018	\$ 1,490,852	\$ 909,734	61.0%	\$ 15,246,604
6/30/2017	2,512,700	1,006,000	40.0%	14,363,018
6/30/2016	2,497,700	787,400	31.5%	11,208,862
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

¹ Restated pursuant to GASB 74/75 requirements starting in Fiscal 2016.

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

	<i>Budget</i> ¹	<i>Projected</i> ¹	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>
	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Revenues						
Property taxes.....	\$ 216,566,602	\$ 215,093,015	\$ 209,305,618	\$ 203,508,587	\$ 196,683,257	\$ 188,467,780
State and federal governments.....	30,315,390	30,205,457	62,381,831	59,633,635	47,213,313	48,767,079
Licenses and permits.....	4,504,820	4,163,255	3,494,955	3,728,908	3,775,368	3,855,787
Charges for services.....	2,298,512	4,282,458	5,670,919	6,177,499	8,796,204	5,901,523
Fines and penalties.....	1,665,200	270,221	296,040	203,799	1,568,929	1,687,742
Investment income.....	1,549,476	1,782,051	1,195,134	597,792	230,372	115,630
Other.....	-	107,456	-	-	-	-
Contributions.....	-	-	-	-	-	-
Total Revenues.....	\$ 256,900,000	\$ 255,903,913	\$ 282,344,497	\$ 273,850,220	\$ 258,267,443	\$ 248,795,541
Other Financing Sources						
Refunding Bond Proceeds.....	\$ -	\$ -	\$ 14,903,000	\$ -	\$ 14,334,000	\$ -
Premium on Bonds.....	-	906,866	3,690,356	1,977,328	2,983,165	502,810
Proceeds from Sale of Assets.....	-	-	-	-	-	3,253,129
Issuance of Capital Leases.....	-	-	91,584	-	2,010,198	750,000
Operating Transfers In.....	4,600,000	300,000	-	-	6,167	925,000
Total Revenues and Other Financing Sources.....	\$ 261,500,000	\$ 257,110,779	\$ 301,029,437	\$ 275,827,548	\$ 277,600,973	\$ 254,226,480
Expenditures						
General Government.....	\$ 10,818,411	\$ 10,421,155	\$ 11,205,788	\$ 10,049,384	\$ 9,532,956	\$ 9,656,623
Public Safety.....	37,756,594	37,087,622	34,532,494	35,214,368	34,844,916	33,938,144
Public Works.....	10,734,503	9,847,855	9,756,591	9,951,731	9,581,993	9,416,623
Health and Welfare.....	2,364,095	2,043,452	2,055,065	2,050,300	2,048,343	1,973,258
Culture and Recreation.....	3,009,862	2,838,885	2,276,744	2,775,925	2,782,720	2,630,485
Education.....	134,858,575	132,658,575	160,710,267	156,759,419	144,825,555	141,957,467
Pension and Other Employee Benefits.....	40,788,688	38,812,971	36,431,949	35,377,176	32,684,190	31,009,090
Other.....	333,000	-	-	-	-	-
Debt Service.....	16,667,350	16,969,970	16,634,195	15,758,195	15,688,622	14,504,187
Capital Outlay.....	-	-	91,584	-	2,127,004	1,005,435
Total Expenditures.....	\$ 257,331,078	\$ 250,680,485	\$ 273,694,677	\$ 267,936,498	\$ 254,116,299	\$ 246,091,312
Other Financing Uses						
Payment to Refunding Agent.....	\$ -	\$ -	\$ 17,140,101	\$ -	\$ 15,862,071	\$ -
Operating Transfers Out.....	4,168,922	4,245,922	5,576,410	4,795,882	6,072,864	5,550,000
Total Expenditures and Other Financing Uses.....	\$ 261,500,000	\$ 254,926,407	\$ 296,411,188	\$ 272,732,380	\$ 276,051,234	\$ 251,641,312
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources.....						
	-	2,184,372	4,618,249	3,095,168	1,549,739	2,585,168
Beginning Fund Balance.....	42,887,018	40,702,646	36,084,397	32,989,229	31,439,490	28,854,322
Ending Fund Balance.....	\$ 42,887,018	\$ 42,887,018	\$ 40,702,646	\$ 36,084,397	\$ 32,989,229	\$ 31,439,490

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

Analysis of General Fund Equity

	Budget	Projected	Actual	Actual	Actual	Actual
	6/30/2020 ¹	6/30/2019 ¹	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Nonspendable.....	N/A	\$ 1,870,983	\$ 1,360,911	\$ 1,412,874	\$ 52,415	\$ 4,357,152
Restricted.....	N/A	-	-	-	-	11,735
Committed.....	N/A	-	-	-	-	-
Assigned.....	N/A	16,082,312	15,058,012	10,245,139	4,290,436	4,005,403
Unassigned.....	N/A	24,933,723	24,283,723	24,426,384	28,646,378	23,065,200
Total Fund Balance.....	N/A	\$ 42,887,018	\$ 40,702,646	\$ 36,084,397	\$ 32,989,229	\$ 31,439,490

¹ Subject to audit.

Source: Annual Audit Report: 2015-2018. Finance Department 2019 & 2020.

Connecticut General Statutes Section 4-661, as amended (“Section 4-661”), creates certain disincentives on increasing adopted budget expenditures for municipalities in Connecticut. Beginning in fiscal year 2018, the Office of Policy and Management (“OPM”) must reduce the amount of the municipal revenue sharing grant for those municipalities whose increase in its adopted budget expenditures, with certain exceptions, exceeds the previous fiscal year by 2.5% or more or the rate of inflation, whichever is greater (the “expenditure cap”). The reduction to the municipal revenue sharing grant will generally equal 50 cents for every dollar by which the municipality’s adopted budget exceeds the expenditure cap. A municipality whose population increased from the previous fiscal year, as determined by OPM, may increase its adopted budget expenditures over the expenditure cap by an amount proportionate to its population growth. Section 4-661 requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the expenditure cap, and if so, the amount by which the expenditure cap was exceeded. Although the City did not exceed the spending cap for fiscal years ending June 30, 2018 and June 30 2019, the City did not receive municipal revenue sharing grant moneys from the State.

Under Section 4-661, municipal spending does not include expenditures: (i) for debt service, special education, or costs to implement court orders or arbitration awards; (ii) associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; (iii) for any municipal revenue sharing grant the municipality disburses to a district; or (iv) budgeting for an audited deficit, non-recurring grants, capital expenditures or payments on unfunded pension liabilities.

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VII. Legal and Other Information

Litigation

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

MSW Associates v. City of Danbury/Planning Commission. This has been a two-pronged set of lawsuits based on a claim of improper denial of a permit(s) to operate a transfer station (waste processing) on Plumtrees Road in Danbury. The City has been defending its Planning Commission as well as opposing the grant of a processing permit from the CT Department of Energy and Environmental Protection ("DEEP"). While the liability is not expected to be serious in terms of financial exposure the City's past legal expenditures, including expert fees and costs, have approximated \$450,000 thus far. Further, it is possible that appeals can be taken from any adverse decision(s). Presently, the City does not anticipate the availability of insurance coverage in these matters.

This past Winter, the Court rendered rulings on both cases adverse to the City. The City is pursuing appeals of these matters.

Reynoldo Rodriguez v. City of Danbury, et al. This is a "labor" case filed in federal court in August 2015 asserting the deprivation of due process and equal protection rights based on the plaintiff's treatment in the Danbury Fire Department involving (failure to) promote claims. The suit also includes the union as a defendant. The plaintiff asserts a punitive damages claim of \$2.5 million. Outside (City) defense counsel indicates that such claim is without merit and that the potential actual and realistic liability for wages or back pay claim may be up to \$150,000. While potential total or recovery damages are unclear at this point, it is the opinion of the City's counsel that a verifiable claim, including the potential for attorney's fees, would not exceed \$350,000. The City insurance carrier is defending the case.

Yvonne Perkins and Moore Bail Bonds, LLC v. Rachel Halas, et al. This federal case was filed in 2018 and alleges Constitutional violations and civil rights violations by police officers. While it is very early in the case status and the City insurance carrier is handling the defense costs subject to deductible of \$100,000.

Party Depot v. City of Danbury. This is an ongoing 2010 case brought against the City by a commercial property owner claiming violations of inspection and occupancy permitting procedures by City building officials, allegedly resulting in a financial loss. CIRMA insurance counsel is handling defense for the City. It is believed that this suit has little merit, given that most of the plaintiff's claim is against the contractor and its subcontractors, rather than the City. While potential exposure claimed by the plaintiff could be over \$100,000, we do not anticipate any such loss. This case was unsuccessfully mediated in 2014. The expectation of potential downside has not changed, but we do not anticipate any adverse findings that would result in City financial loss greater than the City's insurance deductible. There has been no trial date set but trial is likely sometime in 2019 OR 2020, but probability of high cost adverse verdict is low to medium.

Kaitlyn Judson v. City of Danbury. This a suit alleging a failure to hire based upon a claimed disability. While based on the circumstances in the fact pattern of the case, we do not expect a high probability of success by the claimant, an adverse verdict could be greater than \$50,000.

Tax Appeals. There have been 58 commercial property tax appeals that have been brought against the City from the October 1, 2017 Grand List. About 13 of these have been withdrawn and another 17 have been resolved with minimal impact to the grand list. Only about 6 appeals have been filed with Superior Court for the October 1, 2018 Grand list. At this time, and as is customary, the City is processing, litigating, and/or negotiating these appeals and assessing their proposed impact. Until said review is complete, City officials cannot state, with certainty, whether there will be a material financial impact in the event the appellants are successful. The City's recent history with tax appeals, however, suggest and lead it to expect or believe that many of these matters will either: settle, be tried successfully, and/or result in assessment adjustment(s). Therefore, at this time, City officials cannot quantify an impact.

Tax Matters

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

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

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

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

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

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

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

Original Issue Discount

The initial public offering price of certain maturities of the Bonds may be less than the principal amount payable on such Bonds at maturity. The excess of the principal amount payable at maturity over the initial public offering price at which a substantial amount of these Bonds are sold constitutes original issue discount. The offering prices relating to the yields set forth on the cover page of this Official Statement are expected to be the initial public offering prices at which a substantial amount of the Bonds were ultimately sold to the public.

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

Original Issue Premium

The initial public offering price of certain maturities of the Bonds may be greater than the principal amount payable on such Bonds at maturity. The excess of the initial public offering price at which a substantial amount of these Bonds are sold over the principal amount payable at maturity or on earlier call date constitutes original issue premium. The offering prices relating to the yields set forth on the cover page of this Official Statement are expected to be the initial public offering prices at which a substantial amount of the Bonds were ultimately sold to the public.

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

Transcript and Closing Documents

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

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

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

3. A receipt for the purchase price of the Bonds.

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

5. An executed continuing disclosure agreement for the Bonds in substantially the form attached hereto as Appendix C.

The City of Danbury has prepared an Official Statement for the Bonds, which is dated October __, 2019. The City deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(1), but it is subject to revision or amendment. The City will make available to the winning purchaser of the Bonds twenty five (25) copies of the Official Statement at the City's expense. The copies of the Official Statement will be made available to the winning purchasers within seven business days of the bid opening. If the City's Municipal Advisor, Phoenix Advisors, LLC, is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

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

Concluding Statement

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

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

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

CITY OF DANBURY, CONNECTICUT

Mark D. Boughton, Mayor

Daniel P. Jowdy, Treasurer

David W. St. Hilaire, Director of Finance

Dated as of October __, 2019

Appendix A

2018 General Purpose Financial Statements (Excerpted from the City's Comprehensive Annual Financial Report)

The following includes the General Purpose Financial Statements of the City of Danbury, Connecticut for the fiscal year ended June 30, 2018. The supplemental data and letter of transmittal, which were a part of that report, have not been reproduced herein. A copy of the complete report is available upon request from Matthew Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, 53 River Street, Suite #1, Milford, Connecticut. Telephone (203) 878-4945.



Independent Auditor's Report

RSM US LLP

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Danbury, Connecticut (the City) as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of content.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Adoption of Standards

As explained in the Summary of Significant Accounting Policies in the notes to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, which resulted in the City restating net position for recognition of the City's OPEB related activity incurred prior to July 1, 2017. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis, the pension and other post-employment benefit schedules as listed in the table of contents, 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 December 31, 2018 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 solely 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 the effectiveness of the City's 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
December 31, 2018

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City of Danbury, Connecticut
Management's Discussion and Analysis, Unaudited
June 30, 2018

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, 2018. 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 decreased \$0.1 million to \$24.3 million for the general fund while the total fund balance amounted to \$40.7 million, an increase of \$4.6 million. On an actual budgetary basis, revenues were greater than expenditures by approximately \$3.0 million, however overall the City's general fund realized a surplus of approximately \$4.6 million for the current year.
- At the end of the current fiscal year, revenues were greater than expenditures on an actual budgetary basis by approximately \$3.0 million. Unassigned general fund balance at year-end represents 9.5 percent of the ensuing year's total general fund expenditures of \$257.0 million.
- On a government-wide basis for the year-ended June 30, 2018, the City's net position totaled \$89.4 million, an increase of \$15.4 million from last year's total of \$74.0 million (as restated). Government-wide expenses totaled \$ 344.5 million and revenues totaled \$359.9 million. Total net position for Governmental Activities and Business-type Activities at fiscal year-end were \$ 89.4 million (after a restatement of \$145.8 million for GASB 75) and \$161.2 million, respectively. Net position for Governmental Activities decreased by \$145.8 million (as restated per GASB 75) while net position increased for Business-Type Activities by \$4.3 million or 2.2% percent. Of the City's total net position at June 30, 2018, (\$251.0) million or (-280.8 percent) 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 \$38.5 million, an increase of \$1.0 million from the prior fiscal year. The increase in governmental fund balance was mostly due to the surplus in general fund operations.

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 Governmental Accounting Standards Board (GASB).

For example, the implementation of GASB No. 68 in 2015 requiring the City to account for the net pension liability that decreased opening net position by \$114.6 million; GASB No 45 in 2008 requiring the City to account for the unfunded portion of “Other Post-Employment Benefits” (OPEB). This has resulted in a reduction of the City's net position by a total of \$83.9 million, \$17.1 million of which affected the FY ended June 30, 2018; and GASB 75, effective for FY ended June 30, 2018, requires the City to accrue a net OPEB liability resulting in a \$145.8 million reduction of the City's net position. 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 DHS 2020 Fund. The Miscellaneous Special Revenue Fund is the consolidation of 43 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 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, Century 21 PI Fund, the City Projects Fund, the Danbury Neighborhood Bond Fund, the Head Start Bond Fund, Road Bond Fund, Roofs Fund, 2016 Public Improvements, Neighborhood Stabilization Grant Fund, Soldier Monument 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 126 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 eleven 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 28-111 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 126-128 for the budgetary comparison statement has been provided for the General Fund.

Required supplementary information can be found on pages 113-125.

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 of resources exceeded liabilities and deferred inflows of resources by \$89.4 million at June 30, 2018, an increase of \$15.3 million in net position from the previous fiscal year.

Summary Statement of Net Position (Deficit)

	June 30, 2018			June 30, 2017*		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 123,651	\$ 42,952	\$ 166,603	\$ 146,946	\$ 39,372	\$ 186,318
Non-Current	426	408	834	103	448	551
Capital Assets	374,613	151,425	526,038	352,730	148,034	500,764
Total assets	498,690	194,785	693,475	499,779	187,854	687,633
Deferred outflows of resources	12,371	488	12,859	23,238	572	23,810
Total deferred outflows of resources	12,371	488	12,859	23,238	572	23,810
Current Liabilities	82,191	8,252	90,443	97,617	6,039	103,656
Long-Term Liabilities Outstanding	492,489	21,571	514,060	507,345	21,205	528,550
Total liabilities	574,680	29,823	604,503	604,962	27,244	632,206
Deferred Inflows of Resources	12,455	-	12,455	5,198	-	5,198
Total deferred inflows of resources	12,455	-	12,455	5,198	-	5,198
Net Position (Deficit)						
Net investment in capital assets	213,826	124,270	338,096	186,699	122,874	309,573
Restricted	2,291	-	2,291	1,088	-	1,088
Unrestricted (deficit)	(292,191)	41,180	(251,011)	(274,930)	38,308	(236,622)
Total net position (deficit)	\$ (76,074)	\$ 165,450	\$ 89,376	\$ (87,143)	\$ 161,182	\$ 74,039

* As restated for (\$145,841) GASB No. 75.

At the end of the current fiscal year, the City of Danbury reported a growth of \$15.3 million in total net position (deficit) over last year. In comparison to last year, net position invested in capital assets (net of related debt) increased for Governmental activities by \$27.1 million and Business-type activities increased by \$1.4 million; restricted net position increased for governmental activities by \$1.2 million but remained unchanged for business-type activities; unrestricted net position increased by \$2.9 million for business-type activities and decreased for governmental activities by \$17.3 million.

On a government-wide basis, excluding component units, the assets and deferred outflows of resources of the City of Danbury exceeded its liabilities and deferred inflows of resources resulting in total net position at the close of the fiscal year of \$89.4 million. This is up from last year's net position of \$15.3 million. Total net position for Governmental Activities at fiscal year-end were (\$76.1) million (up from (\$87.1) million in the previous year) and total net position for Business-type Activities were \$165.5 million (up from \$161.2 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. The City of Danbury reports its' investment in capital assets net of related debt, however 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, 2018			Year Ended June 30, 2017		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program revenues:						
Charges for services	\$ 11,314	\$ 25,970	\$ 37,284	\$ 13,894	\$ 25,714	\$ 39,608
Operating grants and contributions	81,099	-	81,099	84,094	-	84,094
Capital grants and contributions	24,681	1,128	25,809	8,452	411	8,863
General revenues:						
Property taxes	208,128	-	208,128	204,597	-	204,597
Grants and contributions not restricted to specific programs	5,997	-	5,997	6,977	-	6,977
Unrestricted investment earnings	1,196	351	1,547	603	145	748
Other non-operating revenues (transfers)	-	-	-	-	-	-
Total revenues	332,415	27,449	359,864	318,617	26,270	344,887
Expenses						
General government	32,707	-	32,707	26,439	-	26,439
Public safety	51,774	3,460	55,234	56,336	3,389	59,725
Public works	23,883	19,721	43,604	27,309	19,380	46,689
Health and welfare	4,339	-	4,339	4,358	-	4,358
Culture and recreation	4,066	-	4,066	5,204	-	5,204
Education	198,609	-	198,609	195,733	-	195,733
Interest on long-term debt	5,968	-	5,968	5,427	-	5,427
Total expenses	321,346	23,181	344,527	320,806	22,769	343,575
Change in net position (deficit)	11,069	4,268	15,337	(2,189)	3,501	1,312
Net Position (Deficit) - Beginning , restated	(87,143)	161,182	74,039	60,887	157,681	218,568
Restatement for GASB No.75	-	-	-	(145,841)	-	(145,841)
Net Position - Ending	\$ (76,074)	\$ 165,450	\$ 89,376	\$ (87,143)	\$ 161,182	\$ 74,039

Government Activities

For Governmental activities, approximately 62.6 percent of the revenues are from property taxes followed by 35.2 percent from program revenues, then 2.2 percent from grants and investment earnings.

Total revenues in Governmental Activities increased by \$13.8 million as compared to last year. Property tax revenues increased by \$3.5 million, due to an increase in the mill rate and grand list growth, while most of the \$10.3 million increase in Program Revenues and other general revenues is due to an increase of \$10.7 million in operating grants and contributions and \$ (0.4) million in grants and contributions not restricted to specific programs.

For Governmental Activities, the City's expenses relate as follows: 61.8 percent - Education; 16.1 percent - Public Safety; 7.4 percent - Public Works; 10.2 percent - General Government; 1.3 percent - Cultural and Recreation; 1.4 percent - Health and Welfare; and 1.8 percent 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 open and funded positions vacant for extended periods to evaluate the necessity of such positions. This strategy has yielded significant budgeted savings of \$2.2 million in salary related costs for FY 2017-2018.
- The City also realized budgeted savings from the following: Liability – Automobile-Property (LAP), workers' compensation, health insurance (current employees and retirees) (\$2.1 million); \$1.8 million savings in utilities, fuel, heating oil, supplies, maintenance, equipment, and profession/other services.

Business-Type Activities

Business-type activities increased the City's net position by \$4.3 million or 2.6 percent. Factors impacting the growth include:

Water Fund: The water fund had a positive change in net position of \$1.1 million for a total ending net position of \$79.4 million due primarily to an operating surplus of \$0.8 million, \$0.4 million in capital contributions and interest expense of (\$0.1) million.

Sewer Fund: The sewer fund had a positive change in net position of \$3.2 million for a total ending net position of \$83.3 million due primarily to an operating surplus of \$3.2 million, \$0.7 million in capital contributions and interest expense of (\$0.7) million.

Ambulance Fund: The ambulance fund had a very slight negative change in net position of \$20,641 for a total ending net position of \$2.8 million.

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 \$38.5 million. The General Fund and Other Governmental Funds reported fund balances of \$40.7 million and (\$2.2) 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 decreased to \$24.3 million while total fund balance equals \$40.7 million. Approximately \$24.3 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 \$16.4 million of the General Fund balance has been assigned for the following purposes: (\$3.8 million) FY20 capital projects and budget, future capital projects (\$2.7 million), Tax appeals (\$1.5 million), litigation (\$0.8 million), unused vacation accruals (\$1.9 million), future pension contributions (\$1.5 million), loan receivable and prepaids (\$1.4 million) and to liquidate contracts/purchase orders of the prior period (\$2.8 million). As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures for the ensuing year's budget. Unassigned fund balance represents 9.5 percent of total General Fund expenditures while total fund balance represents 15.8 percent of that same amount.

