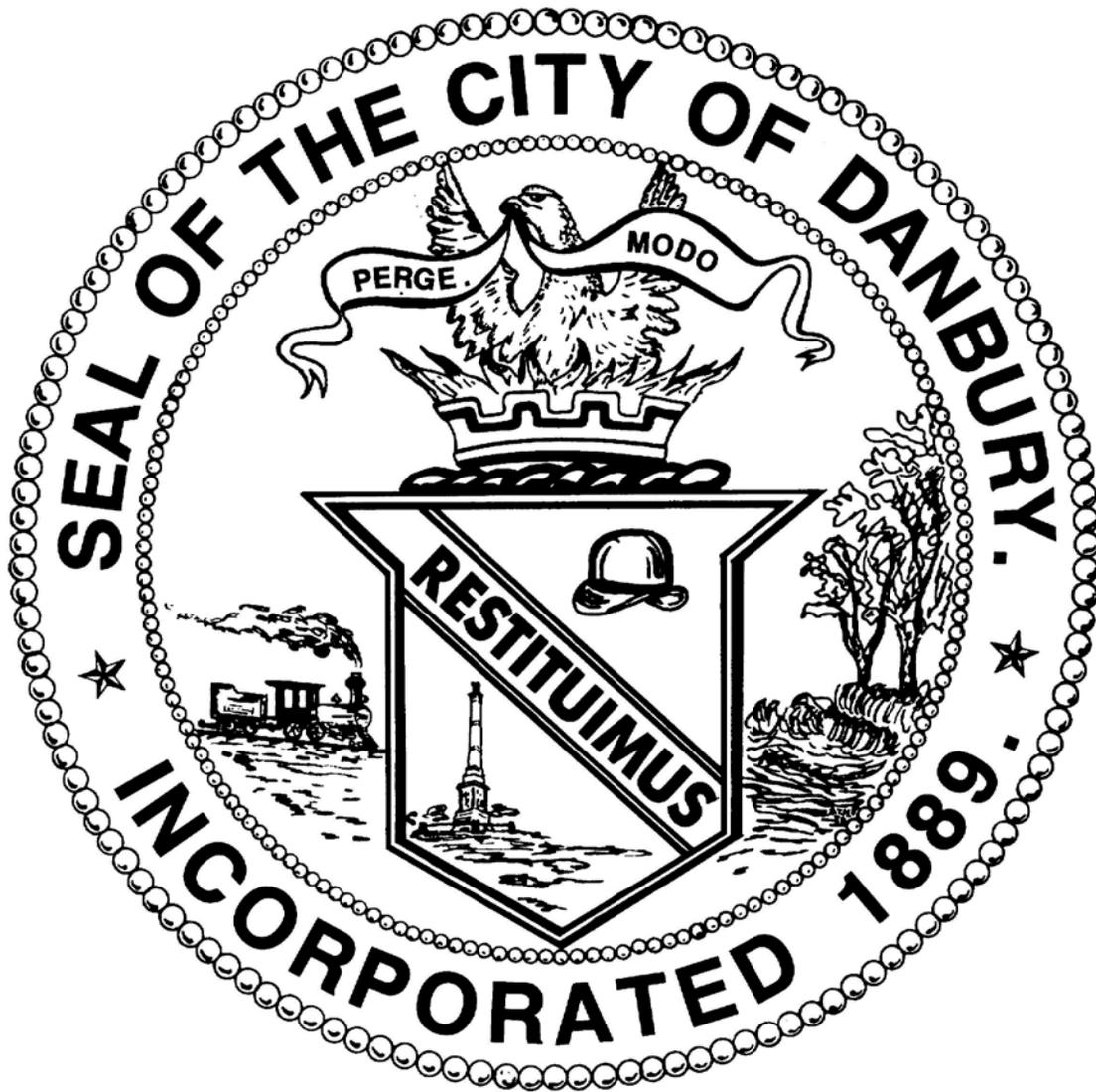


**CITY OF DANBURY, CONNECTICUT  
COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**



**FISCAL YEAR ENDED JUNE 30, 2019  
DEPARTMENT OF FINANCE  
DANBURY, CONNECTICUT**



**CITY OF DANBURY,  
CONNECTICUT**

**Comprehensive  
Annual Financial Report**

**for**

**The Fiscal Year Ended  
June 30, 2019**

***Prepared By:***

**City of Danbury Department of Finance**

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



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## **Introductory Section**





## CITY OF DANBURY

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

**DAVID ST. HILAIRE  
DIRECTOR OF FINANCE**

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

February 4, 2020

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

### **FORMAL TRANSMITTAL OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)**

Connecticut State Statutes require that all general purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Danbury, Connecticut for the fiscal year ended June 30, 2019.