The City of Danbury's General Fund unassigned Budgetary Fund Balance decreased by \$0.1 million during the current fiscal year. The revenue challenges for FY 2017-2018 included the following:

- Activity for Licenses & permits and charges for services were about \$1.2 million less than expected
- 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. Consequently, the city is required to adjust its operations as necessary whenever mid-year cuts in state funding occur. The City of Danbury experienced a \$4.2 million cut in State Aid during the fiscal year.

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 \$1.4 million.

- There was a \$1.5 million increase in expected property tax revenues due to lower than expected cumulative impact of tax appeals and other tax adjustments;
- The City received prescription reimbursements amounting to \$142,000.

Total General Fund. Fund balance increased to \$40.7 million from \$36.1 million, an increase of \$4.6 million. The General Account (typically called the General Fund) contributed an additional \$4.7 million and the Continuing Education Account, operated by the Board of Education, contributed \$(0.1) million to fund balance. The net total of both accounts is an increase of \$4.6 million to the General Fund Balance for FY 2017-2018.

The Miscellaneous Special Revenue Fund had an increase in fund balance of \$0.6 million to \$0.8 million mainly due to the timing of grant reimbursements.

The Vision 2020 fund had an increase of fund balance of \$5.0 million primarily due to the permanent financing of bond anticipation notes (BANs).

The DHS 2020 fund had a decrease of fund balance of \$8.2 million due to the timing of grant reimbursement and BANs.

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

Net Position of the Water Fund at the end of the year amounted to \$79.4 million. During the year, the fund generated operating gain of \$0.7 million, an increase of approximately \$0.1 million from the prior year. Capital contributions totaled \$0.5 million and non-operating expenses totaled \$0.1 million, which resulted in the fund increasing its net position by \$1.1 million. Unrestricted net position totaled \$16.6 million at year-end.

Net Position of the Sewer Fund at the end of the year amounted to \$83.3 million. The fund generated operating income of nearly \$3.2 million and capital contributions of about \$0.7. The fund's overall net position increased by \$3.2 million. Unrestricted net position totaled \$22.8 million at year-end.

Net Position of the Ambulance Fund at the end of the year amounted to \$2.8 million. The fund generated operating loss of (\$20,641). Unrestricted net position totaled \$1.8 million at year-end.

General Fund Budgetary Highlights

The difference between the original budgeted expenditures and the final amended budget was \$1.6 million. The following additional appropriations were authorized and approved by the City Council during the year:

- \$5,103 for Historical Documents.
- \$300,675 for Prior Year Encumbrances.
- \$1,300,000 for Capital Projects.
- \$21,298 from unused Vacation Reserve

During the year, actual revenues on a budgetary basis were \$248.9 million, \$3.2 million under budgetary estimates, primarily due to \$4.2 million in cuts of state aid and \$1.2 million in budgetary shortfalls in Licenses & permits and charges for services. However, actual property tax revenues were \$1.5 million higher than expected and investment earnings were \$0.8 million higher than budget. The city also realized \$1.4 million in unbudgeted bond revenue.

During the year, actual expenditures on a budgetary basis were \$245.9 million, \$6.2 million under budgetary estimates - \$2.2 million in salary savings for vacant positions; \$1.8 million savings in Purchased services, Materials & supplies, and equipment; and \$2.1 million savings in risk management.

Capital Asset and Debt Administration

Capital assets. As of June 30, 2018, the City of Danbury's investment in capital assets for its governmental and business-type activities amounted to \$526.0 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 \$25.3 million.

	June 30, 2018			June 30, 2017		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 49,667,188	\$ 1,031,946	\$ 50,699,134	\$ 48,964,594	\$ 1,031,946	\$ 49,996,540
Easements	1,089,050	-	1,089,050	1,079,100	-	1,079,100
Land Improvements	9,227,431	-	9,227,431	9,115,252	-	9,115,252
Buildings and Improvements	194,200,155	60,219,603	254,419,758	199,172,256	56,419,272	255,591,528
Machinery and Equipment	14,404,184	17,802,857	32,207,041	16,360,340	17,904,541	34,264,881
Infrastructure	58,481,521	72,296,882	130,778,403	57,402,903	72,634,423	130,037,326
Other	-	74,133	74,133	-	43,997	43,997
Construction in Progress	47,544,156	-	47,544,156	20,636,220	-	20,636,220
Total	\$ 374,613,685	\$ 151,425,421	\$ 526,039,106	\$ 352,730,665	\$ 148,034,179	\$ 500,764,844

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

- Road reconstruction, repaving, drainage, and intersection improvements to various city streets for \$2.8 million
- Continued renovations at Danbury High School for \$27.8 million
- Began renovations/replacements to various bridges for \$0.5 million
- Began upgrades to several City parks for \$0.6 million
- Repairs and renovations to various city and school buildings for \$2.5 million
- Replaced Public Works equipment and vehicles for \$0.4 million
- Replaced Public Safety Vehicles and Equipment for \$0.7 million
- Replaced Information Technology equipment for \$0.3 million
- Began construction of the new canine shelter for \$0.1 million
- Began renovations of the Octagon House for \$0.2 million
- Purchase property for recreation/open space for \$0.7 million

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 \$196.2 million. 100 percent of this debt is backed by the full faith and credit of the city government.

	June 30, 2018			June 30, 2017		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
General Obligation Bonds	\$ 133,509,677	\$ 19,025,323	\$ 152,535,000	\$ 131,335,878	\$ 18,319,122	\$ 149,655,000
Bond Anticipation Notes	35,800,000	3,200,000	39,000,000	62,500,000	1,500,000	64,000,000
Notes Payable	518,000	4,196,892	4,714,892	590,000	4,473,205	5,063,205
Total	\$ 169,827,677	\$ 26,422,215	\$ 196,249,892	\$ 194,425,878	\$ 24,292,327	\$ 218,718,205

The City of Danbury's total debt decreased by \$22.5 million during the current fiscal year, due to a decrease of approximately \$25.0 million in short-term notes, a decrease of \$0.3 million in Notes Payable and a \$2.8 million increase in long-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 \$1,465 million. As of June 30, 2018 the City recorded long-term debt of \$133.5 million related to Governmental Activities and \$19.0 million related to Business-Type Activities, and other debt of \$36.3 million related to Governmental Activities and \$7.4 million related to Business-Type Activities, well below its statutory debt limit.

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

Economic Factors and Next Year's Budgets and Rates

The City of Danbury continues to show economic stability compared to other parts of the State of Connecticut. As of November 2018, the unemployment rate for the Danbury Labor Market Area was 3.1 percent, the lowest in the State of Connecticut. Connecticut's unemployment rate was 4.1 percent for the same period.

The City of 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. The City of 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, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 84,026,965	\$ 33,885,399	\$ 117,912,364
Investments	10,998,604	-	10,998,604
Receivables (net of allowances for collection losses):			
Property taxes	8,094,367	-	8,094,367
Special assessments	-	1,451,698	1,451,698
Accounts receivable	2,579,460	-	2,579,460
Federal and state governments	8,275,297	-	8,275,297
User charges	-	3,605,047	3,605,047
Other receivable	361,954	105,619	467,573
Loan receivable	1,280,020	-	1,280,020
Unbilled services	-	3,551,321	3,551,321
Inventories	92,997	380,807	473,804
Due from fiduciary fund	1,018	-	1,018
Internal balances	103,398	(103,398)	-
Other assets	425,956	408,438	834,394
Restricted cash	7,837,125	75,296	7,912,421
Capital assets, not being depreciated	98,300,394	1,031,946	99,332,340
Capital assets, net of accumulated depreciation	276,313,291	150,393,475	426,706,766
Total assets	498,690,846	194,785,648	693,476,494
Deferred outflows of resources:			
Pension items	8,314,037	-	8,314,037
OPEB items	946,535	-	946,535
Deferred charges on refunding	3,110,305	488,135	3,598,440
Total deferred outflows of resources	12,370,877	488,135	12,859,012
Liabilities			
Accounts payable	14,119,058	1,787,697	15,906,755
Accrued liabilities	12,510,031	868,535	13,378,566
Unearned revenues	10,207,738	11,792	10,219,530
Bond anticipation notes payable	29,450,000	3,200,000	32,650,000
Noncurrent liabilities:			
Due within one year	15,904,158	2,384,046	18,288,204
Due in more than one year	492,488,817	21,571,154	514,059,971
Total liabilities	574,679,802	29,823,224	604,503,026
Deferred inflows of resources:			
Pension credit	6,328,506	-	6,328,506
OPEB credit	4,185,316	-	4,185,316
Advanced tax collections	1,941,560	-	1,941,560
Total deferred inflows of resources	12,455,382	-	12,455,382
Net position (deficit):			
Net Investment in capital assets	213,825,956	124,270,221	338,096,177
Restricted for:			
Culture and recreation	120,197	-	120,197
Education	311,778	-	311,778
Public safety	283,154	-	283,154
Nonexpendable	1,576,130	-	1,576,130
Unrestricted (deficit)	(292,190,676)	41,180,338	(251,010,338)
Total net position (deficit)	\$ (76,073,461)	\$ 165,450,559	\$ 89,377,098

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
\$ 199,460	\$ 301,825	\$ 171,952	\$ 78,135	\$ 50,891
-	-	-	-	-
-	-	-	-	-
-	-	13,128	-	11,194
-	-	-	-	-
36,069	-	-	125	-
-	-	-	-	-
-	96,164	-	5,574	-
-	-	-	-	-
4,207	18,126	1,200	-	-
-	-	11,199	-	-
-	842,385	-	128,790	-
132,822	1,669,894	63,649	653,060	4,608
372,558	2,928,394	261,128	865,684	66,693
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
50,176	192,110	9,437	39	7,620
10,950	236,166	50,642	3,528	1,729
-	-	-	3,320	-
-	-	-	-	-
-	190,225	-	-	-
-	1,425,715	17,443	900	-
61,126	2,044,216	77,522	7,787	9,349
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
132,822	896,339	63,649	781,850	4,608
-	-	-	20,582	-
-	-	-	-	-
-	-	3,889	-	-
178,610	(12,161)	116,068	55,465	52,736
\$ 311,432	\$ 884,178	\$ 183,606	\$ 857,897	\$ 57,344

City of Danbury, Connecticut

**Statement of Activities
For the Year Ended June 30, 2018**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ (32,707,193)	\$ 3,408,619	\$ -	\$ -
Public safety	(51,773,506)	2,524,211	522,693	-
Public works	(23,883,226)	1,751,560	1,999,084	4,444,330
Health and welfare	(4,338,927)	280,103	-	468,942
Culture and recreation	(4,066,254)	292,107	2,325	-
Education	(198,608,162)	3,056,936	78,575,001	19,767,814
Interest on long-term debt	(5,967,529)	-	-	-
Total governmental activities	(321,344,797)	11,313,536	81,099,103	24,681,086
Business-type activities:				
Water	(8,839,002)	9,389,695	-	460,050
Sewer	(10,882,445)	13,144,793	-	667,700
Ambulance	(3,460,446)	3,437,412	-	-
Total business-type activities	(23,181,893)	25,971,900	-	1,127,750
Total primary government	(344,526,690)	37,285,436	81,099,103	25,808,836
Component units:				
Danbury Parking Authority	(990,142)	974,973	-	-
Richter Park Authority	(2,620,942)	2,224,443	-	161,125
Tarrywile Park Authority	(408,022)	166,527	218,153	-
Danbury Museum and Historical Society Authority	(249,715)	29,223	196,627	-
Charles Ives Authority for the Performing Arts	(456,333)	347,907	116,473	-
Total component units	\$ (4,725,154)	\$ 3,743,073	\$ 531,253	\$ 161,125

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

 Change in net position

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

 Net position (deficit) - ending

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Position (Deficit)

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
\$ (29,298,574)	\$ -	\$ (29,298,574)	\$ -	\$ -	\$ -	\$ -	\$ -
(48,726,602)	-	(48,726,602)	-	-	-	-	-
(15,688,252)	-	(15,688,252)	-	-	-	-	-
(3,589,882)	-	(3,589,882)	-	-	-	-	-
(3,771,822)	-	(3,771,822)	-	-	-	-	-
(97,208,411)	-	(97,208,411)	-	-	-	-	-
(5,967,529)	-	(5,967,529)	-	-	-	-	-
<u>(204,251,072)</u>	<u>-</u>	<u>(204,251,072)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	1,010,743	1,010,743	-	-	-	-	-
-	2,930,048	2,930,048	-	-	-	-	-
-	(23,034)	(23,034)	-	-	-	-	-
<u>-</u>	<u>3,917,757</u>	<u>3,917,757</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(204,251,072)</u>	<u>3,917,757</u>	<u>(200,333,315)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	(15,169)	-	-	-	-
-	-	-	-	(235,374)	-	-	-
-	-	-	-	-	(23,342)	-	-
-	-	-	-	-	-	(23,865)	-
-	-	-	-	-	-	-	8,047
<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,169)</u>	<u>(235,374)</u>	<u>(23,342)</u>	<u>(23,865)</u>	<u>8,047</u>
208,127,811	-	208,127,811	-	-	-	-	-
5,996,528	237	5,996,765	-	-	-	-	-
1,195,874	350,681	1,546,555	-	-	170	-	-
<u>215,320,213</u>	<u>350,918</u>	<u>215,671,131</u>	<u>-</u>	<u>-</u>	<u>170</u>	<u>-</u>	<u>-</u>
11,069,141	4,268,675	15,337,816	(15,169)	(235,374)	(23,172)	(23,865)	8,047
<u>(87,142,602)</u>	<u>161,181,884</u>	<u>74,039,282</u>	<u>326,601</u>	<u>1,119,552</u>	<u>206,778</u>	<u>881,762</u>	<u>49,297</u>
<u>\$ (76,073,461)</u>	<u>\$ 165,450,559</u>	<u>\$ 89,377,098</u>	<u>\$ 311,432</u>	<u>\$ 884,178</u>	<u>\$ 183,606</u>	<u>\$ 857,897</u>	<u>\$ 57,344</u>

City of Danbury, Connecticut

Balance Sheet - Governmental Funds
June 30, 2018

	General	Miscellaneous Special Revenue	Vision 2020	DHS 2020	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 27,450,734	\$ 7,984,116	\$ 1,011,061	\$ 23,478,395	\$ 16,940,383	\$ 76,864,689
Investments	10,998,604	-	-	-	-	10,998,604
Receivables (net of allowances for collection losses):						
Property taxes	8,094,367	-	-	-	-	8,094,367
Contract receivable	-	-	-	-	361,954	361,954
State and federal governments	-	215,164	2,807,734	2,136,142	3,116,257	8,275,297
Accounts receivable	2,382,683	25,945	-	-	1,297	2,409,925
Inventories	-	-	-	-	92,997	92,997
Loan Receivable	1,280,020	-	-	-	-	1,280,020
Other assets	80,891	-	-	-	-	80,891
Due from other funds	8,003,632	500,000	-	-	641	8,504,273
Total assets	\$ 58,290,931	\$ 8,725,225	\$ 3,818,795	\$ 25,614,537	\$ 20,513,529	\$ 116,963,017
Liabilities						
Accounts payable	\$ 5,840,612	\$ 1,898,430	\$ 874	\$ 3,943,304	\$ 1,854,927	\$ 13,538,147
Accrued wages	1,993,640	-	-	-	186,871	2,180,511
Due to other funds	834,370	353,973	1,800,000	-	5,379,608	8,367,951
Unearned revenue	52,479	5,508,950	-	-	4,646,309	10,207,738
Bond anticipation notes payable	-	-	1,575,000	27,400,000	475,000	29,450,000
Total liabilities	8,721,101	7,761,353	3,375,874	31,343,304	12,542,715	63,744,347
Deferred inflows of resources:						
Unavailable revenues	8,867,184	187,905	2,807,734	2,136,142	691,094	14,690,059
Total deferred inflows	8,867,184	187,905	2,807,734	2,136,142	691,094	14,690,059
Fund balances (deficits):						
Nonspendable	1,360,911	-	-	-	1,576,130	2,937,041
Restricted	-	-	37,555	2,654,049	9,687,257	12,378,861
Committed	-	-	-	-	188,816	188,816
Assigned	15,058,012	775,967	-	-	-	15,833,979
Unassigned	24,283,723	-	(2,402,368)	(10,518,958)	(4,172,483)	7,189,914
Total fund balances (deficits)	40,702,646	775,967	(2,364,813)	(7,864,909)	7,279,720	38,528,611
Total liabilities and fund balances (deficits)	\$ 58,290,931	\$ 8,725,225	\$ 3,818,795	\$ 25,614,537	\$ 20,513,529	

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

Capital assets, net of accumulated depreciation of \$260,852,211 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.	374,613,685
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(508,392,975)
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).	8,163,846
Deferred outflows - pension and OPEB related items	9,260,572
Deferred inflows - pension and OPEB related items	(10,513,822)
Deferred charges on refundings	3,110,305
Unavailable revenue - long-term assets not available to pay current period expenditures	12,748,499
Accrued interest - not due and payable in current period	(3,592,182)

Net position (deficit) of governmental activities \$ (76,073,461)

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, 2018

	General	Miscellaneous Special Revenue	Vision 2020	DHS 2020	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$ 209,305,618	\$ -	\$ -	\$ -	\$ -	\$ 209,305,618
State and federal governments	62,381,831	1,052,418	4,814,928	17,631,672	31,142,241	117,023,090
Licenses and permits	3,494,955	-	-	-	14,296	3,509,251
Charges for services	5,670,919	248,945	-	-	1,859,341	7,779,205
Fines and penalties	296,040	-	-	-	15,111	311,151
Investment income	1,195,134	-	-	-	598	1,195,732
Contributions	-	251,714	-	-	402	252,116
Total revenues	282,344,497	1,553,077	4,814,928	17,631,672	33,031,989	339,376,163
Expenditures:						
Current:						
General government	11,205,788	1,602	-	-	35,675	11,243,065
Public safety	34,532,494	203,583	-	-	271,942	35,008,019
Public works	9,756,591	456,254	-	-	406,702	10,619,547
Health and welfare	2,055,065	338,209	-	-	241,938	2,635,212
Culture and recreation	2,276,744	10,951	-	-	9,227	2,296,922
Education	160,710,267	171,236	-	-	29,621,583	190,503,086
Pension and other employee benefits	36,431,949	-	-	-	-	36,431,949
Debt service:						
Principal retirements	11,625,876	-	3,000,000	9,000,000	1,622,000	25,247,876
Interest and other charges	5,008,319	-	199,444	1,024,855	200,078	6,432,696
Capital outlay	91,584	379,956	86,346	27,783,037	12,526,318	40,867,241
Total expenditures	273,694,677	1,561,791	3,285,790	37,807,892	44,935,463	361,285,613
Excess (deficiency) of revenues over (under) expenditures	8,649,820	(8,714)	1,529,138	(20,176,220)	(11,903,474)	(21,909,450)
Other financing sources (uses):						
Transfers in	-	610,847	-	-	5,500,563	6,111,410
Transfers out	(5,576,410)	-	-	-	(535,000)	(6,111,410)
Issuance of refunding bonds	14,903,000	-	-	-	-	14,903,000
Issuance of bonds	-	-	3,000,000	9,000,000	3,550,000	15,550,000
Issuance of bond anticipation notes	-	-	500,000	3,000,000	2,350,000	5,850,000
Payment to escrow agent	(17,140,101)	-	-	-	-	(17,140,101)
Issuance of capital leases	91,584	-	-	-	-	91,584
Premium on bonds	3,690,356	-	-	-	-	3,690,356
Total other financing sources (uses)	(4,031,571)	610,847	3,500,000	12,000,000	10,865,563	22,944,839
Net change in fund balances (deficits)	4,618,249	602,133	5,029,138	(8,176,220)	(1,037,911)	1,035,389
Fund balances (deficits), beginning	36,084,397	173,834	(7,393,951)	311,311	8,317,631	37,493,222
Fund balances (deficits), ending	\$ 40,702,646	\$ 775,967	\$ (2,364,813)	\$ (7,864,909)	\$ 7,279,720	\$ 38,528,611

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, 2018**

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

Net change in fund balances – total governmental funds \$ 1,035,389

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 21,883,020

Changes in deferred inflows - pension and OPEB (11,975,848)

Changes in deferred outflows - pension and OPEB (7,852,925)

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 sources.

Taxes and related interest	(1,177,807)
Miscellaneous revenue	(565,192)
Intergovernmental revenue and other	(5,219,227)

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. 6,169,559

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. (236,431)

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. 9,008,603

Change in net position (deficit) of governmental activities \$ 11,069,141

See notes to financial statements.

City of Danbury, Connecticut

Statement of Net Position - Proprietary Funds
June 30, 2018

	Business-Type Activities - Enterprise Funds				Governmental
	Major		Nonmajor	Totals	Activities
	Water	Sewer	Ambulance		Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	\$ 14,014,304	\$ 19,772,034	\$ 99,061	\$ 33,885,399	\$ 14,999,401
Receivables (net of allowances for collection losses):					
Unbilled services	1,660,782	1,890,539	-	3,551,321	-
Special assessments receivable	28,674	202,296	-	230,970	-
User charges	677,254	1,038,343	1,889,450	3,605,047	-
Other	-	105,619	-	105,619	169,535
Due from other funds	314,000	-	-	314,000	4,675
Prepaid	-	408,438	-	408,438	345,065
Restricted cash	-	75,296	-	75,296	-
Inventories	380,807	-	-	380,807	-
Total current assets	17,075,821	23,492,565	1,988,511	42,556,897	15,518,676
Noncurrent assets:					
Capital assets (net of accumulated depreciation)	69,435,171	80,947,512	1,042,738	151,425,421	-
Special assessments receivable, net	118,937	1,101,791	-	1,220,728	-
Total noncurrent assets	69,554,108	82,049,303	1,042,738	152,646,149	-
Total assets	86,629,929	105,541,868	3,031,249	195,203,046	15,518,676
Deferred outflows of resources:					
Deferred charges on refunding	238,228	249,907	-	488,135	-
Total deferred outflows of resources	238,228	249,907	-	488,135	-
Liabilities					
Current liabilities:					
Accrued liabilities	199,204	669,331	-	868,535	6,737,338
Accounts payable	246,966	1,388,296	152,435	1,787,697	580,911
Due to other funds	362,969	-	54,429	417,398	36,581
Unearned revenues	-	11,792	-	11,792	-
Bonds and notes payable	1,078,961	1,305,085	-	2,384,046	-
Bond anticipation notes payable	400,000	2,800,000	-	3,200,000	-
Total current liabilities	2,288,100	6,174,504	206,864	8,669,468	7,354,830
Noncurrent liabilities:					
Bonds payable	5,205,550	16,365,604	-	21,571,154	-
Total noncurrent liabilities	5,205,550	16,365,604	-	21,571,154	-
Total liabilities	7,493,650	22,540,108	206,864	30,240,622	7,354,830
Net position:					
Net investment in capital assets	62,750,660	60,476,823	1,042,738	124,270,221	-
Unrestricted	16,623,847	22,774,844	1,781,647	41,180,338	8,163,846
Total net position	\$ 79,374,507	\$ 83,251,667	\$ 2,824,385	\$ 165,450,559	\$ 8,163,846

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, 2018

	Business-Type Activities - Enterprise Funds				Governmental
	Water	Sewer	Ambulance	Totals	Internal Service Funds
Operating revenues:					
Charges for services or premium charges	\$ 9,389,695	\$ 12,641,962	\$ 3,437,412	\$ 25,469,069	\$ 18,310,963
Intergovernmental revenue	-	42,988	-	42,988	-
Septic and connection fees	-	459,843	-	459,843	-
Total operating revenues	9,389,695	13,144,793	3,437,412	25,971,900	18,310,963
Operating expenses:					
Salaries and benefits	5,275,118	715,513	2,523,790	8,514,421	-
Materials and supplies	509,404	-	-	509,404	-
Depreciation	1,736,422	3,215,440	177,531	5,129,393	-
Utilities	661,773	-	-	661,773	-
Claims	-	-	-	-	18,547,394
Administrative and operating	456,561	5,998,154	759,125	7,213,840	-
Total operating expenses	8,639,278	9,929,107	3,460,446	22,028,831	18,547,394
Operating income (loss)	750,417	3,215,686	(23,034)	3,943,069	(236,431)
Nonoperating revenues (expenses):					
Interest income	108,191	240,097	2,393	350,681	-
Loss on disposal of capital assets	-	237	-	237	-
Interest expense	(199,724)	(953,338)	-	(1,153,062)	-
Total nonoperating revenues (expenses)	(91,533)	(713,004)	2,393	(802,144)	-
Net income (loss) before capital contributions	658,884	2,502,682	(20,641)	3,140,925	(236,431)
Capital contributions	460,050	667,700	-	1,127,750	-
Change in net position	1,118,934	3,170,382	(20,641)	4,268,675	(236,431)
Net position, beginning	78,255,573	80,081,285	2,845,026	\$ 161,181,884	8,400,277
Net position, ending	\$ 79,374,507	\$ 83,251,667	\$ 2,824,385	\$ 165,450,559	\$ 8,163,846

See notes to financial statements.

City of Danbury, Connecticut

Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Ambulance	Totals	Internal Service Funds
Cash flows from operating activities:					
Receipts from customers and users	\$ 9,516,919	\$ 13,420,017	\$ 3,396,551	\$ 26,333,487	\$ 18,198,661
Payments to suppliers/claims paid	(1,747,099)	(5,705,530)	(1,176,036)	(8,628,665)	(17,982,195)
Payments to employees	(5,290,671)	(715,513)	(2,523,790)	(8,529,974)	-
Net cash provided by (used in) operating activities	2,479,149	6,998,974	(303,275)	9,174,848	216,466
Cash flows from capital and related financing activities:					
Principal payments on debt	(1,173,364)	(1,879,997)	-	(3,053,361)	-
Bond proceeds	-	5,150,000	-	5,150,000	-
Interest paid on debt	(230,944)	(508,225)	-	(739,169)	-
Capital contributions	460,050	667,700	-	1,127,750	-
Purchase of capital assets	(1,410,871)	(6,757,151)	(352,376)	(8,520,398)	-
Net cash used in capital and related financing activities	(2,355,129)	(3,327,673)	(352,376)	(6,035,178)	-
Cash flows from investing activities:					
Interest received on investments	108,191	240,097	2,393	350,681	-
Net cash provided by investing activities	108,191	240,097	2,393	350,681	-
Net increase (decrease) in cash and cash equivalents	232,211	3,911,398	(653,258)	3,490,351	216,466
Cash and cash equivalents:					
Beginning	13,782,093	15,935,932	752,319	30,470,344	14,782,935
Ending	\$ 14,014,304	\$ 19,847,330	\$ 99,061	\$ 33,960,695	\$ 14,999,401
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 750,417	\$ 3,215,686	\$ (23,034)	\$ 3,943,069	\$ (236,431)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	1,736,422	3,215,440	177,531	5,129,393	-
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	127,224	400,746	(40,861)	487,109	(110,961)
(Increase) decrease in other assets	9,606	(600)	-	9,006	(342,527)
(Decrease) increase in accrued expenses	(155,522)	542,624	(51,340)	335,762	890,625
(Decrease) increase in due to/from other funds	11,002	(250,000)	(365,571)	(604,569)	15,760
Decrease in unearned revenue	-	(124,922)	-	(124,922)	-
Net cash provided by (used in) operating activities	\$ 2,479,149	\$ 6,998,974	\$ (303,275)	\$ 9,174,848	\$ 216,466
Supplemental schedule of noncash financing activities:					
Amortization of loss on refunded debt	\$ 80,481	\$ 40,796	\$ -	\$ 121,277	\$ -
Amortization of premium on refunded debt	\$ 142,733	\$ 114,621	\$ -	\$ 257,354	\$ -

See notes to financial statements.

City of Danbury, Connecticut

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2018

	Trust Funds	Private Purpose Trust Fund	Agency Funds
Assets			
Cash and cash equivalents	\$ 12,653,604	\$ 1,384	\$ 3,799,332
Investments, at fair value:			
Common stock	33,688,861	-	-
Debt securities	9,664,742	-	-
Equity and fixed income mutual funds	124,838,638	-	-
Alternatives	96,261,499	-	-
Total investments	264,453,740	-	-
Accrued interest and dividends	370,761	-	-
Prepays	8,700	-	-
Pending sales	51,108	-	-
Total assets	277,537,913	1,384	3,799,332
Liabilities			
Pending purchases	189,508	-	-
Other liabilities	44,576	-	3,799,332
	235,100	-	3,799,332
Net position, restricted for pension benefits, OPEB and other purposes	\$ 277,302,813	\$ 1,384	\$ -

See notes to financial statements.

City of Danbury, Connecticut

Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended June 30, 2018

	Trust Funds	Private Purpose Trust Fund
Additions:		
Contributions:		
Employer	\$ 36,198,864	\$ -
Plan members	1,273,533	-
Total contributions	<u>37,472,397</u>	<u>-</u>
Investment income:		
Net appreciation in fair value of investments	19,470,449	-
Interest and dividends	5,787,151	3
	<u>25,257,600</u>	<u>3</u>
Less investment expenses:		
Investment management fees	1,161,582	-
Net investment income	<u>24,096,018</u>	<u>3</u>
Deductions:		
Benefits	43,563,510	-
Change in net position	<u>18,004,905</u>	<u>3</u>
Net position, restricted for pension benefits, OPEB and other purposes:		
Beginning of year	259,297,908	1,381
End of year	<u>\$ 277,302,813</u>	<u>\$ 1,384</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 of Danbury, Connecticut (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) and Charles Ives, which have a December 31 year-ends.

Accounting standards adopted in the current year:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, was implemented on July 1, 2017. This statement revised and established new financial reporting requirements for most governments that provide their employees with postemployment benefits other than pensions. Among other requirements, Statement No. 75 required governments to report a liability on the face of the financial statements for the OPEB that they provide: 1) 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. 2) 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. 3) Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees.

The effects of the implementation of this statement are as follows: The beginning net position was decreased by \$145,841,106, a net OPEB liability of \$227,342,106 was added and a net OPEB obligation of \$81,501,000 was removed. Details can be found in Note 12.

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, 2018.

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The Danbury Parking Authority (Parking Authority) is responsible for establishing and operating parking facilities within the City in a manner similar to a private business enterprise where the costs of providing services to the general public are financed through user charges. The Parking Authority is governed by board members who are appointed by the Mayor and confirmed by the City Council. The Parking Authority has the potential to provide specific financial benefit to, or impose specific financial burdens on, the City. The information presented for the Parking Authority is for the year ended June 30, 2018.

The Richter Park Authority is responsible for independent control over the operation of the Stanley L. Richter Memorial Park. The Richter Park Authority 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 The Richter Park Authority is for the year ended December 31, 2017.

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, 2018.

The Charles Ives Authority for the Performing Arts (Charles Ives) is responsible, in affiliation with Western Connecticut States University, for administering, operating and maintaining the Ives Concert Park. The board members are appointed by the Mayor with the approval of the majority of the City Council. Three of the nine appointees selected by the Mayor shall be persons nominated by the President of Western Connecticut State University. The City is potentially liable for any operating deficits and provides budgeted allocation and capital grants to fund operations, capital acquisitions and long-term improvements. The information presented for Charles Ives is for the year ended December 31, 2017. During the year, the Charles Ives Authority Board voted to change their fiscal year reporting period from ending September 30th to December 31st.

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

Tarrywile Park Authority
70 Southern Boulevard
Danbury, CT 06810

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

Danbury Parking Authority
21 Delay Street
Danbury, CT 06810

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 interest in the joint ventures. Therefore, the annual support is reported as expenditure when incurred.

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

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

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

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

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

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds.

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

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

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

The **Danbury High School 2020 Fund** accounts for expenditures related to capital improvements to Danbury High School.

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund types:

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

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

The **Pension and OPEB Trust Funds** account for the activities of the City's seven defined benefit pension plans and OPEB plans, which accumulate resources for pension and OPEB benefit payments to qualified employees. Pension and OPEB 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.

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 enterprise 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. The principal operating revenues of the internal service funds are charges for premiums to other City departments. Operating expenses for internal service funds include mainly claims.

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 \$8,125,000. 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 and OPEB funds 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. These investments are stated at amortized cost.

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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) as a practical expedient 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.

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Capital assets: Capital assets, which include property easements, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in proprietary fund financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Purchased and constructed assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of any interest revenue earned from specific borrowings.

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

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

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

Deferred outflows/inflows of resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports a deferred charge on refunding and deferred outflows related to pension and OPEB 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 and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner.

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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 as reported include 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. Debt principal payments are reported as expenditures.

Pension accounting:

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

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.

Note 1. Summary of Significant Accounting Policies (Continued)

Other post-employment obligations (OPEB) accounting:

Net OPEB liability: The net OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total OPEB liability), net of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB 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. The net OPEB liability is reported in the statement of net position. In the governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources.

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 percent 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 \$6 million, which included \$2 million during FY 2017-2018.

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.

City of Danbury, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

Bonds and notes payable	\$ (139,859,677)
Add: unamortized premium	(13,525,078)
Capital leases payable	(9,081,492)
Compensated absences	(3,599,838)
Heart and hypertension	(1,649,358)
Pollution remediation obligation	(1,118,265)
Landfill closure	(5,867,216)
HUD-Section 108 loans	(518,000)
Legal claims and other	(750,000)
Net pension liability	(102,642,941)
Net OPEB liability	(229,731,110)
Easement obligations	(50,000)
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ (508,392,975)</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	\$ 36,767,680
Depreciation expense	(14,877,285)
Loss on disposal of capital assets	<u>(7,375)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 21,883,020</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)	\$ (21,900,000)
Issuance of refunding bonds	(14,903,000)
Deferred loss on refunding	857,197
Bond premium	(3,690,356)
Issuance of capital leases	(91,584)
Principal repayments:	
General obligation debt	59,041,302
Payment to escrow agent	(17,140,101)
Amortization of premiums	1,495,842
Amortization of deferred charges	251,833
Capital leases	<u>2,248,426</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 6,169,559</u>

City of Danbury, Connecticut

Notes to Financial Statements

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

Another element of that reconciliation states that 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.

(Increase) decrease of liability:

Compensated absences	\$ (270,112)
Heart and hypertension	224,413
Net OPEB liability	(2,389,004)
Accrued interest	(1,099,583)
Net pension liability	11,967,542
Landfill closure	502,698
Other liabilities and easements	<u>72,649</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>\$ 9,008,603</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.

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 trust 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 percent (at market) may be invested in any one company and no more than 20 percent exposure to any one industry. In addition, the portfolio cannot have more than 20 percent invested in foreign bonds and no more than 20 percent invested in preferred stocks and convertibles.

City of Danbury, Connecticut

Notes to Financial Statements

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

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, 2018, \$137,896,884 of the City's bank balance of \$142,203,808 was uninsured and uncollateralized.

Investments: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City and the trust 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, 2018:

Cash and cash equivalents:

Deposits with financial institutions	\$ 142,279,104
Total cash and cash equivalents	<u>142,279,104</u>

Investments:

General Fund:

U.S. government agencies	3,962,235	*
U.S. treasury notes	7,036,369	*
Total government investments	<u>10,998,604</u>	

Pension Trust Funds:

U.S. treasury notes	2,772,737	*
U.S. government agencies	946,822	*
Collective Investment Trust	17,427,924	
Asset backed securities	90,212	*
Variable Rate - CMOs	196,123	*
Variable Rate - Corporate Bonds	25,013	*
Corporate CMOs and REMICs	1,935,686	*
Corporate bonds	3,121,187	
Corporate Bonds Variable	55,032	
Foreign bonds	521,929	
Common stocks	33,688,861	*
Fixed income funds	20,112,841	
Equity mutual funds	87,297,873	
Alternative investments	96,261,501	
Total pension investments	<u>264,453,741</u>	
Total cash, cash equivalents and investments	<u>\$ 417,731,449</u>	

*These securities are uninsured and unregistered, with investments held by its agent, but in the City's 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	\$ 125,824,785
Investments	10,998,604
	<u>136,823,389</u>
Fiduciary Funds:	
Cash and cash equivalents	16,454,320
Investments	264,453,740
	<u>280,908,060</u>
	<u>\$ 417,731,449</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	\$ 9,809,106	\$ 6,973,716	\$ 1,605,891	\$ 1,229,499	\$ -
U.S. Government Agencies	4,909,057	152,650	1,627,109	2,177,394	951,904
Asset Backed Securities	90,212	-	90,212	-	-
Fixed Income Funds	20,112,841	20,112,841	-	-	-
Foreign Bonds	521,929	-	479,529	42,400	-
Corporate CMOs and REMICs	1,935,686	-	1,458,231	353,568	123,887
Corporate Bonds	3,121,187	219,738	1,667,860	1,184,967	48,622
Variable Rate CMOs and Other	276,168	-	60,067	70,952	145,149
Total	<u>\$ 40,776,186</u>	<u>\$ 27,458,945</u>	<u>\$ 6,988,899</u>	<u>\$ 5,058,780</u>	<u>\$ 1,269,562</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. Treasury Notes	U.S. Government Agencies	Asset Backed Securities	Fixed Income Funds	Foreign Bonds	Corporate CMOs and REMICs	Corporate Bonds	Variable Rate - CMOs and Other Bonds
AAA	\$ 9,456,359	\$ 618,878	\$ 90,212	\$ 10,485,775	\$ 127,663	\$ 1,711,608	\$ 121,895	\$ -
AA+	-	340,682	-	-	-	98,525	-	-
AA	-	-	-	1,206,299	-	-	-	145,149
AA-	-	-	-	-	88,783	-	90,524	-
A+	-	-	-	-	-	-	-	50,974
A	-	-	-	2,260,263	50,730	-	158,004	-
A-	-	-	-	-	92,824	29,911	744,068	-
BBB+	-	-	-	-	76,278	-	640,203	80,045
BBB	-	-	-	2,512,258	43,251	-	854,787	-
BBB-	-	-	-	-	42,400	95,642	472,059	-
BB+	-	-	-	-	-	-	-	-
BB	-	-	-	1,248,569	-	-	-	-
B	-	-	-	1,221,430	-	-	-	-
CCC	-	-	-	941,331	-	-	-	-
Unrated	352,747	3,949,497	-	236,916	-	-	39,647	-
	\$ 9,809,106	\$ 4,909,057	\$ 90,212	\$ 20,112,841	\$ 521,929	\$ 1,935,686	\$ 3,121,187	\$ 276,168

City of Danbury, Connecticut

Notes to Financial Statements

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

Fair value: The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The City has the following recurring fair value measurements as of June 30, 2018:

	Fair Value Measurements Using			
	June 30, 2018	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	\$ 9,809,106	\$ -	\$ 9,809,106	\$ -
U.S. Government Agencies	4,909,057	-	4,909,057	-
Corporate bonds	3,121,187	-	3,121,187	-
Foreign bonds	521,929	-	521,929	-
Asset backed securities	90,212	-	90,212	-
Variable Rate- CMOs and other bonds	276,168	-	276,168	-
CMOs and REMICs	1,935,686	-	1,935,686	-
Total debt securities	<u>20,663,345</u>	-	<u>20,663,345</u>	-
Equity securities and mutual funds:				
Common stock	33,688,861	33,688,861	-	-
Equity mutual funds	87,297,873	87,297,873	-	-
Fixed income funds	20,112,841	-	20,112,841	-
Total equity securities and mutual funds	<u>141,099,575</u>	<u>120,986,734</u>	<u>20,112,841</u>	-
Total investments by fair value level	<u>161,762,920</u>	<u>120,986,734</u>	<u>40,776,186</u>	-
Investments measured by NAV:				
Private equity funds	8,118,382			
Collective investment trusts	17,427,924			
Hedge funds	88,143,119			
Total investments measured by NAV	<u>113,689,425</u>			
Total investments measured at fair value	<u>\$ 275,452,345</u>			

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 by NAV:				
Equity hedge funds	\$ 88,143,119	\$ 6,583,961	none	none
Private equity funds	8,118,382	-	none	none
Total Investments measured by NAV	<u>\$ 96,261,501</u>			
Private Equity Funds	<u>\$ 8,118,382</u>			

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 by the 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, 2018, 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.

Multi-strategy hedge fund: these investments consist of limited partnerships. Hedged equity funds are designed to benefit from the stock market with considerably less risk. The own stakes in companies they expect to outperform and also sell short stocks they expect to underperform. NAV generally represents a Fund's ownership interest in the net assets of each hedge fund.

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	\$ 6,689,858	\$ -
Advance property tax collections	1,941,560	-
Other	235,766	52,479
Miscellaneous special revenue:		
Grants and other	187,905	5,508,950
Vision 2020:		
Grants and other	2,807,734	-
DHS 2020:		
Grants and other	2,136,142	-
Nonmajor funds:		
Grants and other	691,094	4,646,309
	<u>\$ 14,690,059</u>	<u>\$ 10,207,738</u>

City of Danbury, Connecticut

Notes to Financial Statements

Note 5. Interfund Receivables, Payables and Transfers

As of June 30, 2018, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 8,003,632	\$ 834,370
Miscellaneous funds	500,000	353,973
Vision 2020	-	1,800,000
Water	314,000	362,969
Nonmajor and other funds	5,314	5,471,634
Total	<u>\$ 8,822,946</u>	<u>\$ 8,822,946</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. All of the balances are scheduled to be collected in the subsequent year.