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

The City of Danbury, Connecticut's financial statements have been audited by RSM US LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Danbury, Connecticut for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Danbury, Connecticut's financial statements for the fiscal year ended June 30, 2019 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

## **PROFILE OF THE GOVERNMENT**

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

Fairfield County is one of the wealthiest counties in the United States and Danbury is one of the wealthiest cities according to the U.S. Census Bureau. The City of Danbury has an estimated population of 87,543 (2019) and a median household income of approximately \$68,068 in 2017 (inflation-adjusted dollars).

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

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

The City's municipal government provides a full range of services including education, police, fire, planning and zoning, construction and maintenance of highway streets, storm/sanitary sewers and infrastructure, health and social services, parks and recreational activities, cultural events and a municipal airport. The City has 2,301 employees with approximately 551 actual full-time equivalent municipal employees who provide services to the Danbury community and 1,750 teachers, administrators and support staff for the City's School District. The City is 44 square miles and has 242 miles of streets.

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

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. All governmental funds in the City of Danbury are appropriated on an annual basis. For the General Fund, this comparison is presented on page 125 as part of the Required Supplementary Section for the General Fund.

## INFORMATION USEFUL IN ASSESSING THE GOVERNMENT'S ECONOMIC CONDITION

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

**Local Economy:** Essential to developing the economy and the overall quality of life in Danbury is the safety of its residents and community. Danbury is routinely recognized by local and national periodicals for achieving a balance of promoting a business friendly environment and providing a safe and vibrant high quality of life for families without an excessive tax burden.

As of October 2019, the City of Danbury has been ranked among safest cities in the State of Connecticut, according to a report of crime statistics issued by Security Baron. A city's safety is measured by factors such as low crime rate, auto accidents, response to severe weather events, and healthcare accessibility. In fact, Danbury's major crime rate dropped by 18% between 2018 and 2019, as a result of the dedicated skillful efforts by members of the City's Public Safety.

The strength of Danbury Labor Market Area economic base builds upon the diversity of its talented workforce of approximately 78,200 as of October 2019: Goods Producing industries employs 11,800 (15.1%) while Service Providing Industries employs 66,400 (84.9%) which includes of the following: Trade, Transportation and Utilities (16,300), Professional and Business Services (10,300), Leisure and Hospitality (8,100) and Government (9,900) and Other (21,800). The City of Danbury and the Danbury Labor Market Area (LMA) have realized a .4% growth since last year. The Danbury Labor Market continues to lead in the state economic and jobs recovery since the severe economic recession that started with the housing and stock market crashes in the fall of 2008. The most important economic indicator supporting the City's decade long effort to promote a diversified industrial base is the LMA unemployment rate of 2.7% for November 2019, which remains the lowest in the State of Connecticut as compared to 3.3% for the State of Connecticut and 3.3% for the United States.

Danbury has been fortunate that most previously planned private construction projects have continued during the prolonged economic recession, although smaller in size and scope. Previously approved municipal projects, especially those with state and/or federal funding moved forward as well. The City of Danbury continues to make the necessary investments in our community to ensure the foundation is in place for a more robust economy in the future. Our strategy of focusing on the City's core mission and reprioritizing projects while strengthening our partnerships with our existing businesses and aggressively seeking out and formulating new business relationships has proven very successful. Danbury continues to lead the state by almost every major vital economic statistics including unemployment rate (2.7% in November 2019), jobs created and retained, and retail sales tax revenue generated.

Several small and medium-sized businesses have opened during 2019 while existing businesses continue to invest in the City of Danbury. In 2019, Danbury was again ranked as the best small city in CT to start a business. (WalletHub)

### Below is a highlighted list of ongoing, planned, and developing projects:

- **Caraluzzi's Danbury Market.** This popular family-owned food market is awaiting State of CT engineering approval located at 102 Mill Plain Road. This will be the fourth location for the company and will provide approximately 160 new employment opportunities. Groundbreaking set for 2020.
- **Maplewood Health Care.** Construction is nearing completion on a new \$7.5 million 43,500 ft<sup>2</sup> medical office building at 2 Riverview Drive in the Berkshire Corporate Park. The building is 95% preleased with orthopedic, physical therapy and radiology tenants to date.
- **Maplewood II – 40 Old Ridgebury Road – 40 Old Ridgebury Road:** Purchase of 43,821ft<sup>2</sup> commercial buildings has been renovated to premium medical office space. Project is now leasing and space filling quickly.

- **Praxair Technology, Inc.** Praxair Technology, Inc. has moved into its new corporate headquarters on Riverside Drive. On June 1<sup>st</sup> 2018, Praxair agreed to a merger in Fall 2018 with Linde Corporation of Germany. It has become a \$73 billion global industrial gas leader. The merged company world HQ will remain and grow in Danbury with a significant number of quality full-time positions created in Danbury. They are also in the planning process for expansion of their worldwide data center located on Ridgebury Road.
- **The Woodlands - by Toll Brothers.** The Woodlands Community is a new addition to the Toll Brothers investment in Danbury. This development will encompass 38 acres on Reserve Road. The new addition will include a 172-unit townhome community and 35,000ft<sup>2</sup> area for two commercial buildings, including office space and a coffee shop.
- **Keystone Place at Wooster Heights.** 180 Senior Housing units are approved and under construction, and should be completed by the Spring/Summer 2020.
- **FuelCell Energy – Triangle Street.** A utility-scale clean power project was developed and constructed that will affordably solve power generation challenges in land-constrained areas. This showcase, a 3.7 megawatt molten carbonate fuel cell power plant project is located just around the corner from the company's home on Great Pasture Road.
- **JAR Associates – 55 Triangle Street.** A 96,000 ft<sup>2</sup> commercial tenant space and new school bus terminal has been developed. The bus terminal is now operating and much of the tenant space has been completed and nearly 95% leased.
- **The Ridge – Old Ridgebury Road.** The Ridge at Danbury, formerly the Matrix Corporate Center and Union Carbide World HQ, is a 1.2 million square foot corporate complex that now provides one of the area's premier commercial tenant spaces. The new ownership, Summit Development, is creating an extensive program of enhancements and upgrades that will return the luster to this architectural gem. It will incorporate features and amenities that match the workplace requirements of today's tenants. Phase 1 of construction has been completed and over 250,000 square feet of new commercial space has been leased.
- **BRT – 333 Main Street.** A new 150-unit luxury apartment complex has been approved for the former News Times site in Downtown Danbury. Site preparation has begun and construction should begin in Spring 2020.
- **Danbury Fair Mall – Backus Avenue.** Two new tenant-specific buildings will be constructed in Spring 2020. They will be the new home of Longhorn Steakhouse and Shake Shack.

#### Other projects underway:

- **Transit Oriented Development (TOD).** A number of initiatives continue to revitalize and develop the downtown Danbury City core. These include a comprehensive Transit Oriented Development (TOD) plan, which will produce a comprehensive study to improve city center transit and planned support development including plan for key economic drivers for the region. The draft TOD plan is now available to the public on the City website.
- **Transit Focus Initiative.** Danbury continues to build a comprehensive transit infrastructure plan to improve and promote the advantages of mass transportation. The plan includes major improvements to our current mass transit:
  - Rail – Currently, Metro North Railroad operates a Danbury branch line, which brings commuters from Danbury, south to Norwalk. This line then connects to the New Haven line, which accommodates commuters heading to New Haven, Stamford and eventually NYC. Improvements will include expanding Danbury's Metro North access. In

partnership with NY State, the plan creates access direct to Danbury utilizing the popular Harlem Line rail.

This train, which currently terminates in Southeast, NY, will continue to Danbury creating a quicker, more reliable commuting experience for riders to access Westchester and NYC Grand Central Terminal. Additionally, our rail expansion will include a long awaited rail shuttle service north to New Milford. Hundreds of Route 7 corridor commuters daily will find this invaluable service into Danbury, Stamford, or NYC a welcome and overdue addition to their growing community. This comprehensive enhancement to our rail will create a Danbury train station hub allowing commuters more options to get to work. It will significantly improve economic development within Downtown Danbury and throughout the entire Western CT regional corridor. A 1.2 million dollar comprehensive study is set to initiate in 2020 by NYMTC, NY MTA in cooperation with NY DOT, CT DOT, Putnam County, NY and the City of Danbury.