Interfund transfers during the year ended June 30, 2018, were as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 5,576,410
Miscellaneous special revenue	610,847	-
Nonmajor governmental funds and other	5,500,563	535,000
Total	<u>\$ 6,111,410</u>	<u>\$ 6,111,410</u>

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, 2018, was as follows:

	Beginning Balance	Increases/ Transfers	Transfers/ Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 48,964,594	\$ 702,594	\$ -	\$ 49,667,188
Easements	1,079,100	9,950	-	1,089,050
Construction in progress	20,636,220	29,450,048	(2,542,112)	47,544,156
Total capital assets, not being depreciated	70,679,914	30,162,592	(2,542,112)	98,300,394
Capital assets, being depreciated:				
Land improvements	17,083,456	105,873	835,071	18,024,400
Buildings and improvements	292,212,904	2,364,282	109,820	294,687,006
Machinery and equipment	61,084,562	1,296,038	232,559	62,613,159
Infrastructure	157,711,136	2,838,895	1,290,906	161,840,937
Total capital assets being depreciated	528,092,058	6,605,088	2,468,356	537,165,502
Less accumulated depreciation for:				
Land improvements	7,968,204	828,765	-	8,796,969
Buildings and improvements	93,040,648	7,446,203	-	100,486,851
Machinery and equipment	44,724,222	3,551,134	(66,381)	48,208,975
Infrastructure	100,308,233	3,051,183	-	103,359,416
Total accumulated depreciation	246,041,307	14,877,285	(66,381)	260,852,211
Total capital assets, being depreciated, net	282,050,751	(8,272,197)	2,534,737	276,313,291
Governmental activities capital assets, net	\$ 352,730,665	\$ 21,890,395	\$ (7,375)	\$ 374,613,685

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
Total capital assets, not being depreciated	1,031,946	-	-	1,031,946
Capital assets, being depreciated:				
Buildings and improvements	117,466,764	6,613,635	-	124,080,399
Machinery and equipment	30,609,430	743,681	-	31,353,111
Distribution and collection systems	100,957,973	1,127,750	-	102,085,723
Other	958,475	35,566	-	994,041
Furniture and fixtures	287,704	-	-	287,704
Total capital assets, being depreciated	250,280,346	8,520,632	-	258,800,978
Less accumulated depreciation for:				
Buildings and improvements	61,047,492	2,813,304	-	63,860,796
Machinery and equipment	12,704,889	845,365	-	13,550,254
Distribution and collection systems	28,323,550	1,465,291	-	29,788,841
Other	914,478	5,430	-	919,908
Furniture and fixtures	287,704	-	-	287,704
Total accumulated depreciation	103,278,113	5,129,390	-	108,407,503
Total capital assets, being depreciated, net	147,002,233	3,391,242	-	150,393,475
Business-type capital assets, net	\$ 148,034,179	\$ 3,391,242	\$ -	\$ 151,425,421

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

Governmental activities:	
General government	\$ 976,041
Public safety	2,572,995
Public works, including depreciation of general infrastructure assets	3,489,518
Health and welfare	80,689
Culture and recreation	1,006,311
Education	6,751,731
Total depreciation expense – governmental activities	\$ 14,877,285
Business-type activities:	
Sewer	\$ 3,215,440
Water	1,736,422
Ambulance	177,531
Total depreciation expense – business-type activities	\$ 5,129,393

City of Danbury, Connecticut

Notes to Financial Statements

Note 6. Capital Assets (Continued)

Discretely presented component units: Activity for the Danbury Parking Authority for the year ended June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings and improvements	\$ 285,000	\$ 16,253	\$ -	\$ 301,253
Machinery and equipment	541,915	7,887	-	549,802
Computer equipment	18,400	-	-	18,400
Total capital assets, being depreciated	845,315	24,140	-	869,455
Less accumulated depreciation for:				
Buildings and improvements	180,700	15,328	-	196,028
Machinery and equipment	507,141	17,045	-	524,186
Computer equipment	15,404	1,015	-	16,419
Total accumulated depreciation	703,245	33,388	-	736,633
Total capital assets, being depreciated, net	\$ 142,070	\$ (9,248)	\$ -	\$ 132,822

Activity for the Richter Park Authority for the year ended December 31, 2017, 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	3,831,603	224,690	(2,107,756)	1,948,537
Building and improvements	2,431,043	-	(16,362)	2,414,681
Machinery and equipment	1,694,771	208,648	-	1,903,419
Totals, capital assets being depreciated	7,957,417	433,338	(2,124,118)	6,266,637
Less accumulated depreciation for:				
Course development improvements	2,748,588	189,341	(1,919,956)	1,017,973
Building and improvements	1,982,970	76,363	(16,362)	2,042,971
Machinery and equipment	1,374,418	161,381	-	1,535,799
Total accumulated depreciation	6,105,976	427,085	(1,936,318)	4,596,743
Total capital assets, being depreciated, net	1,851,441	6,253	(187,800)	1,669,894
Total capital assets, net	\$ 2,693,826	\$ 6,253	\$ (187,800)	\$ 2,512,279

City of Danbury, Connecticut

Notes to Financial Statements

Note 6. Capital Assets (Continued)

Activity for the Tarrywile Park Authority for the year ended June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings and improvements	\$ 202,453	\$ -	\$ -	\$ 202,453
Ground maintenance equipment	66,627	-	-	66,627
Administrative equipment	90,727	-	-	90,727
Vehicles	9,992	-	-	9,992
Total capital assets, being depreciated	369,799	-	-	369,799
Less accumulated depreciation for:				
Buildings and improvements	147,941	5,578	-	153,519
Ground maintenance equipment	47,247	4,668	-	51,915
Administrative equipment	90,724	-	-	90,724
Vehicles	8,993	999	-	9,992
Total accumulated depreciation	294,905	11,245	-	306,150
Total capital assets, being depreciated, net	\$ 74,894	\$ (11,245)	\$ -	\$ 63,649

Activity for the Danbury Museum and Historical Society Authority for the year ended June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated:				
Land	\$ 128,790	\$ -	\$ -	\$ 128,790
Total capital assets, not being depreciated	128,790	-	-	128,790
Capital Assets, being depreciated:				
Buildings and improvements	1,471,528	9,445	-	1,480,973
Machinery and equipment	26,016	-	-	26,016
Furniture and fixtures	28,110	-	-	28,110
Total capital assets, being depreciated	1,525,654	9,445	-	1,535,099
Less accumulated depreciation:	809,136	-	72,903	882,039
Total capital assets, being depreciated, net	716,518	9,445	(72,903)	653,060
Total capital assets, net	\$ 845,308	\$ 9,445	\$ (72,903)	\$ 781,850

City of Danbury, Connecticut

Notes to Financial Statements

Note 6. Capital Assets (Continued)

Activity for the Charles Ives Authority for the Performing Arts for the year ended December 31, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated				
Machinery and equipment	\$ 116,546	\$ 2,309	\$ -	\$ 118,855
Total capital assets, being depreciated	116,546	2,309	-	118,855
Less accumulated depreciation for:				
Machinery and equipment	111,527	2,720	-	114,247
Total accumulated depreciation	111,527	2,720	-	114,247
Total capital assets, net	<u>\$ 5,019</u>	<u>\$ (411)</u>	<u>\$ -</u>	<u>\$ 4,608</u>

Note 7. Bond Anticipation Notes Payable and Subsequent Event

The City had \$39,000,000 of bond anticipation notes outstanding as of June 30, 2018. The bond anticipation notes bear interest at 2.00 percent and a yield of 0.92 percent and matured on July 19, 2018. 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, 2018, were as follows:

Outstanding, July 1, 2017	\$ 64,000,000
Borrowings	39,000,000
Repayments	(64,000,000)
Outstanding, June 30, 2018	<u>\$ 39,000,000</u>
Reported as:	
Long-term debt - governmental	<u>\$ 6,350,000</u>
Short-term debt - governmental	<u>\$ 29,450,000</u>
Short-term debt - business-type	<u>\$ 3,200,000</u>

Subsequent event: Of the \$39,000,000 BAN outstanding at June 30, 2018, \$9,550,000 was rolled into General Obligation Bonds on July 19, 2018. See Note 17.

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and notes payable:					
General obligation bonds	\$ 131,335,878	\$ 30,453,000	\$ 28,279,201	\$ 133,509,677	\$ 11,544,844
Notes payable	590,000	-	72,000	518,000	72,000
Bond anticipation notes	13,550,000	6,350,000	13,550,000	6,350,000	-
Unamortized premiums	11,330,564	3,690,356	1,495,842	13,525,078	-
Total bonds and notes payable	156,806,442	40,493,356	43,397,043	153,902,755	11,616,844
Capital leases	11,238,334	91,584	2,248,426	9,081,492	2,026,494
Landfill post-closure monitoring	6,369,914	-	502,698	5,867,216	500,000
Pollution remediation obligation	1,140,914	-	22,649	1,118,265	27,000
Compensated absences	3,329,726	280,697	10,585	3,599,838	1,683,820
Heart and hypertension	1,873,771	-	224,413	1,649,358	-
Legal claims and other	750,000	-	-	750,000	-
Easement obligation	100,000	-	50,000	50,000	50,000
Net pension liability	114,610,483	-	11,967,542	102,642,941	-
Net OPEB liability*	227,342,106	2,389,004	-	229,731,110	-
Governmental activity long-term liabilities	\$ 523,561,690	\$ 43,254,641	\$ 58,423,356	\$ 508,392,975	\$ 15,904,158
Business-type activities:					
Bonds and notes payable:					
General obligation bonds	\$ 18,319,122	\$ 3,837,000	\$ 3,130,799	\$ 19,025,323	\$ 2,102,156
Notes payable	4,473,205	-	276,313	4,196,892	281,890
Unamortized premiums	868,280	122,060	257,354	732,986	-
Total bonds and notes payable	23,660,607	3,959,060	3,664,466	23,955,201	2,384,046
Business-type activity long-term liabilities	\$ 23,660,607	\$ 3,959,060	\$ 3,664,466	\$ 23,955,201	\$ 2,384,046

* Amounts restated/increased by \$145,841,106 for implementation of GASB No. 75.

Notes payable: The City's notes payable, which are payable from its governmental activities, are as follows at June 30, 2018:

	Outstanding Amount
HUD-Section 108 loan, due in annual installments through 2024 with an interest rate of 3%.	\$ 518,000

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

General obligation bonds: As of June 30, 2018, 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 \$191,000 to \$954,000; final maturity July 15, 2018; interest at 3.00% to 5.00%.	\$ 954,000
\$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, final maturity July 1, 2022; interest at 2.00% to 5.00%.	2,645,000
\$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 3.00% to 5.00%.	14,152,000
\$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%.	2,368,677
\$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%.	2,256,000
\$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%.	5,382,000
\$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%.	12,245,000
\$6,617,000 General Obligation Bonds; issued May 6, 2014; refunding due in annual installments of \$13,000 to \$1,204,000; final maturity August 1, 2021; interest at 1.00% to 5.00%.	2,441,000

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

	<u>Outstanding Amount</u>
\$11,000,000 General Obligation Bonds; issued July 15, 2015; due in annual installments of \$100,000 to \$450,000; final maturity July 15, 2034; interest at 2.00% to 3.375%.	\$ 9,350,000
\$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
\$10,850,000 General Obligation Bonds; issued July 21, 2016; due in annual installments of \$150,000 to \$392,500; final maturity July 15, 2036; interest at 2.00% to 4.00%.	9,765,000
\$18,000,000 General Obligation Bonds; issued July 23, 2015; due in annual installments of \$900,000; final maturity July 1, 2035; interest at 3.00% to 5.00%.	14,400,000
\$15,050,000 General Obligation Bonds; issued July 20, 2017; due in annual installments of \$152,000 to \$600,000; final maturity August 1, 2037; interest at 2.125% to 5.00%.	15,050,000
\$14,903,000 General Obligation Bonds; issued September 21, 2017; due in annual installments of \$313,000 to 1,823,000; final maturity July 15, 2029; interest at 2.45% to 5.00%.	14,903,000
Total bonds and notes payable	<u>\$ 134,027,677</u>

At June 30, 2018, 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, 2018; interest at 3% to 5%.	\$ 46,000
\$400,000 Water general obligation bonds; issued July 21, 2016, due in annual installments of \$20,000; final maturity June 30, 2037; interest at 2% to 4%.	360,000
\$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%.	2,573,000
\$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%.	141,323

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

	<u>Outstanding Amount</u>
\$447,680 Sewer general obligation bond; issued July 15, 2011; due in annual installments of \$80,000 to \$250,000; final maturity June 30, 2019; interest at 3% to 5%.	\$ 56,000
\$4,750,000 Sewer general obligation bond; issued July 21, 2016; due in annual installments of \$237,500; final maturity July 15, 2034 interest at 2% to 4%.	4,275,000
\$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, 2025; interest 3% to 5%.	2,919,000
\$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%.	428,000
\$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%.	2,260,000
\$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%.	1,509,000
\$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
\$2,950,000 General Obligation Bonds; issued July 20, 2017; due in annual installments of \$20,000 to \$158,000; final maturity July 15, 2037; interest at 3.00% to 5.00%.	2,950,000
\$887,000 General Obligation Bonds; issued September 21, 2017; due in annual installments of \$4,000 to \$244,000; final maturity July 15, 2029; interest at 2.45% to 5.00%.	887,000
Total general obligation bonds	<u>19,025,323</u>

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

	Outstanding Amount
\$2,549,994 Clean Water Fund 515-C note payable signed March 31, 2010 due in annual installments of \$107,476 ; final maturity September 30, 2029, interest at 2%.	\$ 1,543,833
\$3,219,688 Clean Water 132-CSC note payable signed January 31, 2013 due in annual installments of \$174,910; final maturity January 31, 2033 interest at 2%.	2,653,059
Total notes payable	4,196,892
Total bonds and notes payable	\$ 23,222,215

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
2019	\$ 11,616,844	\$ 4,625,673	\$ 16,242,517	\$ 2,384,046	\$ 790,499	\$ 3,174,545
2020	11,136,583	4,086,491	15,223,074	1,984,998	685,221	2,670,219
2021	11,172,750	3,607,502	14,780,252	1,894,635	602,740	2,497,375
2022	11,015,500	3,145,582	14,161,082	1,897,806	529,707	2,427,513
2023	10,369,500	2,685,632	13,055,132	1,684,848	461,441	2,146,289
2024-2028	46,011,000	9,064,808	55,075,808	7,940,711	1,340,876	9,281,587
2029-2033	22,975,500	2,822,759	25,798,259	3,665,171	436,417	4,101,588
2034-2038	9,730,000	586,963	10,316,963	1,770,000	117,006	1,887,006
Total	\$ 134,027,677	\$ 30,625,409	\$ 164,653,086	\$ 23,222,215	\$ 4,963,907	\$ 28,186,122

2017 general obligation refunding bond in-substance defeasance: On September 17, 2017, the City issued \$15,790,000 of general obligation refunding bonds with interest rates of 2.125% to 5%, of which the proceeds were used to advance refund the outstanding principal amounts of the general obligation bonds of the City (the Refunding Bonds). Net proceeds of \$18,028,211 was placed in an irrevocable trust under an Escrow Agreement dated September 2017 between the City and the Escrow Holder. The Escrow Holder used the proceeds to purchase a portfolio of primarily non-callable direct obligations of the United States of America (Government Obligations). The Government Obligations will have maturities and interest rates sufficient to pay principal and interest payments and redemption premiums on the Refunding Bonds on the date the payments are due.

The City advance refunded the above bonds to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$752,402, and a cash savings of \$763,633 between the old debt payments and the new debt payments. The balance of the defeased bonds was approximately \$17 million at June 30, 2018. As a result, the refunded bonds are considered defeased and the liability has been removed from the basic financial statements.

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

Prior years 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, 2018, 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 percent capacity. The estimated total current cost of the landfill post-closure care, aggregating \$5,867,216, 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, 2018. 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.

Net OPEB liability: GASB No. 68, *Accounting and Financial Reporting for Pensions*, requires the City to accrue a net pension liability. The amount at June 30, 2018 was \$102,642,941.

Net Pension liability: GASB No. 75, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*, requires the City to accrue a net OPEB liability. The amount at June 30, 2018 was \$229,731,110.

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 \$3,599,838 as of June 30, 2018. The General Fund has typically been used to liquidate the liability for compensated absences.

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 percent to 2.86 percent. 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 percent and matures on June 28, 2026.

The \$7,251,165 lease has an interest rate of 5.27 percent, a tax credit rate of 5.04 percent (70 percent of tax credit rate of 3.53 percent), and a net effective rate of 1.74 percent and matures on June 28, 2026. Principal and interest payments are made biannually on both leases and vary throughout the life of the lease.

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

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 percent 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 percent and matures on November 15, 2021. Principal and interest payments of \$11,193 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 percent and matures on December 11, 2018. Principal and interest payments of \$19,974 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 percent 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 Board of Education entered into a \$550,000 lease agreement for certain equipment. The lease has an interest rate of 1.540 percent 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 percent and matures April 29, 2021.

On November 1, 2017, the City entered into a lease of \$91,584 for time keeping equipment. This lease matures on November 1, 2021.

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

Buildings and improvements	\$ 12,055,481
Machinery and equipment	24,078,835
Accumulated depreciation	(26,455,000)
Net book value	<u>\$ 9,679,316</u>

Future minimum lease payments under capital leases are as follows:

<u>Fiscal Year</u>	
2019	\$ 2,026,494
2020	1,733,488
2021	1,530,708
2022	1,171,958
2023	1,053,581
Thereafter	3,042,655
	<u>10,558,884</u>
Less amount representing interest	(1,477,392)
	<u>\$ 9,081,492</u>

City of Danbury, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

Stanley L. Richter Park Authority: The following is a summary of the component unit's bonds and notes payable transactions for the year ended December 31, 2017:

Beginning balance	\$ 1,409,475
Additions	-
Deductions	(85,763)
Ending balance	<u>\$ 1,323,712</u>

The Authority issued a long-term promissory note amounting to \$1,500,000 in November 2015 to refinance existing debt and perform improvements to the pump-house and other working capital needs. The principal and interest at 2.5%, is payable in monthly installments with final maturity on November 18, 2030.

Authorized but unissued bonds: Bonds authorized but unissued by the City at June 30, 2018, were as follows:

General purpose	\$ 19,204,994
Schools	2,796,007
Sewer	12,834,253
Water	1,721,731
Urban renewal	1,800,000
	<u>\$ 36,556,985</u>

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

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

	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$ 470,948,229	\$ 119,319,138	\$ 351,629,091
Unfunded pension benefit obligation	627,930,972	81,073,035	546,857,937
Schools	941,896,458	32,143,094	909,753,364
Sewers	784,913,715	2,318,000	782,595,715
Urban renewal	680,258,553	-	680,258,553

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$1,465,172,268.

City of Danbury, Connecticut

Notes to Financial Statements

Note 9. Commitments and Contingencies

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

Municipal solid waste 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 nine 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 (2019) is \$87.47 per ton. The aggregate guaranteed annual tonnage of the nine Contracting Municipalities is 115,300 tons per year. The City's Service Payment commitment is a put-or-pay commitment, in that if the aggregate guaranteed annual tonnage of the Contracting Municipalities is not met by the total deliveries of all the Contracting Municipalities in any year, the City must pay the Service Payment for its proportionate share of the shortfall of the aggregate guaranteed annual tonnage (even if it did deliver its full portion).

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

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

Waste water treatment: The City had a 20-year agreement through June 2018 (the "Agreement") with Veolia Water to manage its wastewater collection and treatment system. However, a 5-year extension to this agreement was signed on October 1, 2017. The annual base fee is maintained at approximately \$4.9 million (plus an annual adjustment equal to the change in the consumer price index, which currently totals approximately \$154,000) through June 30, 2023. The City continues to exercise control over its rate setting and inter-municipal agreements. The City retains full legal title and ownership of the facility. Veolia operates and maintains the facility in accordance with the terms and conditions of the City's NPDES permit (# CT0100145). The contract with Veolia contains additional performance standards, such as Veolia implementing a program to provide a year round nitrification process to ensure the quality of effluent, which are above the requirements of the City's current NPDES permit. A laboratory is maintained on site by Veolia to ensure proper operation of the plant process and to comply with the Connecticut Department of Energy and Environmental Protection requirements.

City of Danbury, Connecticut

Notes to Financial Statements

Note 10. Fund Deficits

The City has the following fund deficits at June 30, 2018, and expects to eliminate the deficits in the future as follows:

Fund	Deficit June 30, 2018	Plan for Eliminating Debt
Capital Projects:		
Vision 2020	\$ (2,364,813)	Through future debt issuance/grant reimbursements
Open Space	(1,705,177)	Through future debt issuance/grant reimbursements
2016 Public Improvement Program	(634,384)	Through future debt issuance/grant reimbursements
Special Revenue:		
LOCIP	(11,343)	Through future grant reimbursement
CDBG	(1,576,998)	Through future grant reimbursement/transfers/revenues
Airport	(89,533)	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 percent 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 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.

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.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

**Schedule of Plan Net Position
June 30, 2018**

	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	\$ 2,244,309	\$ 241,651	\$ 183,417	\$ 1,159,816	\$ 1,563,608	\$ 990,372	\$ 106,772	\$ 6,163,659	\$ 12,653,604
Investments, at fair value:									
Common stock	13,713,412	174,817	236,845	5,146,979	9,444,992	4,914,089	57,727	-	33,688,861
Debt securities	3,934,136	50,152	67,947	1,476,578	2,709,602	1,409,766	16,561	-	9,664,742
Mutual funds	50,816,905	647,808	877,661	19,072,828	34,999,697	18,209,822	213,917	-	124,838,638
Private hedge fund	39,184,274	499,517	674,973	14,708,597	26,987,825	14,041,364	164,949	-	96,261,499
Total investments	107,648,727	1,372,294	1,857,426	40,404,982	74,142,116	38,575,041	453,154	-	264,453,740
Accrued interest and dividends	146,699	2,211	2,759	55,752	101,480	52,905	709	8,246	370,761
Prepays	-	-	-	-	-	-	-	8,700	8,700
Pending sales	20,804	265	359	7,808	14,329	7,455	88	-	51,108
Total assets	110,060,539	1,616,421	2,043,961	41,628,358	75,821,533	39,625,773	560,723	6,180,605	277,537,913
Liabilities									
Accrued expenses and management fees	21,017	359	442	7,314	13,228	6,777	92	140,279	189,508
Due to other funds	-	-	-	-	-	-	-	1,016	1,016
Pending purchases	18,146	231	313	6,810	12,498	6,502	76	-	44,576
Total liabilities	39,163	590	755	14,124	25,726	13,279	168	141,295	235,100
Net position- restricted for pension benefits and OPEB	\$ 110,021,376	\$ 1,615,831	\$ 2,043,206	\$ 41,614,234	\$ 75,795,807	\$ 39,612,494	\$ 560,555	\$ 6,039,310	\$ 277,302,813

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, 2018**

	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	\$ 4,787,000	\$ 721,000	\$ 481,000	\$ 965,000	\$ 2,670,000	\$ 2,999,782	\$ 80,568	\$ 23,494,514	\$ 36,198,864
Plan members	248,065	-	-	-	450,633	495,121	79,714	-	1,273,533
Total contributions	5,035,065	721,000	481,000	965,000	3,120,633	3,494,903	160,282	23,494,514	37,472,397
Investment Income:									
Net appreciation in fair value of investments	7,917,040	125,034	149,873	3,074,341	5,416,873	2,693,557	28,999	64,732	19,470,449
Interest and dividends	2,351,357	34,001	43,768	883,039	1,618,295	846,169	10,522	-	5,787,151
	10,268,397	159,035	193,641	3,957,380	7,035,168	3,539,726	39,521	64,732	25,257,600
Less investment expenses:									
Investment management fees	523,556	16,481	18,458	160,807	275,186	152,491	14,113	490	1,161,582
Net investment income	9,744,841	142,554	175,183	3,796,573	6,759,982	3,387,235	25,408	64,242	24,096,018
Deductions:									
Benefits paid	8,761,960	1,029,138	827,942	4,529,572	5,227,911	1,692,473	-	21,494,514	43,563,510
Total deductions	8,761,960	1,029,138	827,942	4,529,572	5,227,911	1,692,473	-	21,494,514	43,563,510
Net change in net position	6,017,946	(165,584)	(171,759)	232,001	4,652,704	5,189,665	185,690	2,064,242	18,004,905
Net position-restricted for pension benefits and OPEB									
Beginning of year	104,003,430	1,781,415	2,214,965	41,382,233	71,143,103	34,422,829	374,865	3,975,068	259,297,908
End of year	\$ 110,021,376	\$ 1,615,831	\$ 2,043,206	\$ 41,614,234	\$ 75,795,807	\$ 39,612,494	\$ 560,555	\$ 6,039,310	\$ 277,302,813

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>100%</u>

The following represents the investments in the pension plans that represent more than 5 percent of the plan's net position as of June 30, 2018:

Hamlin	\$ 15,858,798
Sands Capital	19,747,823
Sequoia Fund	14,221,666
Pointer Offshore Fund	18,371,324

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 is comprised 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, 2016, Pension Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	534
Inactive plan members entitled to but not yet receiving benefits	112
Active plan members	<u>455</u>
	<u>1,101</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 percent 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 percent to 2.0 percent with no actuarial reduction for retirement prior to normal retirement age. 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 time's pension service.
Early retirement:	Requirement: Attainment of age 55. Amount: Accrued benefit at termination, reduced by one-half of one percent for each month by which actual commencement precedes the earlier of a member's Normal Retirement Date or the first of the month following the date which causes the sum of the member's age and service to equal 85.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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

Effective July 1, 2013, Non-Union employees hired on or after January 1, 2011 make an annual contribution equal to 5 percent 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 percent interest. An employee that terminates with between five and ten years of service can receive a refund of contributions with 3 percent interest in lieu of any other partially vested benefit.

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

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Net pension liability of the City: The components of the net pension liability of the City at June 30, 2018, were as follows:

General Employees Pension Plan Net Pension Liability	2018
Total pension liability	\$ 149,503,190
Plan fiduciary net position	110,021,376
Net pension liability	<u>\$ 39,481,814</u>
Plan fiduciary net position as a percentage of total pension liability	73.59%

Rate of return: For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 9.50 percent. 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, 2016, 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-2014 Adjusted to 2006 Mortality table projected to valuation date Scale MP-2017. Disabled – RP 2014 Adjusted to 2006 Disabled mortality table projected to valuation date with Scale MP - 2017.
Mortality improvement:	Active/Regular Retirement – Projected to date of decrement using Scale MP=2017 (generational).
Measurement Date	June 30, 2018, as rolled forward from July 1, 2016 valuation date.

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: 3.00%, 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 3.00% 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.

Assumed rate of return: 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, 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%	7.00%	0.65%
T-Bills	5%	1.85%	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>

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 was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was 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 all periods of projected benefit payments to determine the total pension liability.

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 percent 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 percent or 1-percentage-point higher 8.25 percent) than the current rate:

General Employees Pension Plan	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 57,273,290	\$ 39,481,814	\$ 24,457,126

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)
	(a)	(b)	(a) - (b)
Balances at 6/30/17	\$ 151,297,368	\$ 104,003,700	47,293,668
Changes for the year:			
Service cost	2,285,357	-	2,285,357
Interest	10,822,683	-	10,822,683
Differences between expected and actual experience	(3,629,137)	-	(3,629,137)
Changes of assumptions	(2,511,121)	-	(2,511,121)
Contributions - employer	-	4,787,000	(4,787,000)
Contributions - member	-	248,065	(248,065)
Net investment income	-	9,902,756	(9,902,756)
Benefit payments, including refunds of employee contributions	(8,761,960)	(8,761,960)	-
Administrative expense	-	(157,915)	157,915
Net changes	(1,794,178)	6,017,946	(7,812,124)
Balances at 6/30/18	\$ 149,503,190	\$ 110,021,646	\$ 39,481,544

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

For the year ended June 30, 2018, the City recognized pension expense of \$7,102,284. At June 30, 2018, 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	\$ -	\$ (3,271,365)
Changes of assumptions	1,966,402	(1,913,235)
Net difference between projected and actual earnings on pension plan investments	1,370,701	-
Total	<u>\$ 3,337,103</u>	<u>\$ (5,184,600)</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
2019	\$ 1,486,282
2020	(35,590)
2021	(2,505,620)
2022	(792,568)
2023	-
Thereafter	-

Pre-67 Police Pension Plan:

Plan membership: Eligible regular full-time employees of the City are members of the Plan. At July 1, 2016, Pension Plan membership consisted of the following:

Inactive plan member or beneficiaries currently receiving benefits	23
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>23</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, 2018, were as follows:

Pre-1967 Police Pension Plan	
Net Pension Liability	2018
<hr/>	
Total pension liability	\$ 5,306,506
Plan fiduciary net position	1,615,831
Net pension liability	<u>\$ 3,690,675</u>
Plan fiduciary net position as a percentage of total pension liability	30.45%

Rate of return: For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 8.05%. 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, 2016, 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% per year
Measurement Date	June 30, 2018, as rolled forward from July 1, 2016 valuation date

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)

Assumed rate of return: 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, 2018 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%	7.00%	0.65%
T-Bills	5%	1.85%	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 was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was 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 all periods of projected benefit payments to determine the total pension liability.

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 percent 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 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Pre-1967 Police Pension Plan			
Net Pension Liability	\$ 3,922,915	\$ 3,690,675	\$ 3,477,884

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 6/30/17	\$ 5,941,537	\$ 1,781,415	4,160,122
Changes for the year:			
Service cost	-	-	-
Interest	394,107	-	394,107
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	721,000	(721,000)
Contributions - member	-	-	-
Net investment loss	-	153,377	(153,377)
Benefit payments, including refunds of employee contributions	(1,029,138)	(1,029,138)	-
Administrative expense	-	(10,823)	10,823
Net changes	(635,031)	(165,584)	(469,447)
Balances at 6/30/18	\$ 5,306,506	\$ 1,615,831	\$ 3,690,675

For the year ended June 30, 2018, the City recognized pension expense of \$341,033. At June 30, 2018, 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		61,158	-
Total		\$ 61,158	\$ -

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>	Pre-1967 Police Pension Plan
2019	\$ 53,896
2020	30,400
2021	(16,022)
2022	(7,116)
2023	-
Thereafter	-

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Pre-67 Fire Pension Plan:

Plan membership: Eligible regular full-time employees of the City are members of the Plan. At July 1, 2016, Pension Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	17
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>17</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.

Net pension liability: The components of the net pension liability of the City of Danbury Pre-67 Fire Department at June 30, 2018 were as follows:

Pre-1967 Fire Pension Plan Net Pension Liability	2018
Total pension liability	\$ 4,924,749
Plan fiduciary net position	<u>2,044,986</u>
Net pension liability	<u>\$ 2,879,763</u>
Plan fiduciary net position as a percentage of total pension liability	41.52%

Rate of return: For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 8.45 percent. 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, 2016, 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% per year
Measurement Date	June 30, 2018, as rolled forward from July 1, 2016 valuation date

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.

Assumed rate of return: 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, 2018, 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%	7.00%	0.65%
T-Bills	5%	1.85%	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 was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was 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 all periods of projected benefit payments to determine the total pension liability.

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 Pre-67 Fire Pension Plan, calculated using the discount rate of 7.25 percent 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 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

Pre-1967 Fire Pension Plan	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 3,168,723	\$ 2,879,763	\$ 2,620,495
<u>Changes in the Net Pension Liability</u>			
	Pre-1967 Fire Pension Plan Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/17	\$ 5,391,308	\$ 2,214,964	3,176,344
Changes for the year:			
Service cost	-	-	-
Interest	361,382	-	361,382
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	481,000	(481,000)
Contributions - member	-	-	-
Net investment income	-	188,421	(188,421)
Benefit payments, including refunds of employee contributions	(827,941)	(827,941)	-
Administrative expense	-	(11,458)	11,458
Net changes	(466,559)	(169,978)	(296,581)
Balances at 6/30/18	\$ 4,924,749	\$ 2,044,986	\$ 2,879,763

For the year ended June 30, 2018, the City recognized pension expense of \$282,494. At June 30, 2018, 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	64,805	-
Total	\$ 64,805	\$ -

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>
2019	\$ 57,473
2020	34,640
2021	(19,187)
2022	(8,121)
2023	-
Thereafter	-

Post-67 Police Pension Plan:

Plan membership: Eligible regular full-time employees of the City are members of the Plan. At July 1, 2016, Pension Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	89
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>8</u>
	<u>97</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.

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.

Net pension liability: The components of the net pension liability of the City at June 30, 2018 were as follows:

Post-1967 Police Pension Plan Net Pension Liability	2018
Total pension liability	\$ 55,456,360
Plan fiduciary net position	41,612,453
Net pension liability	<u>\$ 13,843,907</u>
Plan fiduciary net position as a percentage of total pension liability	75.04%

Rate of return: For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 9.53 percent. 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, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation method:	Entry Age Normal Cost Method
Long-term inflation:	2.75%
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.

Measurement Date June 30, 2018, as rolled forward from July 1, 2016 valuation date

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).
 Disabled – None.

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.

Assumed rate of return: 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, 2018 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%	7.00%	0.65%
T-Bills	5%	1.85%	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 was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was 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 all periods of projected benefit payments to determine the total pension liability.

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 percent 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 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Post-1967 Police Pension Plan			
Net Pension Liability	\$ 18,924,820	\$ 13,843,907	\$ 9,503,221

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 6/30/17	\$ 56,005,182	\$ 41,382,235	14,622,947
Changes for the year:			
Service cost	76,175	-	76,175
Interest	3,904,575	-	3,904,575
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	965,000	(965,000)
Contributions - member	-	-	-
Net investment income	-	3,817,945	(3,817,945)
Benefit payments, including refunds of employee contributions	-	(23,155)	23,155
Administrative expense	-	-	-
Net changes	3,980,750	4,759,790	(779,040)
Balances at 6/30/18	\$ 59,985,932	\$ 46,142,025	\$ 13,843,907

For the year ended June 30, 2018, the City recognized pension expense of \$1,956,179. At June 30, 2018, 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	744,225	-
Total	\$ 744,225	\$ -

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>
2019	\$ 825,248
2020	508,009
2021	(399,931)
2022	(189,101)
2023	-
Thereafter	-

Post-67 Fire Pension Plan:

Plan membership: Eligible regular full-time employees of the City are members of the Plan. At July 1, 2016, Pension Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	91
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	<u>97</u>
	<u>191</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.

Rate of return: For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 9.53 percent. 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, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation method:	Entry Age Normal Cost Method
Measurement Date	June 30, 2018, as rolled forward from July 1, 2016 valuation date
Long-term inflation:	2.75%
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.
Cost of living increases:	3.00%.

Net pension liability: The components of the net pension liability of the City at June 30, 2018 were as follows:

Post-1967 Fire Pension Plan Net Pension Liability	2018
Total pension liability	\$ 97,255,211
Plan fiduciary net position	75,795,806
Net pension liability	<u>\$ 21,459,405</u>
Plan fiduciary net position as a percentage of total pension liability	77.93%

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)

Assumed rate of return: 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, 2018 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 was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was 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 all periods of projected benefit payments to determine the total pension liability.

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 percent 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 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<u>1% Decrease 6.25%</u>	<u>Current Discount Rate 7.25%</u>	<u>1% Increase 8.25%</u>
Post-1967 Fire Pension Plan			
Net Pension Liability	\$ 33,325,129	\$ 21,459,405	\$ 11,593,981

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 6/30/17	\$ 94,122,024	\$ 71,143,103	22,978,921
Changes for the year:			
Service cost	1,606,944	-	1,606,944
Interest	6,754,154	-	6,754,154
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	2,670,000	(2,670,000)
Contributions - member	-	450,633	(450,633)
Net investment income	-	6,789,352	(6,789,352)
Benefit payments, including refunds of employee contributions	(5,227,911)	(5,227,911)	-
Administrative expense	-	(29,371)	29,371
Net changes	3,133,187	4,652,703	(1,519,516)
Balances at 6/30/18	<u>\$ 97,255,211</u>	<u>\$ 75,795,806</u>	<u>\$ 21,459,405</u>

For the year ended June 30, 2018, the City recognized pension expense of \$3,863,619. At June 30, 2018, 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	\$ 430,059	\$ -
Changes of assumptions	73,623	(1,033,552)
Net difference between projected and actual earnings on pension plan investments	825,807	-
Total	<u>\$ 1,329,489</u>	<u>\$ (1,033,552)</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>	Post-1967 Fire Pension Plan
2019	\$ 929,360
2020	410,599
2021	(702,507)
2022	(341,515)
2023	-
Thereafter	-

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Post-83 Police Pension Plan:

Plan membership: Eligible regular full-time employees of the City are members of the Plan. At July 1, 2016, Pension Plan membership consisted of the following:

Inactive plan member or beneficiaries currently receiving benefits	37
Inactive plan members entitled to but not yet receiving benefits	11
Active plan members	<u>140</u>
	<u>188</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.
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

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: 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, 2018 were as follows:

Post-1983 Police Pension Plan Net Pension Liability	2018
Total pension liability	\$ 60,898,976
Plan fiduciary net position	39,612,491
Net pension liability	<u>\$ 21,286,485</u>
Plan fiduciary net position as a percentage of total pension liability	65.05%

Rate of return: For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 9.45 percent. 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, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation method:	Entry Age Normal Cost Method
Measurement Date:	June 30, 2018, as rolled forward from July 1, 2016 valuation date
Long-term inflation:	2.75%
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 BB. Disabled Pensioners – RP-2014 adjusted to 2006 Mortality with no projection.
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.
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.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Assumed rate of return: 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, 2018 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 was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was 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 all periods of projected benefit payments to determine the total pension liability.

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 percent 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 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Post-1983 Police Pension Plan			
Net Pension Liability	\$ 30,390,941	\$ 21,286,485	\$ 13,890,413

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		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/17	\$ 56,777,118	\$ 34,422,829	22,354,289
Changes for the year:			
Service cost	1,639,412	-	1,639,412
Interest	4,174,919	-	4,174,919
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	2,999,782	(2,999,782)
Contributions - member	-	495,121	(495,121)
Net investment income	-	3,415,002	(3,415,002)
Benefit payments, including refunds of employee contributions	(1,692,473)	(1,692,473)	-
Administrative expense	-	(27,770)	27,770
Net changes	4,121,858	5,189,662	(1,067,804)
Balances at 6/30/18	\$ 60,898,976	\$ 39,612,491	\$ 21,286,485

For the year ended June 30, 2018, the City recognized pension expense of \$3,712,787. At June 30, 2018, 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		\$ 655,849	\$ (65,136)
Changes of assumptions		1,851,303	-
Net difference between projected and actual earnings on pension plan investments		194,425	-
Total		\$ 2,701,577	\$ (65,136)

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>
2019	\$ 924,669
2020	727,134
2021	137,348
2022	303,270
2023	474,496
Thereafter	69,524

Post-2011 Fire Pension Plan:

Plan membership: Eligible regular full-time employees of the City are members of the Plan. At July 1, 2016, 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>18</u>
	<u>18</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, 2018 were as follows:

Post-2011 Fire Pension Plan Net Pension Liability	2018
Total pension liability	\$ 561,446
Plan fiduciary net position	560,554
Net pension liability	<u>\$ 892</u>
Plan fiduciary net position as a percentage of total pension liability	99.84%

Rate of return: For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 8.61 percent. 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, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation method:	Entry Age Normal Cost Method
Measurement Date	June 30, 2018, as rolled forward from July 1, 2016 valuation date
Long-term inflation:	2.75%
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-2014 adjusted to 2006 Mortality table with no projection.
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.
Retirement age:	Based on scale from 50 years of age to 65 years of age

Assumed rate of return: 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, 2018 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 was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was 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 all periods of projected benefit payments to determine the total pension liability.

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-11 Fire Police Pension Plan, calculated using the discount rate of 7.25 percent 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 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

Post-2011 Fire Pension Plan	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability (Asset)	\$ 130,302	\$ 892	\$ (100,635)

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)
	(a)	(b)	(a) - (b)
Balances at 6/30/17	\$ 399,057	\$ 374,865	24,192
Changes for the year:			
Service cost	124,435	-	124,435
Interest	37,954	-	37,954
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	80,568	(80,568)
Contributions - members	-	79,714	(79,714)
Net investment income	-	38,064	(38,064)
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	-	(12,627)	12,627
Net changes	162,389	185,719	(23,330)
Balances at 6/30/18	\$ 561,446	\$ 560,584	\$ 862

For the year ended June 30, 2018, the City recognized pension expense of \$67,594. At June 30, 2018, 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		\$ 52,730	\$ (22,081)
Changes of assumptions		20,301	(23,137)
Net difference between projected and actual earnings on pension plan investments		2,649	-
Total		\$ 75,680	\$ (45,218)

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>
2019	\$ 4,698
2020	3,247
2021	587
2022	461
2023	1,586
Thereafter	19,883

Aggregate Information:

	<u>Net Pension Liability</u>	<u>Pension Expense</u>	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>
General Employees Retirement	\$ 39,481,544	\$ 7,102,284	\$ (5,184,600)	\$ 3,337,103
Pre-1967 Police	3,690,675	341,033	-	61,158
Pre-1967 Fire	2,879,763	282,494	-	64,805
Post-1967 Police	13,843,907	1,956,719	-	744,225
Post-1967 Fire	21,459,405	3,863,619	(1,033,552)	1,329,489
Post-1983 Police	21,286,485	3,712,787	(65,136)	2,701,577
Post-2011 Fire	862	67,594	(45,218)	75,680
	<u>\$ 102,642,641</u>	<u>\$ 17,326,530</u>	<u>\$ (6,328,506)</u>	<u>\$ 8,314,037</u>

Connecticut State Teachers' Retirement System:

All certified personnel participate in the State of Connecticut Teachers' Retirement System under Section 10.183 of the General Statutes of the State of Connecticut. These employees are eligible to receive a normal retirement benefit if he or she has: 1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or 2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are serviced in the public schools of Connecticut.

Description of system: Eligible employees 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 have a liability related to participants in the 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.

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

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 does not have any liability for teacher pensions.

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.

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.

Plan members are required to contribute 6.0% of their annual salary rate to the System as required by CGS Section 10-183b (7). Employers are not required to make contributions to the Plan. The City makes no contribution to the plan.

Actuarial assumptions: The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015. The total pension liability was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to the measurement date of June 30, 2017, using the following key actuarial assumptions:

Inflation	2.75%
Salary increases, including inflation	3.25-6.50%
Long-term investment rate of return net of pension investment expense, Including inflation	8.00%

City of Danbury, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Economic assumptions:

1. Reduce the inflation assumption from 3.00% to 2.75%.
2. Reduce the real rate of return assumption from 5.50% to 5.25% which, when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.50% to 8.00%.
3. Reduce the annual rate of wage increase assumption from 0.75% to 0.50%.
4. Slightly modify the merit portion of the salary scale.
5. Reduce the payroll growth assumption from 3.75% to 3.25%.

Demographic assumptions:

6. Update mortality tables to projected versions of the RPH-2014 mortality tables.
7. Increase normal retirement rates for females at most ages and proratable retirement rates for males at most ages. Decrease early retirement rates for both males and females.
8. Increase rates of withdrawal.
9. Decrease rates of disability for males.