- Airport – The entire Danbury Airport will be enhanced to attract business expansion, corporate, commuter, and recreational air travel. This will include infrastructure improvements to the facility as well offering underutilized airport property for business development. This popular regional airport will become a powerful generator of economic development. Three new airport business are currently in contract negotiations to construct hangar space for corporate jet and personal/recreational plane service and storage.
- Bus/Cab – As a major determination resulting from our recent TOD, the City is repositioning its City pulse point bus system to a location adjacent to our Metro North rail. By integrating our bus, cab and rail, commuters will experience a seamless transit experience. This new station will accommodate space for HART regional transit, interstate bus travelers, and a cab access point all an easy walk from the center of Downtown Danbury.
- **Putnam County Partnership.** Discussions continue with our neighbors in Putnam County, New York regarding opportunities to share resources along our border. This would include services, facilities, economic development opportunities, and infrastructure improvements.
- **Danbury- Waterbury Corridor.** There are active discussions among our nearby I-84 municipality communities to develop an economic development zone. This effort, like the Putnam County Partnership, is intended to share resources and encourage business growth, ultimately leading to job growth.

#### **Other Economic Reports and Statistics:**

- Danbury was ranked as the best city in Connecticut to live. 24/7Wall Street, notes “though Danbury has a high cost of living, it's the most livable city in the state and one of the most livable cities in the country.” (24/7 Wall Street 2018)
- In April 2019, Danbury was again ranked the most diverse city in Connecticut and rose to #11, of over 500 ranked, most diverse cities in the United States (Wallethub).
- Danbury ranked as one of the safest cities to retire in the United States. (SecurityChoice.com)
- Danbury was named as the most diverse city in the State of Connecticut and the 4th Most Diverse Small City in America by financial website, Wallethub, in April 2019. WalletHub compares the profiles of each city across five major diversity categories including socioeconomic, cultural, economic, household, and religion. Diversity is key to bringing people together to build an even stronger world community which helps bolster the local economy.

- Danbury Fair Mall began plans for a pair of new structures for the Macy's corner of the retail center with the goal of filling in new stores, restaurants or entertainment in the immediate orbit of the department store. The planned expansion would include a building extending 100 feet from Macy's southern facade to create a single-level wing totaling more than 37,000 square feet of space. Another would be situated on an access drive feeding into the roadway that circles the mall, comprising another 22,000 square feet (NewsTimes).
- In September, Danbury published its 2019 Annual Report, indicating 900 new small business owners chose Danbury as their new home. The City works directly with business owners and developers getting started, while maintaining focus on the fostering diversity in our community.
- This year, Danbury was reaffirmed its AAA Bond ranking by Fitch, indicating a financially stable outlook. This honor marks from the efforts of our leaders and department heads addressing constant challenges while maintaining emphasis on fiscal responsibility.
- Danbury has the lowest Unemployment Rate of all towns with a Labor Force over 30,000 at 2.7%, and falls below the State of Connecticut rate of 3.3%.

“Despite the weakness in lower Fairfield County, the Danbury area economy continues to “generally outperform” on many fronts. Specifically, the region has recovered 6,400 jobs of the 7,500 job lost in the last recession. This is good news in that it means that Danbury has clearly outperformed the State averages and nearby LMAs with a job recovery rate of 85%, well above the State average of 80%.” (Don Klepper-Smith, Chief Economist and Director of Research, DataCore Partners).

### **Major Initiatives**

Listed below are some of the more notable capital project initiatives in recent years. Several of the on-going projects listed below will continue into Fiscal Year 2019-2020:

- **Waste Water Treatment Plant Upgrades and Renovations** – On November 6, 2018, the voters approved a \$102.6 million bonding referendum to construction, reconstruction, upgrades, replacement and rehabilitation to the Water Pollution Control Plant and Facilities System. The construction is scheduled to begin in March 2020. The anticipated completion date is in the fall of 2023.
- **Public Improvement Projects 2016 Bond** – On November 8, 2016, the voters approved a \$20.0 million bonding referendum that included \$10 million of Sewer Fund obligations and \$10 million of General Purpose obligations. The Sewer portion is for initial design and engineering costs associated with upgrades to the Danbury Waste Water Treatment Plant to become compliant with the Clean Water Act. The General Purpose obligations is for the following: street infrastructure improvements, paving and drainage, bridge repairs, recreational improvements, Richter Park and Tarrywile Park improvements, and a new animal control facility. To date, \$14.4 million has been expended with \$5.6 million of remaining funds.
- **DHS 2020 Bond** – On June 9, 2015, the voters approved a \$53.5 million bonding referendum for the planning, design, acquisition and construction of additions, roof replacement, renovations and improvements to Danbury High School. The projects to address the space and programming needs at the high school were substantially completed in August 2018. To date, \$50.5 million has been expended with \$3 million of remaining funds.
- **Danbury Road Bond 2020** – In November 2014, the voters approved a \$20 million bonding referendum for the following: paving, drainage and thoroughfare improvements, Public Works heavy equipment and vehicle replacement, bridge replacements, roof replacements, and Public Safety communications network upgrades. To date, \$14.2 million has been expended with \$5.8 million of remaining funds.