Mortality rates were based on the RP-2014 White Collar Table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increased rates (5% for females and 8% for males) over the age 80 for the period after service retirement and for dependent beneficiaries as well as active members. The RPH-2014 Disability table projected to 2017 with scale BB is used for the period after disability retirement dependent beneficiaries.

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%	5.80%
Developed non- U.S. equities	18.0%	6.60%
Emerging markets (non- U.S.)	9.0%	8.30%
Real estate	7.0%	5.10%
Private equity	11.0%	7.60%
Alternative investments	8.0%	4.10%
Core fixed income	7.0%	1.30%
High yield bonds	5.0%	3.90%
Emerging market bonds	5.0%	3.70%
Inflation linked bond fund	3.0%	1.00%
Cash	6.0%	0.40%
	100.0%	

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 was 8.0 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension liabilities, pension expense, and deferred inflows/outflows of resources: The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 68 and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the City. The portion of the State's net pension liability that was associated with the City was \$244,036,306 and 100 percent of the collective net pension liability is allocated to the State. The City's proportionate share of the net pension liability is \$0.

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 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0 percent) or 1-percentage-point higher (9.0 percent) than the current rate.

1% Decrease	Current Discount Rate	1% Increase
7.00%	8.00%	9.00%

State's Share of the NPL associated with the City	\$ 305,461,536	\$ 244,036,306	\$ 192,105,185
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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, 2018, the City recognized \$28,277,872 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.

Note 12. Other Post - Employment Benefit Plans

Other 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.

Plan administration: 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, 2016. The post-retirement plan does not issue stand-alone financial reports.

City of Danbury, Connecticut

Notes to Financial Statements

Note 12. Other Post - Employment Benefit Plans (Continued)

Contributions: 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 Entry Age Normal Cost Method.

Membership in the plan consisted of the following at July 1, 2016, the date of the last actuarial valuation.

General Government employees:

Inactive plan members or beneficiaries currently receiving benefits	390
Active plan members	477
Total	<u>867</u>

Board of Education employees:

Inactive plan members or beneficiaries currently receiving benefits	1
Active plan members	1,173
Total	<u>1,174</u>

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

Valuation date:	July 1, 2016
Actuarial cost method:	Entry Age Normal (level percentage of salary)
Asset valuation method:	Fair Value
Measurement date:	June 30, 2018 as rolled forward from the July 1, 2016

Actuarial assumptions:

Investment rate of return:	5.92%
Inflation rate:	2.60%

Health cost trend rates: 7.0% in 2016, reducing by 0.5% each year to an ultimate rate of 4.6% per year rate for 2021 and later.

Mortality:

City and BOE: RP 2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2017.

Police and Fire: RP-2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP-2017.

Disabled Mortality:

City and BOE Non-Certified: RP 2014 Adjusted to 2006 Disabled Retiree Mortality Table with Scale MP-2017.

BOE Certified: None.

Mortality Improvement: Projected to date of decrement using Scale MP-2017 (generational).

City of Danbury, Connecticut

Notes to Financial Statements

Note 12. Other Post - Employment Benefit Plans (Continued)

Changes in Actuarial Assumption as of July 1, 2016: The July 1, 2016 valuation reflects changes in the actuarial assumptions listed below:

- Interest
- Mortality
- Retirement
- Withdrawal
- Inflation
- Healthcare Cost Trend Rates
- Morbidity

The assumptions indicated were changed to represent the best estimate of anticipated experience of the plan.

Funding policy: Effective July 1, 2014 the City Council adopted an OPEB funding policy requiring annual funding with incremental increases over 5% over the annual pay –as-you go funding levels with the goal of prefunding the OPEB liability and eliminating the annual funding gap.

Rate of return: For the year ended June 30, 2018, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was as follows. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

	OPEB Plan
Rate of return - General Government	1.18%
Rate of return - Board of Education	1.12%

Net OPEB liability of the City: The components of the net OPEB liability of the City at June 30, 2018 were as follows:

	General OPEB Plan	BOE OPEB Plan	Total
Net OPEB Liability as of June 30, 2018			
Total OPEB liability	\$ 220,375,636	\$ 15,394,784	\$ 235,770,420
Plan fiduciary net position	5,891,130	148,180	6,039,310
Net OPEB liability	<u>\$ 214,484,506</u>	<u>\$ 15,246,604</u>	<u>\$ 229,731,110</u>
Plan fiduciary net position as a percentage of total OPEB liability	2.67%	0.96%	2.56%
Covered payroll	\$ 65,657,660	\$ 87,280,878	152,938,538
Net OPEB liability as a % of covered payroll	326.67%	17.47%	150.21%

City of Danbury, Connecticut

Notes to Financial Statements

Note 12. Other Post - Employment Benefit Plans (Continued)

Assumed rate of return: The long-term expected rate of return on OPEB plan investments was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Best estimates of the real rates of returns for each major asset class are included in the OPEB plan's target asset allocation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of July 1, 2016, and the final vestment return assumption, are summarized in the following table:

Asset Class	Target Allocation %	Long-Term Expected Real Rate of Return	
Russel 3000	36.00%	7.10%	2.56%
MS EAFE	24.00%	7.00%	1.68%
BC Int Gov/Cr	35.00%	1.85%	0.65%
Treasury Bills	5.00%	0.00%	0.00%
Total	100.00%		4.89%
Long- term inflation expectation			2.60%
Long- term expected nominal rate			<u>7.49%</u>

Discount rate: The discount rate used to measure the total OPEB liability was 5.92% (GG) and 3.87% (BOE). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City and BOE contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate, using the building block method. Also, based on the net position of the plans and contribution policies, it was assumed the plan's projected fiduciary net position would not be sufficient to cover projected benefit payments and administrative expenses. Therefore, a single discount the long-term rates of return on OPEB plan investments was applied to the GG plan for all periods of projected benefit payments to determine the total OPEB liability. The Municipal Bond Index Rate was used in the determination of the net OPEB liability for the BOE plan.

City of Danbury, Connecticut

Notes to Financial Statements

Note 12. Other Post - Employment Benefit Plans (Continued)

Changes in the Net OPEB Liability - General Government:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/17	\$ 216,805,198	\$ 3,826,110	\$ 212,979,088
Changes for the year:			
Service cost	4,924,813	-	4,924,813
Changes of assumptions	(4,594,287)	-	(4,594,287)
Differences between expected and actual experience	(730,155)	-	(730,155)
Interest	12,528,613	-	12,528,613
Contributions - employer	-	10,558,546	(10,558,546)
Net investment income	-	65,020	(65,020)
Administrative expense	-	-	-
Benefit payments, including refunds of employee contributions	(8,558,546)	(8,558,546)	-
Net changes	3,570,438	2,065,020	1,505,418
Balances at 6/30/18	<u>\$ 220,375,636</u>	<u>\$ 5,891,130</u>	<u>\$ 214,484,506</u>

Changes in the Net OPEB Liability - BOE:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/17	\$ 14,509,563	\$ 146,545	\$ 14,363,018
Changes for the year:			
Service cost	1,023,694	-	1,023,694
Changes of assumptions	(523,751)	-	(523,751)
Differences between expected and actual experience	854,537	-	854,537
Interest	538,215	-	538,215
Contributions - employer	-	909,734	(909,734)
Contributions - TRB subsidy	-	97,740	(97,740)
Net investment income	-	1,635	(1,635)
Administrative expense	-	-	-
Benefit payments, including refunds of employee contributions	(1,007,474)	(1,007,474)	-
Net changes	885,221	1,635	883,586
Balances at 6/30/18	<u>\$ 15,394,784</u>	<u>\$ 148,180</u>	<u>\$ 15,246,604</u>

City of Danbury, Connecticut

Notes to Financial Statements

Note 12. Other Post - Employment Benefit Plans (Continued)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates: The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1.0% Decrease (6.0% decreasing to 3.6%)	Healthcare Cost Trend Rates (7.0% decreasing to 4.6%)	1.0% Increase (8.0% decreasing to 5.6%)
General Government			
Net OPEB liability as of June 30, 2018	\$ 183,188,990	\$ 214,484,506	\$ 253,920,034
BOE			
Net OPEB liability as of June 30, 2018	\$ 12,834,214	\$ 15,246,604	\$ 18,214,951

Sensitivity of estimates used in calculating the net OPEB liability: The following presents the net OPEB liability, calculated using the discount rates of 5.93% and 3.87%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the rate utilized.

	1% Decrease 4.92%	Current Discount Rate 5.92%	1% Increase 6.92%
Net OPEB Liability - General Government			
OPEB Plan	\$ 245,875,962	\$ 214,484,506	\$ 188,876,723
Net OPEB Liability - BOE			
OPEB Plan	\$ 17,137,405	\$ 15,246,604	\$ 13,582,383

City of Danbury, Connecticut

Notes to Financial Statements

Note 12. Other Post - Employment Benefit Plans (Continued)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB: For the year ended June 30, 2018, the City recognized OPEB expense of \$17,960,065. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

General Government OPEB Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (508,896)
Changes of assumptions	-	(3,202,079)
Net difference between projected and actual earnings on OPEB plan investments	169,726	-
Total	<u>\$ 169,726</u>	<u>\$ (3,710,975)</u>

BOE OPEB Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 773,920	\$ -
Changes of assumptions	-	(474,341)
Net difference between projected and actual earnings on OPEB plan investments	2,889	-
Total	<u>\$ 776,809</u>	<u>\$ (474,341)</u>

Amounts reported in deferred outflows and deferred inflows related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>General Government OPEB Plan</u>
2019	\$ (1,571,035)
2020	(1,571,035)
2021	(441,609)
2022	42,430
2023	-
Thereafter	-

City of Danbury, Connecticut

Notes to Financial Statements

Note 12. Other Post - Employment Benefit Plans (Continued)

<u>Year Ended June 30,</u>	<u>BOE OPEB Plan</u>
2019	\$ 31,929
2020	31,929
2021	31,929
2022	31,930
2023	31,207
Thereafter	143,544

Aggregate OPEB Information:

	Net OPEB Liability	OPEB Expense	Deferred Inflows	Deferred Outflows
General Government	\$ 214,484,506	\$ 15,605,213	\$ (3,710,975)	\$ 169,726
Board of Education	15,246,604	1,490,852	(474,341)	776,809
	<u>\$ 229,731,110</u>	<u>\$ 17,096,065</u>	<u>\$ (4,185,316)</u>	<u>\$ 946,535</u>

Connecticut State Teachers' Retirement System- Retiree Health Insurance Plan

Plan description: Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other post-employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a Section 10-183 (t) of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

Benefit provisions: There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

City of Danbury, Connecticut

Notes to Financial Statements

Note 12. Other Post - Employment Benefit Plans (Continued)

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans. The choices and 2017 calendar year premiums charged for each choice are shown in the table below

• Medicare Supplement with Prescriptions	\$ 92
• Medicare Supplement with Prescriptions and Dental	136
• Medicare Supplement with Prescriptions, Dental, Vision & Hearing	141

Those participants electing vision, hearing, and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the Plan for these benefits.

Survivor health care coverage: Survivors of former employees or retirees remain eligible to participate in the Plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB - Sponsored Medicare Supplemental Plans, as long as they do not remarry.

Eligibility: Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Plan.

Credited service: One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement, if the Member pays one-half the cost.

Normal retirement: 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.

Early retirement: 25 years of Credited Service including 20 years of Connecticut service, or age 55 with 20 years of Credited Service including 15 years of Connecticut service.

Proratable retirement: Age 60 with 10 years of credited service

Disability retirement: 5 years of Credited Service in Connecticut if not incurred in the performance of duty and no service requirement if incurred in the performance of duty.

Termination of employment: 10 or more years of Credited Service.

City of Danbury, Connecticut

Notes to Financial Statements

Note 12. Other Post - Employment Benefit Plans (Continued)

Contributions:

State of Connecticut

Per Connecticut General Statutes Section 10-183t, contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

Employees

Each member is required to contribute 1.25% of their annual salary up to \$500,000. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB: At June 30, 2018, the City reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the City as its proportionate share of the net OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the City was as follows:

City's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the City	<u>62,812,186</u>
	<u>\$ 62,812,186</u>

The net OPEB liability was measured as of June 30, 2017 (measurement date) and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2016, which was rolled forward to June 30, 2017. At June 30, 2018, the City has no proportionate share of the net OPEB liability.

For the year ended June 30, 2018, the City recognized OPEB expense and revenue of \$2,911,034 in Exhibit II for on-behalf amounts for the benefits provided by the State.

City of Danbury, Connecticut

Notes to Financial Statements

Note 12. Other Post - Employment Benefit Plans (Continued)

Actuarial assumptions: The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Health care costs trend rate	7.25% decreasing to 5.00% by 2022
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.56%, net of OPEB plan investment expense, including inflation
Year fund net position will Be depleted	2018

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) over age 80. For disabled retirees, the RPH-2014 Disabled Mortality Table projected to 2017 using the BB improvement scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 74 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.02%).

Discount rate: The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination.

Sensitivity of the net OPEB liability to changes in the health care cost trend rate and the discount rate: The City's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

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. Detailed information about the Connecticut State Teachers' OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

City of Danbury, Connecticut

Notes to Financial Statements

Note 13. 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 deductible on these worker's compensation claims of \$4,000,000. Employee medical, prescription drug and dental coverage are self-insured arrangement. The Board of Education 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
2018	\$ 5,926,848	\$ 19,357,884	\$ 18,547,394	\$ 6,737,338
2017	9,660,061	11,108,874	14,842,087	5,926,848

Note 14. 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 \$77,800 to supplement Candlewood's operating revenues for the year ended June 30, 2018, 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 has an ongoing financial responsibility, but no equity interest. The City remitted \$730,410 to supplement HART's operating revenues for the year ended June 30, 2018, 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 City's officials are responsible for appointing the board members of the Danbury Housing Authority. The City's accountability for the Danbury Housing Authority does not extend beyond making the appointments.

City of Danbury, Connecticut

Notes to Financial Statements

Note 15. Fund Balances (Deficits)

Below is a table of fund balance categories and classifications in accordance with GASB Statement No. 54 at June 30, 2018, for the City governmental funds:

	General	Miscellaneous Special Revenue	Vision 2020	DHS 2020	Nonmajor Governmental Funds
Fund balances (deficits):					
Non-spendable:					
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 92,997
Permanent fund principal	-	-	-	-	1,483,133
Loan receivable - Richter Park	1,280,020	-	-	-	-
Prepaid	80,891	-	-	-	-
Total nonspendable	1,360,911	-	-	-	1,576,130
Restricted:					
Education	-	-	-	-	311,778
Public safety	-	-	-	-	283,154
Culture and recreation	-	-	-	-	120,197
Capital projects	-	-	37,555	2,654,049	8,972,128
Total restricted	-	-	37,555	2,654,049	9,687,257
Committed:					
Education	-	-	-	-	188,816
Total committed	-	-	-	-	188,816
Assigned:					
General government	105,196	-	-	-	-
Public safety - police	38,280	-	-	-	-
Public works - maintenance	34,493	-	-	-	-
Health and welfare	7,553	775,967	-	-	-
Culture and recreation - library	3,895	-	-	-	-
Education	3,890,616	-	-	-	-
Capital	532,675	-	-	-	-
Education services	3,157	-	-	-	-
Pension and employee benefits	20,000	-	-	-	-
Future appropriation	10,422,147	-	-	-	-
Total assigned	15,058,012	775,967	-	-	-
Unassigned (deficit)	24,283,723	-	(2,402,368)	(10,518,958)	(4,172,483)
Total fund balance (deficit)	\$ 40,702,646	\$ 775,967	\$ (2,364,813)	\$ (7,864,909)	\$ 7,279,720

Significant encumbrances of approximately \$2.8 million are included in the above table in the Assigned column for the General Fund.

The City reported \$1.9 million in assigned fund balance primarily for the non-union employees. Unlike union employees, non-union employees may carry over their compensated absences from year to year.

City of Danbury, Connecticut

Notes to Financial Statements

Note 16. 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. The impact of the following accounting pronouncements are currently being assessed by the City as to the impact to the financial statements.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, is effective for reporting periods beginning after June 15, 2018. The 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 the statement. The City is aware of this statement and will assess its impact to ensure timely implementation.

GASB Statement No. 84, *Fiduciary Activities*, is effective for reporting periods beginning after December 15, 2018. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The City is aware of this statement and will assess its impact to ensure timely implementation.

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset, which should result in the recognition and reporting of leased assets and the liability associated with subsequent lease payments, which have historically been classified as operating leases of the current reporting period only. The new statement requires a Lessee to recognize a lease liability and an intangible right-to-use lease asset, with the lessor required to recognize a lease receivable and a deferred inflow of resources. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. The City is aware of this statement and will assess its impact to ensure timely implementation.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, defines debt purposes of disclosure in the notes to financial statements as a liability that arises from a contractual obligation to pay cash, or other assets in lieu of cash, to settle a fixed amount established at the date of obligation. The statement requires additional information related to debt to be disclosed in the notes to financial statements, including unused lines of credit, assets pledged as collateral for the debt, and specified terms in debt agreements related to significant events of default and the resulting financial consequences. The statement also requires disclosure be provided for direct borrowings and direct placements of debt separate from other forms of debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The City is aware of this statement and will assess its impact to ensure timely implementation.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The City is aware of this statement and will assess its impact to ensure timely implementation.

GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

City of Danbury, Connecticut

Notes to Financial Statements

Note 17. Subsequent Events

General obligation bonds and bond anticipation notes: On July 10, 2018, the City issued \$23,500,000 of General Obligation Bond Anticipation Notes and \$15,500,000 of General Obligation Bonds (GOB). The notes mature on July 18, 2019, with interest 3.0 percent, effective rate yield rate of 1.60 percent and the GOB bonds mature through 2033 with interest ranging from 2.45 percent to 5.00 percent and payments ranging from \$1,025,000 to \$1,040,000 annually.

Collective bargaining agreement: On October 3, 2018, the City and the Danbury Police Union reached an agreement to extend the expired collective bargaining agreement through June 30, 2021, with certain changes, including a 3.5% increase in employee pension contributions (from 4.5% to 8.0% of base pay) for all employees hired on or after October 1, 2018. The retroactive payments for the 2017/2018 fiscal year have been accrued as of June 30, 2018.

Stanley Lasker Richter Memorial Park Authority Loan: Subsequent to June 30, 2018, the City loaned the Stanley Lasker Richter Memorial Park Authority the sum of \$600,000. The loan will be repaid to the City in equal monthly installments and will mature on November 18, 2030. The loan bears interest at 2.5% per annum.

**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 - Pension Plans
Last Five Fiscal Years**

	2018	2017	2016	2015	2014
	General	General	General	General	General
	Employees	Employees	Employees	Employees	Employees
Changes in Net Pension Liability	Retirement	Retirement	Retirement	Retirement	Retirement
Total pension liability:					
Service cost	\$ 2,285,357	\$ 2,231,775	\$ 2,262,441	\$ 2,132,568	\$ 2,070,454
Interest on total pension liability	10,822,683	10,546,534	9,963,041	9,705,969	9,548,761
Differences between expected and actual experience	(3,629,137)	-	(1,674,712)	-	-
Changes of assumptions	(2,511,121)	-	6,504,256	-	-
Benefit payments	(8,761,960)	(9,274,911)	(8,687,738)	(8,166,553)	(10,813,036)
Net change in total pension liability	(1,794,178)	3,503,398	8,367,288	3,671,984	806,179
Total pension liability, beginning	151,297,368	147,793,970	139,426,682	135,754,698	134,948,519
Total pension liability, ending (a)	149,503,190	151,297,368	147,793,970	139,426,682	135,754,698
Fiduciary net position:					
Employer contributions	4,787,000	4,709,000	3,846,000	3,776,000	3,665,000
Member contributions	248,065	244,029	223,956	217,413	120,469
Investment income net of investment expenses	9,902,756	9,718,712	(3,105,668)	3,920,638	14,322,567
Benefit payments	(8,761,960)	(9,274,911)	(8,687,738)	(8,166,553)	(10,813,036)
Administrative expenses	(157,915)	(169,988)	(73,106)	(74,473)	-
Net change in plan fiduciary net position	6,017,946	5,226,842	(7,796,556)	(326,975)	7,295,000
Fiduciary net position, beginning	104,003,430	98,776,588	106,573,144	106,900,119	99,605,119
Fiduciary net position, ending (b)	110,021,376	104,003,430	98,776,588	106,573,144	106,900,119
Net pension liability, ending = (a) - (b)	\$ 39,481,814	\$ 47,293,938	\$ 49,017,382	\$ 32,853,538	\$ 28,854,579
Fiduciary net position as a % of total pension liability	73.59%	68.74%	66.83%	76.44%	78.75%
Covered payroll	\$ 26,008,073	\$ 26,357,000	\$ 25,589,651	\$ 26,806,000	\$ 26,025,000
Net pension liability as a % of covered payroll	151.81%	179.44%	191.55%	122.56%	110.87%
	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	9.50%	9.81%	-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 - Pension Plans (Continued)
Last Five Fiscal Years**

	2018	2017	2016	2015	2014
	Pre-1967 Police Pension Plan	Pre-1967 Police Pension Plan	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	-	(623,600)	201,582	-	-
Changes of assumptions	-	-	148,725	-	-
Interest on total pension liability	394,107	481,839	504,238	553,203	602,880
Benefit payments	(1,029,138)	(1,106,167)	(1,218,841)	(1,237,975)	(1,336,484)
Net change in total pension liability	(635,031)	(1,247,928)	(364,296)	(684,772)	(733,604)
Total pension liability, beginning	5,941,537	7,189,465	7,553,761	8,238,533	8,972,137
Total pension liability, ending (a)	5,306,506	5,941,537	7,189,465	7,553,761	8,238,533
Fiduciary net position:					
Employer contributions	721,000	721,000	655,000	655,000	805,000
Member contributions	-	-	-	-	-
Investment income net of investment expenses	153,377	175,535	(61,449)	88,860	383,393
Benefit payments	(1,029,138)	(1,106,167)	(1,218,841)	(1,237,975)	(1,336,484)
Administrative expenses	(10,823)	(10,228)	(8,710)	(5,892)	-
Net change in plan fiduciary net position	(165,584)	(219,860)	(634,000)	(500,007)	(148,091)
Fiduciary net position, beginning	1,781,415	2,001,275	2,635,275	3,135,282	3,283,373
Fiduciary net position, ending (b)	1,615,831	1,781,415	2,001,275	2,635,275	3,135,282
Net pension liability, ending = (a) - (b)	\$ 3,690,675	\$ 4,160,122	\$ 5,188,190	\$ 4,918,486	\$ 5,103,251
Fiduciary net position as a % of total pension liability	30.45%	29.98%	27.84%	34.89%	38.06%
Covered payroll	N/A	N/A	N/A	N/A	N/A
Net pension liability as a % of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Annual money-weighted rate of return, net of investment expense	2018 8.05%	2017 8.40%	2016 -2.40%	2015 3.39%	2014 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 - Pension Plans (Continued)
Last Five Fiscal Years**

	2018	2017	2016	2015	2014
	Pre-1967 Fire Pension Plan	Pre-1967 Fire Pension Plan	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	361,382	414,321	415,146	445,256	475,224
Differences between expected and actual experience	-	(316,834)	230,528	-	-
Changes of assumptions	-	-	178,899	-	-
Benefit payments	(827,941)	(827,435)	(844,167)	(876,387)	(900,366)
Net change in total pension liability	(466,559)	(729,948)	(19,594)	(431,131)	(425,142)
Total pension liability, beginning	5,391,308	6,121,256	6,140,850	6,571,981	6,997,123
Total pension liability, ending (a)	4,924,749	5,391,308	6,121,256	6,140,850	6,571,981
Fiduciary net position:					
Employer contributions	481,000	468,000	415,000	415,000	497,000
Member contributions	-	-	-	-	-
Investment income net of investment expenses	188,421	214,072	(75,668)	104,536	420,984
Benefit payments	(827,941)	(827,435)	(844,167)	(876,387)	(900,366)
Administrative expenses	(11,148)	(11,130)	(6,361)	(7,136)	-
Net change in plan fiduciary net position	(169,668)	(156,493)	(511,196)	(363,987)	17,618
Fiduciary net position, beginning	2,214,964	2,371,457	2,882,653	3,246,640	3,229,022
Fiduciary net position, ending (b)	2,045,296	2,214,964	2,371,457	2,882,653	3,246,640
Net pension liability, ending = (a) - (b)	\$ 2,879,453	\$ 3,176,344	\$ 3,749,799	\$ 3,258,197	\$ 3,325,341
Fiduciary net position as a % of total pension liability	41.53%	41.08%	38.74%	46.94%	49.40%
Covered payroll	N/A	N/A	N/A	N/A	N/A
Net pension liability as a % of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Annual money-weighted rate of return, net of investment expense	8.45%	8.97%	-2.74%	3.63%	12.93%

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City of Danbury, Connecticut

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

	2018	2017	2016	2015	2014
	Post-1967	Post-1967	Post-1967	Post-1967	Post-1967
	Police	Police	Police	Police	Police
Changes in Net Pension Liability	Pension Plan	Pension Plan	Pension Plan	Pension Plan	Pension Plan
Total pension liability:					
Service cost	\$ 76,175	\$ 60,978	\$ 59,491	\$ 100,676	\$ 97,744
Interest on total pension liability	3,904,575	4,026,284	4,048,243	4,135,500	4,122,607
Differences between expected and actual experience	-	(141,108)	-	(1,159,613)	-
Changes of assumptions	-	(1,143,454)	-	-	-
Benefit payments	(4,529,572)	(4,464,859)	(4,361,159)	(4,120,884)	(3,972,610)
Net change in total pension liability	(548,822)	(1,662,159)	(253,425)	(1,044,321)	247,741
Total pension liability, beginning	56,005,182	57,667,341	57,920,766	58,965,087	58,717,346
Total pension liability, ending (a)	55,456,360	56,005,182	57,667,341	57,920,766	58,965,087
Fiduciary net position:					
Employer contributions	965,000	843,000	1,152,000	803,000	799,000
Member contributions	-	3,394	6,427	13,032	12,953
Investment income net of investment expenses	3,817,945	3,905,155	(1,343,456)	1,722,288	6,359,533
Benefit payments	(4,529,572)	(4,464,859)	(4,361,159)	(4,120,884)	(3,972,610)
Administrative expenses	(23,155)	(12,633)	(10,023)	(20,901)	-
Net change in plan fiduciary net position	230,218	274,057	(4,556,211)	(1,603,465)	3,198,876
Fiduciary net position, beginning	41,382,235	41,108,178	45,664,389	47,267,854	44,068,978
Fiduciary net position, ending (b)	41,612,453	41,382,235	41,108,178	45,664,389	47,267,854
Net pension liability, ending = (a) - (b)	\$ 13,843,907	\$ 14,622,947	\$ 16,559,163	\$ 12,256,377	\$ 11,697,233
Fiduciary net position as a % of total pension liability	75.04%	73.89%	71.29%	78.84%	80.16%
Covered payroll	\$ 735,257	\$ 715,579	\$ 1,172,000	\$ 1,138,000	\$ 1,220,000
Net pension liability as a % of covered payroll	1882.87%	2043.51%	1412.90%	1077.01%	958.79%
	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	9.53%	9.81%	-3.03%	3.79%	14.80%

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City of Danbury, Connecticut

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

	2018	2017	2016	2015	2014
	Post-1967	Post-1967	Post-1967	Post-1967	Post-1967
	Fire	Fire	Fire	Fire	Fire
Changes in Net Pension Liability	Pension Plan	Pension Plan	Pension Plan	Pension Plan	Pension Plan
Total pension liability:					
Service cost	\$ 1,606,944	\$ 1,750,287	\$ 1,707,587	\$ 1,659,154	\$ 1,610,829
Interest on total pension liability	6,754,154	6,631,944	6,384,417	6,060,488	5,821,541
Differences between expected and actual experience	-	709,278	-	699,463	-
Changes of assumptions	-	(2,249,496)	-	494,323	-
Benefit payments	(5,227,911)	(4,805,508)	(4,638,500)	(4,354,212)	(4,021,371)
Net change in total pension liability	3,133,187	2,036,505	3,453,504	4,559,216	3,410,999
Total pension liability, beginning	94,122,024	92,085,519	88,632,015	84,072,799	80,661,800
Total pension liability, ending (a)	97,255,211	94,122,024	92,085,519	88,632,015	84,072,799
Fiduciary net position:					
Employer contributions	2,670,000	2,531,172	3,327,082	2,010,000	1,975,315
Member contributions	450,633	490,878	471,063	482,977	470,868
Investment income net of investment expenses	6,789,352	6,553,986	(2,030,614)	2,575,947	8,987,928
Benefit payments	(5,227,911)	(4,805,508)	(4,638,500)	(4,354,212)	(4,021,371)
Administrative expenses	(29,371)	(14,564)	(16,176)	(24,152)	-
Net change in plan fiduciary net position	4,652,703	4,755,964	(2,887,145)	690,560	7,412,740
Fiduciary net position, beginning	71,143,103	66,387,139	69,274,284	68,583,724	61,170,984
Fiduciary net position, ending (b)	75,795,806	71,143,103	66,387,139	69,274,284	68,583,724
Net pension liability, ending = (a) - (b)	\$ 21,459,405	\$ 22,978,921	\$ 25,698,380	\$ 19,357,731	\$ 15,489,075
Fiduciary net position as a % of total pension liability	77.93%	75.59%	72.09%	78.16%	81.58%
Covered payroll	\$ 8,289,441	\$ 8,067,582	\$ 8,715,000	\$ 8,461,000	\$ 8,923,000
Net pension liability as a % of covered payroll	258.88%	284.83%	294.88%	228.79%	173.59%
Annual money-weighted rate of return, net of investment expense	9.53%	9.84%	-2.94%	3.84%	14.78%

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City of Danbury, Connecticut

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

	2018	2017	2016	2015	2014
	Post-1983	Post-1983	Post-1983	Post-1983	Post-1983
	Police	Police	Police	Police	Police
Changes in Net Pension Liability	Pension Plan	Pension Plan	Pension Plan	Pension Plan	Pension Plan
Total pension liability:					
Service cost	\$ 1,639,412	\$ 1,517,182	\$ 1,480,169	\$ 1,388,686	\$ 1,348,239
Interest on total pension liability	4,174,919	3,692,029	3,432,817	3,137,854	2,890,233
Differences between expected and actual experience	-	918,189	-	(107,160)	-
Changes of assumptions	-	1,997,763	-	698,090	-
Benefit payments	(1,692,473)	(1,484,811)	(1,268,318)	(1,017,069)	(715,125)
Net change in total pension liability	4,121,858	6,640,352	3,644,668	4,100,401	3,523,347
Total pension liability, beginning	56,777,118	50,136,766	46,492,098	42,391,697	38,868,350
Total pension liability, ending (a)	60,898,976	56,777,118	50,136,766	46,492,098	42,391,697
Fiduciary net position:					
Employer contributions	2,999,782	2,457,933	2,385,261	2,115,030	2,081,655
Member contributions	495,121	505,959	475,914	455,189	434,604
Investment income (loss) net of investment expenses	3,415,002	3,050,119	(782,347)	993,903	3,067,009
Benefit payments	(1,692,473)	(1,484,811)	(1,268,318)	(1,017,069)	(715,125)
Administrative expenses	(27,770)	(14,801)	(6,475)	(23,211)	-
Net change in plan fiduciary net position	5,189,662	4,514,399	804,035	2,523,842	4,868,143
Fiduciary net position, beginning	34,422,829	29,908,430	29,104,395	26,580,553	21,712,410
Fiduciary net position, ending (b)	39,612,491	34,422,829	29,908,430	29,104,395	26,580,553
Net pension liability, ending = (a) - (b)	\$ 21,286,485	\$ 22,354,289	\$ 20,228,336	\$ 17,387,703	\$ 15,811,144
Fiduciary net position as a % of total pension liability	65.05%	60.63%	59.65%	62.60%	62.70%
Covered payroll	\$ 10,841,838	\$ 10,551,667	\$ 10,554,000	\$ 10,247,000	\$ 9,879,000
Net pension liability as a % of covered payroll	196.34%	211.86%	191.67%	169.69%	160.05%
	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	9.45%	9.65%	-2.58%	3.75%	13.36%

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City of Danbury, Connecticut

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

	2018	2017	2016	2015	2014
	Post-2011	Post-2011	Post-2011	Post-2011	Post-2011
	Fire	Fire	Fire	Fire	Fire
Changes in Net Pension Liability	Pension Plan	Pension Plan	Pension Plan	Pension Plan	Pension Plan
Total pension liability:					
Service cost	\$ 124,435	\$ 82,686	\$ 80,669	\$ 78,741	\$ 76,448
Interest on total pension liability	37,954	24,746	17,893	12,904	6,116
Differences between expected and actual experience	-	-	-	(27,709)	-
Changes of assumptions	-	58,790	-	25,473	-
Benefit payments	-	(25,797)	(11,903)	-	-
Net change in total pension liability	162,389	140,425	86,659	89,409	82,564
Total pension liability, beginning	399,057	258,632	171,973	82,564	-
Total pension liability, ending (a)	561,446	399,057	258,632	171,973	82,564
Fiduciary net position:					
Employer contributions	80,568	45,539	64,490	70,797	-
Member contributions	79,714	70,929	51,425	45,030	35,835
Investment income net of investment expenses	38,064	20,988	859	10	3
Benefit payments	-	-	(11,903)	-	-
Administrative expenses	(12,657)	(7,356)	(8,076)	(3,705)	-
Net change in plan fiduciary net position	185,689	130,100	96,795	112,132	35,838
Fiduciary net position, beginning	374,865	244,765	147,970	35,838	-
Fiduciary net position, ending (b)	560,554	374,865	244,765	147,970	35,838
Net pension liability, ending = (a) - (b)	\$ 892	\$ 24,192	\$ 13,867	\$ 24,003	\$ 46,726
Fiduciary net position as a % of total pension liability	99.84%	93.94%	94.64%	86.04%	43.41%
Covered payroll	\$ 902,638	\$ 878,480	\$ 771,841	\$ 749,360	\$ 597,250
Net pension liability as a % of covered payroll	0.10%	2.75%	1.80%	3.20%	7.82%
Annual money-weighted rate of return, net of investment expense	8.61%	6.69%	0.43%	0.01%	0.02%

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City of Danbury, Connecticut

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

Schedule of Contributions - General Employees										
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined calculation	\$ 4,787,000	\$ 4,709,000	\$ 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	4,787,000	4,709,000	3,846,000	3,776,000	3,665,000	3,559,000	2,639,000	2,529,000	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	\$ 26,008,073	\$ 26,357,000	\$ 25,589,651	\$ 26,806,000	\$ 26,025,000	\$ 25,267,004	\$ 26,889,958	\$ 25,822,179	\$ 26,822,179	\$ 25,822,000
Contributions as a percentage of covered payroll	18.41%	17.87%	15.03%	14.09%	14.08%	14.09%	9.81%	9.79%	0.00%	0.00%
Schedule of Contributions - Pre-1967 Police										
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined calculation	\$ 721,000	\$ 721,000	\$ 655,000	\$ 655,000	\$ 805,000	\$ 805,000	\$ 904,000	\$ 904,000	\$ 845,000	\$ 845,000
Contributions in relation to actuarially determined calculation	721,000	721,000	655,000	655,000	805,000	805,000	904,000	904,000	845,000	845,000
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered 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										
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined calculation	\$ 481,000	\$ 468,000	\$ 415,000	\$ 415,000	\$ 497,000	\$ 497,000	\$ 488,000	\$ 488,000	\$ 552,000	\$ 552,000
Contributions in relation to actuarially determined calculation	481,000	468,000	415,000	415,000	497,000	497,000	488,000	488,000	552,000	552,000
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	-	-	-	-	-	-	-	-	-	-
Contributions as a percentage of covered 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										
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined calculation	\$ 965,000	\$ 843,000	\$ 1,152,000	\$ 803,000	\$ 799,000	\$ 748,000	\$ 798,000	\$ -	\$ -	\$ -
Contributions in relation to actuarially determined calculation	965,000	843,000	1,152,000	803,000	799,000	748,000	798,000	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	\$ 735,257	\$ 715,579	\$ 1,172,000	\$ 1,138,000	\$ 1,220,000	\$ 1,185,000	\$ 1,115,000	\$ 1,150,000	\$ 1,528,000	\$ 1,528,000
Contributions as a percentage of covered payroll	131.25%	117.81%	98.29%	70.56%	65.49%	63.12%	71.57%	0.00%	0.00%	0.00%
Schedule of Contributions - Post 1967 Fire										
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined calculation	\$ 2,598,000	\$ 2,531,000	\$ 2,493,000	\$ 2,010,000	\$ 1,975,000	\$ 1,363,000	\$ 1,429,000	\$ 311,000	\$ 272,000	\$ -
Contributions in relation to actuarially determined calculation	2,670,000	2,531,172	3,327,082	2,010,000	1,975,315	1,363,000	1,429,000	311,000	272,000	-
Contribution deficiency (excess)	\$ (72,000)	\$ (172)	\$ (834,082)	\$ -	\$ (315)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	\$ 8,289,441	\$ 8,067,582	\$ 8,715,000	\$ 8,461,000	\$ 8,923,000	\$ 8,663,000	\$ 8,410,697	\$ 8,410,000	\$ 8,446,000	\$ 8,446,000
Contributions as a percentage of covered payroll	32.21%	31.37%	38.18%	23.76%	22.14%	15.73%	16.99%	3.70%	3.22%	0.00%
Schedule of Contributions - Post 1983 Police Pension Plan										
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined calculation	\$ 2,998,000	\$ 2,455,000	\$ 2,417,000	\$ 2,114,000	\$ 2,081,000	\$ 1,517,000	\$ 1,602,000	\$ 1,047,000	\$ 1,018,000	\$ 889,000
Contributions in relation to actuarially determined calculation	2,999,782	2,457,933	2,385,261	2,115,030	2,081,655	1,517,000	1,419,000	1,047,000	1,018,000	889,000
Contribution deficiency (excess)	\$ (1,782)	\$ (2,933)	\$ 31,739	\$ (1,030)	\$ (655)	\$ -	\$ 183,000	\$ -	\$ -	\$ -
Covered - employee payroll	\$ 10,841,838	\$ 10,551,667	\$ 10,554,000	\$ 10,247,000	\$ 9,879,000	\$ 9,592,000	\$ 9,312,330	\$ 9,312,330	\$ 8,678,000	\$ 8,678,000
Contributions as a percentage of covered payroll	27.67%	23.29%	22.60%	20.64%	21.07%	15.82%	15.24%	11.24%	11.73%	10.24%

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined calculation	\$ 64,000	\$ 43,000	\$ 42,000	\$ 41,000	\$ 40,613	N/A	N/A	N/A	N/A	N/A
Contributions in relation to actuarially determined calculation	80,568	45,539	64,490	70,797	-	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ (16,568)	\$ (2,539)	\$ (22,490)	\$ (29,797)	\$ 40,613	N/A	N/A	N/A	N/A	N/A
Covered payroll	\$ 902,638	\$ 878,480	\$ 771,841	\$ 749,360	\$ 597,250	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	8.93%	5.18%	8.36%	9.45%	0.00%	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 Four Fiscal Years**

Measurement Date June, 30	2018	2017	2016	2015
City's proportion of the net pension liability	0.00%	0.00%	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	\$ 244,036,306	\$ 257,460,172	\$ 188,625,334	\$ 174,346,320
Total	\$ 244,036,306	\$ 257,460,172	\$ 188,625,334	\$ 174,346,320
City's covered payroll	\$ 77,350,837	\$ 74,555,030	\$ 72,110,000	\$ 69,885,000
City's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
System fiduciary net position as a percentage of the total pension liability	55.93%	52.26%	59.50%	61.51%

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 Contributions/Investment Returns - OPEB Plans
 Last Two Fiscal Years*

	Schedule of Contributions - OPEB Plan			
	City	BOE	City	BOE
	2018	2018	2017	2017
Actuarially determined contribution	\$ 17,518,000	\$ 1,197,000	\$ 21,915,000	\$ 2,670,000
Contributions in relation to the actuarially determined contribution	10,558,546	909,734	8,537,932	1,006,040
Contribution deficiency (excess)	\$ 6,959,454	\$ 287,266	\$ 13,377,068	\$ 1,663,960
Covered payroll	\$ 65,657,660	\$ 87,280,878	\$ 63,993,821	\$ 85,069,082
Contributions as a percentage of covered payroll	16.08%	1.04%	13.34%	1.18%
	City	BOE	City	BOE
	2018	2018	2017	2017
Schedule of Investment Returns - OPEB Plan				
Annual money-weighted rate of return	1.18%	1.12%	0.15%	0.14%

*Note: This schedule is intended to show ten years of information. Additional information will be added as it becomes available.

City of Danbury, Connecticut

Required Supplementary Information - unaudited
 Schedule of Changes in the General Government/BOE's OPEB Liability and Related Ratios - OPEB Plan
 Last Two Fiscal Years*

	General		General	
	Government	BOE	Government	BOE
Changes in Net OPEB Liability	2018	2018	2017	2017
Total OPEB liability:				
Service cost	\$ 4,924,813	\$ 1,023,694	\$ 6,220,604	\$ 784,349
Interest	12,528,613	538,215	11,481,426	575,048
Differences between expected and actual experience	(730,155)	854,537	(1,589,083)	1,104,887
Changes in assumptions	(4,594,287)	(523,751)	(31,976,341)	1,862,300
Benefit payments, including refunds of member contributions	(8,558,546)	(1,007,474)	(7,137,932)	(1,172,220)
Net change in total OPEB liability	3,570,438	885,221	(23,001,326)	3,154,364
Total pension liability, beginning	216,805,198	14,509,563	239,806,524	11,355,199
Total OPEB liability, ending (a)	220,375,636	15,394,784	216,805,198	14,509,563
Fiduciary net position:				
Employer contributions	10,558,546	909,734	8,537,932	1,006,040
TRB subsidy	-	97,740	-	166,180
Member contributions	-	-	-	-
Investment (loss) income net of investment expenses	65,020	1,635	5,416	208
Benefit payments, including refunds of member contributions	(8,558,546)	(1,007,474)	(7,137,932)	(1,172,220)
Administrative expenses	-	-	-	-
Other	-	-	-	-
Net change in plan fiduciary net position	2,065,020	1,635	1,405,416	208
Fiduciary net position, beginning	3,826,110	146,545	2,420,694	146,337
Fiduciary net position, ending (b)	5,891,130	148,180	3,826,110	146,545
Net OPEB liability, ending = (a) - (b)	\$ 214,484,506	\$ 15,246,604	\$ 212,979,088	\$ 14,363,018
Fiduciary net position as a % of total OPEB liability	2.67%	0.97%	1.76%	1.02%
Covered payroll	\$ 65,657,660	\$ 87,280,878	\$ 63,993,821	\$ 85,069,082
Net OPEB liability as a % of covered payroll	326.67%	17.47%	332.81%	16.88%

*Note: This schedule is intended to show ten years of information. Additional information will be added as it becomes available.

City of Danbury, Connecticut

**Required Supplementary Information - unaudited
Schedule of the City's Proportionate Share of the Net OPEB Liability - Teachers Retiree Health Plan
Last Fiscal Year***

2018

City's proportion of the net OPEB liability	0.00%
City's proportionate share of the net OPEB liability	-
State's proportionate share of the net OPEB liability associated with the City	<u>62,812,186</u>
Total	<u><u>62,812,186</u></u>
City's covered payroll	77,350,837
City's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	The discount rate was increased from 3.01% to 3.56% to reflect the change in the Municipal Bond Index Rate Changes were made to the assumed initial per capita health care costs, rates of health care inflation used to project the per capita costs, and the rates of Plan participation based upon recent experience and current expectations. As a result of the experience study for the five-year period ending June 30, 2015, the long-term rate of return was lowered from 4.50% to 4.25% to reflect the decrease in the rate of inflation. Similarly, the payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase. Last, the salary growth assumption, the payroll growth rate, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board.
Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	30 years, open
Asset valuation method	Market value of assets
Investment rate of return	4.25%, net of investment related expense including price inflation

Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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, 2018**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Revenues:				
General property taxes	\$ 207,800,160	\$ 207,800,160	\$ 209,305,618	\$ 1,505,458
Federal and state governments	35,420,213	35,420,213	31,192,925	(4,227,288)
Licenses and permits	4,255,820	4,255,820	3,494,955	(760,865)
Charges for services	2,446,057	2,451,160	1,975,755	(475,405)
Fines and penalties	177,750	177,750	296,040	118,290
Investment income	400,000	400,000	1,195,134	795,134
Total revenues	250,500,000	250,505,103	247,460,427	(3,044,676)
Expenditures:				
Current:				
General government	10,331,579	10,456,590	9,560,968	895,622
Public safety	35,939,744	35,978,281	34,374,460	1,603,821
Public works	10,537,224	10,666,375	9,770,841	895,534
Health and welfare	2,238,146	2,322,284	2,189,431	132,853
Culture and recreation	3,006,652	3,016,892	2,847,111	169,781
Education	128,450,000	128,450,000	128,450,000	-
Pension and other employee benefits	38,461,857	38,476,857	36,424,945	2,051,912
Education -Schools health and welfare	208,575	208,575	208,575	-
Contingency	300,000	225,000	-	225,000
Debt service:				
Principal retirements	11,625,877	11,625,877	11,625,876	1
Interest	5,215,424	5,215,424	4,990,435	224,989
Total expenditures	246,315,078	246,642,155	240,442,642	6,199,513
Excess (deficiency) of revenues over (under) expenditures	4,184,922	3,862,948	7,017,785	3,154,837
Other financing sources (uses):				
Bond Premium	-	-	1,435,371	1,435,371
Transfers in	-	1,621,974	-	(1,621,974)
Transfers (out)	(4,184,922)	(5,484,922)	(5,484,922)	-
Total other financing sources (uses)	(4,184,922)	(3,862,948)	(4,049,551)	(186,603)
Revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ -	\$ 2,968,234	\$ 2,968,234

See note to required supplementary information.

City of Danbury, Connecticut

**Note to Required Supplementary Information - Unaudited
June 30, 2018**

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 \$1,627,076.
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.
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, 2018, there were no continued appropriations.

City of Danbury, Connecticut

**Note to Required Supplementary Information - Unaudited
June 30, 2018**

Note 1. Budgets and Budgetary Accounting (Continued)

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	\$ 248,895,798	\$ 245,927,564
Encumbrances and continued appropriations:		
June 30, 2018	-	(2,822,103)
June 30, 2017	-	1,172,277
Amounts due to refunding	2,254,985	-
State Teachers' Retirement on-behalf payments, not recognized for budgetary purposes	31,188,906	31,188,906
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 and Fire Special Services	2,139,498	2,119,578
GASB No. 54	1,555,666	1,684,865
Balance, GAAP basis	<u>\$ 286,034,853</u>	<u>\$ 279,271,087</u>

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

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

Appendix B

Form of Opinion of Bond Counsel

[FORM OF OPINION OF BOND COUNSEL]

November __, 2019

City of Danbury,
 Danbury, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the City of Danbury, Connecticut (the “City”), a Tax Regulatory Agreement of the City, dated November 4, 2019 (the “Tax Regulatory Agreement”), and other proofs submitted to us relative to the issuance and sale of \$50,000,000 City of Danbury, Connecticut General Obligation Bonds, Issue of 2019, Series B, dated November 4, 2019 (the “Bonds”), maturing on November 1 in each of the years, in the principal amounts and bearing interest payable on May 1, 2020 and semiannually thereafter on November 1 and May 1 in each year until maturity or earlier redemption, at the rates per annum as follows:

<u>Year of Maturity</u>	<u>Principal Amount*</u>	<u>Interest Rate Per Annum</u>	<u>Year of Maturity</u>	<u>Principal Amount*</u>	<u>Interest Rate Per Annum</u>
2020	\$2,500,000	%	2030	\$2,500,000	%
2021	2,500,000		2031	2,500,000	
2022	2,500,000		2032	2,500,000	
2023	2,500,000		2033	2,500,000	
2024	2,500,000		2034	2,500,000	
2025	2,500,000		2035	2,500,000	
2026	2,500,000		2036	2,500,000	
2027	2,500,000		2037	2,500,000	
2028	2,500,000		2038	2,500,000	
2029	2,500,000		2039	2,500,000	

with principal payable at the principal office of U.S. Bank National Association, in Hartford, Connecticut, and with interest payable to the registered owner as of the close of business on the last business day fifteenth day of April and October in each year, or the preceding business day if such fifteenth day is not a business day, by check mailed to such registered owner at his address as shown on the registration books of the City kept for such purpose. The Bonds are subject to redemption prior to maturity as therein provided.

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

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

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

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

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

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

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

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

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

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

Respectfully,

Appendix C

Form of Continuing Disclosure Agreement

[FORM OF CONTINUING DISCLOSURE AGREEMENT]

CONTINUING DISCLOSURE AGREEMENT

City of Danbury, Connecticut
\$50,000,000 General Obligation Bonds, Issue of 2019, Series B
dated November 4, 2019

November __, 2019

WHEREAS, the City of Danbury, Connecticut (the “City”) has heretofore authorized the issuance of \$50,000,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2019, Series B, dated November 4, 2019 (the “Bonds”), maturing on the dates and in the amounts set forth in the City’s Official Statement dated October 22, 2019 describing the Bonds (the “Official Statement”); and

WHEREAS, the Bonds have been sold by a competitive bid pursuant to a Notice of Sale, dated October 15, 2019 (the “Notice of Sale”); and

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

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

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

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

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

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

“Financial Obligation” shall mean any (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). Municipal securities as to which a final official statement has been filed with the Repository, consistent with the Rule, shall not be considered a Financial Obligation.

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

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

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

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

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

Section 2. Annual Reports.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 3. Timing. The City shall provide the financial information and operating data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the Bonds, provided, however, that if such financial information and operating data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Official Statement for the Bonds or has not otherwise been previously provided, the City shall provide such financial information and operating data no later than eight months after the close of such preceding Fiscal Year End. The City agrees that if audited financial statements are not available eight months after the close of any Fiscal Year End, it shall submit unaudited financial statements by such time and will submit audited financial statements information when and if available.

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

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

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

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

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

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the City may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the City, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) this Agreement, as so amended, would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of financial information or operating data provided.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the City chooses to include any other information in any Annual Report or provide notice of the occurrence of any other event in addition to that which is specifically required by this Agreement, the City shall have no obligation under this Agreement to update such information or include or provide such information or notice of the occurrence of such event in the future.

Section 10. Indemnification. The City agrees, pursuant to applicable law, to indemnify and save its officials, officers and employees harmless against any loss, expense or liability which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any loss, expense or liability due to any such person's malicious, wanton, or willful act. The obligations of the City under this Section shall survive termination of this Agreement.

Section 11. Enforceability. The City agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the City shall fail to perform its duties hereunder, the City shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the City does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the City's obligations hereunder. No monetary damages shall arise or be payable hereunder, nor shall any failure to comply with this Agreement constitute a default of the City with respect to the Bonds.

[REMAINDER OF PAGE INTENTIONALLY BLANK. SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, the City has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

CITY OF DANBURY, CONNECTICUT

By: _____

Name: Mark D. Boughton

Title: Mayor

By: _____

Name: David W. St. Hilaire

Title: Director of Finance

Appendix D

Notice of Sale

NOTICE OF SALE
\$50,000,000
CITY OF DANBURY, CONNECTICUT
GENERAL OBLIGATION BONDS, ISSUE OF 2019, SERIES B

Electronic bids (as described herein) will be received by the **CITY OF DANBURY, CONNECTICUT** (the “City”), until 11:30 A.M. (E.T.) Tuesday,

OCTOBER 22, 2019

(the “Sale Date”) for the purchase of all, but not less than all, of the \$50,000,000 City of Danbury, Connecticut General Obligation Bonds, Issue of 2019, Series B (the “Bonds”). Electronic bids must be submitted via **PARITY**[®]. (See “Electronic Bidding Procedures”).

The City reserves the right to make changes to the provisions of this Notice of Sale, including the date and time of the sale, prior to the date and time of sale set forth above. Any such changes will be posted through **PARITY**[®]. Prospective bidders are advised to check for such **PARITY**[®] postings prior to the above stated sale time.

The Bonds

The Bonds will be dated November 4, 2019, mature in the principal amounts of \$2,500,000 on November 1 in each of the years 2020 to 2039, both inclusive, bear interest payable on May 1, 2020 and semiannually thereafter on November 1 and May 1 in each year until maturity or earlier redemption, as further described in the Preliminary Official Statement for the Bonds dated October 15, 2019 (the “Preliminary Official Statement”).

The Bonds maturing on or before November 1, 2026 are not subject to redemption prior to maturity. The Bonds maturing on November 1, 2027 and thereafter are subject to redemption prior to maturity, at the election of the City, on and after November 1, 2026, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the City may determine, at the respective prices (expressed as a percentage of the principal amounts of Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
November 1, 2026 and thereafter	100%

Nature of Obligation

The full faith and credit of the City will be pledged for the prompt payment of the principal of and interest on the Bonds when due. The Bonds will be general obligations of the City payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

Bank Qualification

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

Registration

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York ("DTC"), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 and integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the City or its agent in Federal funds to DTC or its nominee as registered owner of the Bonds. Principal and interest payments to participants of DTC will be the responsibility of DTC. Principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY®**. Subscription to i-Deal LLC's BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of **PARITY®** shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, **PARITY®**, the use of such facilities being the sole risk of the prospective bidder.

All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale. If any provisions of this Notice of Sale shall conflict with information provided by **PARITY®** as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com).

Bid Specifications/Basis of Award

Each bid must be for the entire \$50,000,000 of Bonds and must specify the rate or rates of interest therefor in a multiple of 1/20 or 1/8 of 1% per annum. Bids shall not state more than one interest rate for any Bonds having the same maturity date. The highest interest rate bid for a maturity and the lowest rate bid for any other maturity may not differ by more than three (3%) percentage points. Interest shall be computed on the basis of twelve 30 day months and a 360 day year. No bid for less than all of the Bonds or for less than par and accrued interest, if any, will be considered.

For purposes of the electronic bidding process, the time as maintained by **PARITY®** shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the City, computed and rounded to six decimal places.

For the purpose of determining the successful bidder, the true interest cost to the City will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to November 4, 2019, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued, if any, to November 4, 2019, the delivery date of the Bonds. It is requested that each bid be accompanied by a statement of the percentage of true interest cost computed and rounded to six decimal places. Such statement shall not be considered as a part of the bid. The Bonds will be awarded or all bids will be rejected promptly after the bid opening, but not later than 4:00 P.M. (E.T.) on the Sale Date. The purchase price must be paid in Federal funds.

The City reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any bid. The City further reserves the right to postpone the sale to another time and date in its sole and absolute discretion for any reason, including, without limitation, internet difficulties. The City will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Unless all bids are rejected or the bid is postponed, the Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost.

Closing Documents and Legal Opinion

The Bonds will be certified by U.S. Bank National Association, Hartford, Connecticut. The legality of the Bonds will be passed upon by Robinson & Cole LLP, Hartford, Connecticut (“Bond Counsel”), and the winning bidder will be furnished with their opinion without charge. The winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the final Official Statement prepared for the Bonds, a certificate signed by the appropriate officials of the City relating to the accuracy and completeness of information contained in the final Official Statement, and an executed Continuing Disclosure Agreement.

The legal opinion will further state that (i) under existing statutes and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, (iii) under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering its legal opinion, Bond Counsel will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the City for the benefit of the owners of the Bonds, and further, will assume compliance by the City with the covenants and procedures set forth in such Tax Regulatory Agreement. A copy of the opinion will be printed upon each of the Bonds, and a signed opinion and transcript of proceedings will be filed with U.S. Bank National Association, Hartford, Connecticut, and will be available for examination upon request.

Obligation to Deliver Issue Price Certificate

Pursuant to the Code and applicable Treasury Regulations, the City must establish the “issue price” of the Bonds. In order to assist the City, the winning bidder is obligated to deliver to the City a certificate (an “Issue Price Certificate”) and such additional information satisfactory to Bond Counsel described below, prior to the delivery of the Bonds. The City will rely on the Issue Price Certificate and such additional information in determining the issue price of the Bonds. The form of Issue Price Certificate is available by contacting Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, Email: mspoerndle@muniadvisors.com, Telephone: (203) 878-4945, municipal advisor to the City (the “Municipal Advisor”).

By submitting a bid, each bidder is certifying that (i) it is an underwriter of municipal bonds which has an established industry reputation for underwriting new issuances of municipal bonds, (ii) its bid is a firm offer to purchase the Bonds, (iii) its bid is a good faith offer which the bidder believes reflects current market conditions, and (iv) its bid is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale rule relating to the establishment of the issue price of the Bonds pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the “Competitive Sale Rule”).

The Municipal Advisor will advise the winning bidder if the Competitive Sale Rule was met at the same time it notifies the winning bidder of the award of the Bonds. **Bids will not be subject to cancellation in the event that the Competitive Sale Rule is not satisfied.**

Competitive Sale Rule Met. If the Municipal Advisor advises the winning bidder that the Competitive Sale Rule has been met, the winning bidder shall, within one (1) hour after being notified of the award of the Bonds, advise the Municipal Advisor by electronic or facsimile transmission of the reasonably expected initial offering price to the public of each maturity of the Bonds as of the Sale Date.

Competitive Sale Rule Not Met. By submitting a bid, the winning bidder agrees (unless the winning bidder is purchasing the Bonds for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Rule is not met, it will satisfy either the **10% Sale Rule** or the **Hold the Offering Price Rule** described below with respect to each maturity of the Bonds prior to the delivery date of the Bonds. The rule selected with respect to each maturity of the Bonds shall be set forth on an Issue Price Rule Selection Certificate, the form of which is attached hereto, which shall be sent to the winning bidder promptly after the award of the Bonds. The winning bidder shall complete and execute the Issue Price Rule Selection Certificate and email it to Bond Counsel and the Municipal Advisor by 5:00 P.M. on the day after the Sale Date. **If the Issue Price Rule Selection Certificate is not returned by this deadline, or if no selection is made with respect to a maturity, the winning bidder agrees that the Hold the Offering Price Rule shall apply to such maturities.**

10% Sale Rule. To satisfy the 10% Sale Rule for any maturity of the Bonds, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide the City with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will report to the City information regarding the actual prices at which at least 10 percent (10%) of the Bonds of each maturity have been sold to the public;

(iii) will provide the City with reasonable supporting documentation or certifications of such sale prices, the form of which is acceptable to Bond Counsel. If the 10% Sale Rule is used with respect to a maturity of the Bonds, this reporting requirement will continue, beyond the closing date of the Bonds, if necessary, until such date that at least 10 percent (10%) of such maturity of the Bonds has been sold to the public; and

(iv) has or will include in any agreement among underwriters, selling group agreement or third party distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the reporting requirement described above.

Hold the Offering Price Rule. To satisfy the Hold the Offering Price Rule for any maturity of the Bonds, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will neither offer nor sell to any person any Bonds of such maturity at a price that is higher than the initial offering price of such maturity until the earlier of (i) the date on which the winning bidder has sold to the public at least ten percent (10%) of the Bonds of such maturity at a price that is no higher than the initial offering price of such maturity or (ii) the close of business on the fifth (5th) business day after the Sale Date of the Bonds; and

(iii) has or will include within any agreement among underwriters, selling group agreement or third party distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Bonds as set forth above.

For purposes of the 10% Sale Rule or the Hold the Offering Price Rule, a “maturity” refers to Bonds that have the same interest rate, credit and payment terms.

If the winning bidder has purchased any maturity of the Bonds for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Rule was met, the Issue Price Certificate will recite such facts and identify the price or prices at which such maturity of the Bonds was purchased.

For purposes of this Notice of Sale, the “public” does not include the winning bidder or any person that agrees pursuant to a written contract with the winning bidder to participate in the initial sale of the Bonds to the public (such as a third party distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Bonds to the public). In making the representations described above, the winning bidder must reflect the effect on the offering prices of any “derivative products” (e.g., a tender option) used by the bidder in connection with the initial sale of any of the Bonds.

Settlement of the Bonds

The Bonds will be available for delivery on or about November 4, 2019. The deposit of the Bonds with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. The Municipal Advisor shall obtain CUSIP numbers for the Bonds prior to delivery, and the City will not be responsible for any delay occasioned by the failure of the winning bidder to obtain such numbers and to supply them to the City in a timely manner. The City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the winning bidder.

The Preliminary Official Statement is in a form “deemed final” by the City for purposes of SEC Rule 15c2-12(b)(1). The winning bidder will be furnished 25 copies of the final Official Statement prepared for the Bonds at the City’s expense. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. The copies of the final Official Statement will be made available to the winning bidder no later than seven business days after the bid opening at the office of the City’s Municipal Advisor. If the Municipal Advisor is provided with the necessary information from the winning bidder by 12:00 p.m. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

Continuing Disclosure

The City will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide (i) certain annual financial information and operating data, including audited financial statements; (ii) notice of the occurrence of certain events within 10 business days of the occurrence of such events with respect to the Bonds; and (iii) timely notice of its failure to provide such annual financial information. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

Related Information

For more information regarding the Bonds and the City, reference is made to the Preliminary Official Statement. Copies of the Preliminary Official Statement and the Issue Price Certificate may be obtained from the undersigned, or from Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, Email: mspoe rndle@muniadvisors.com, Telephone: (203) 878-4945, municipal advisor to the City.

DANIEL P. JOWDY

Treasurer

DAVID W. ST. HILAIRE

Director of Finance

October 15, 2019

ISSUE PRICE RULE SELECTION CERTIFICATE

City of Danbury, Connecticut
 \$50,000,000 General Obligation Bonds, Issue of 2019, Series B

The undersigned, on behalf of [NAME OF UNDER/REP], on behalf of itself and [OTHER UNDER], hereby certifies that it will use the rule selected below for the respective maturity of the above-captioned bonds (the "Bonds"), as described in the Notice of Sale for the Bonds, dated October 15, 2019 (the "Notice of Sale"). For a description of the requirements of each rule, please refer to the section "Obligation to Deliver Issue Price Certificate" in the Notice of Sale. Capitalized terms used but not defined herein are defined in the Notice of Sale.

<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	10% Sale Rule (Underwriter has or will comply with 10% Sale Price Rule for this Maturity)		Hold the Offering Price Rule (Underwriter will comply with Hold the Offering Price Rule for this Maturity)	
			<u>Check Box</u>	<u>Sales Price</u>	<u>Check Box</u>	<u>Initial Offering Price</u>
11/1/2020	\$2,500,000	0.000%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
11/1/2021	2,500,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
11/1/2022	2,500,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
11/1/2023	2,500,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
11/1/2024	2,500,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
11/1/2025	2,500,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
11/1/2026	2,500,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
11/1/2027	2,500,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
11/1/2028	2,500,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
11/1/2029	2,500,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
11/1/2030	2,500,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
11/1/2031	2,500,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
11/1/2032	2,500,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
11/1/2033	2,500,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
11/1/2034	2,500,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
11/1/2035	2,500,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
11/1/2036	2,500,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
11/1/2037	2,500,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
11/1/2038	2,500,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
11/1/2039	2,500,000	0.000	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____

(All Sales Prices or Initial Offering Prices must be completed prior to the delivery date of the Bonds.)

[NAME OF UNDER/REP]

By: _____
 Name:
 Title:

Email this completed and executed certificate to the following by 5:00 P.M. on October 23, 2019:

Bond Counsel: gsantoro@rc.com **Municipal Advisor:** mspoerndle@muniadvisors.com