- **Vision 2020 Bond** – In November 2012, the voters approved a \$55 million bonding referendum for school improvements, bridge replacement/repair, library annex renovations, and water and sewer improvements. To date, \$51.7 million has been expended with \$3.3 million of remaining funds.
- **Open Space Bond** – In March 2008, \$18.9 million was approved by the voters for: open space acquisitions, improvements to Danbury High School, various recreation projects and public works improvements and equipment. To date, \$16.4 million has been expended with \$2.5 million of remaining funds.

### **Risk Management**

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

The City self-insures up to certain levels of risk based on an evaluation of the City's financial capability to assume risk and prevailing market conditions for commercial insurance. The City was self-insured for the first \$100,000 per claim for general, auto, property and public liability as of June 30, 2019. Effective July 1, 2019 the deductible increased from \$100,000 to \$250,000. The Risk Management Department also manages worker's compensation and heart/hypertension claims. The City is self-insured for the first \$500,000 per claim and maintains an aggregate stop loss on these worker's compensation claims of \$4 million. The City is completely self-insured for all heart/hypertension liability. Employee medical, prescription drug, and dental benefits are self-insured.

### **Debt Management**

At year-end, the City had outstanding \$158.7 million in general obligation bonds and \$23.5 million in Bond Anticipation Notes (BANS). The City usually enters the bond market just once a year to convert its short-term financing to long-term on the completed projects while issuing short-term financing for newer projects. However, the City will enter the bond market twice during fiscal year ending June 30, 2020 due to optimal interest rate market conditions in October 2019 for the issuance of \$50 million in bonds for the Waste Water Treatment Plant upgrade project. In July 2019, the City issued \$13.0 million in short-term financing and \$7.0 million in bonds for school construction and infrastructure projects. Much of the short-term financing is reimbursable state grants. \$22.6 million is remaining in authorized but unissued debt (net of state/federal revenues and other funding sources) after the July 2019 issue. The annual bond issue level will likely level off at about \$16 million annually. Such strategy has helped keep our debt ratio manageable while maintaining only the necessary cash funding for the City's capital program without having too much idle cash on hand (from borrowed monies) to avoid the risk of losing some of the benefit derived from the low borrowing rates (interest rate risk).

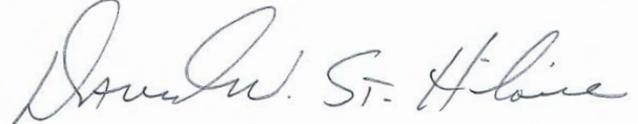
## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Danbury, Connecticut for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. This was the 32<sup>ND</sup> consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

A handwritten signature in cursive script that reads "David W. St. Hilaire". The signature is written in dark ink on a light-colored background.

David W. St. Hilaire



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Danbury  
Connecticut**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

**Principal Officials  
City of Danbury, Connecticut  
As of December 1, 2019**

**Mayor**

Mark D. Boughton

**Town Clerk**

Janice R. Giegler

**Treasurer**

Daniel P. Jowdy

**Legislative Assistant**

Jean A. Natale

**City Council**

Joseph A. Cavo  
President

Benjamin Chianese  
Irving M. Fox  
Emile G. Buzaid, Jr.  
Elmer Palma  
Frank R. Salvatore, Jr.  
Vinny DiGilio  
Colleen Stanley  
Warren M. Levy  
John Priola  
Michael J. Esposito

Duane E. Perkins  
Paul T. Rotello  
Farley Santos  
Roberto L. Alves  
Robert Taborsak  
John J. Esposito, III  
Christopher J. Arconti  
Nancy Cammisa  
Frederick L. Visconti, Jr.  
Richard W. Molinaro

David W. St. Hilaire  
Director of Finance

Daniel G. Garrick  
Assistant Director of Finance

Scott Ferguson  
Tax Collector

David W. St. Hilaire  
Acting Tax Assessor

Charles Volpe  
Purchasing Agent

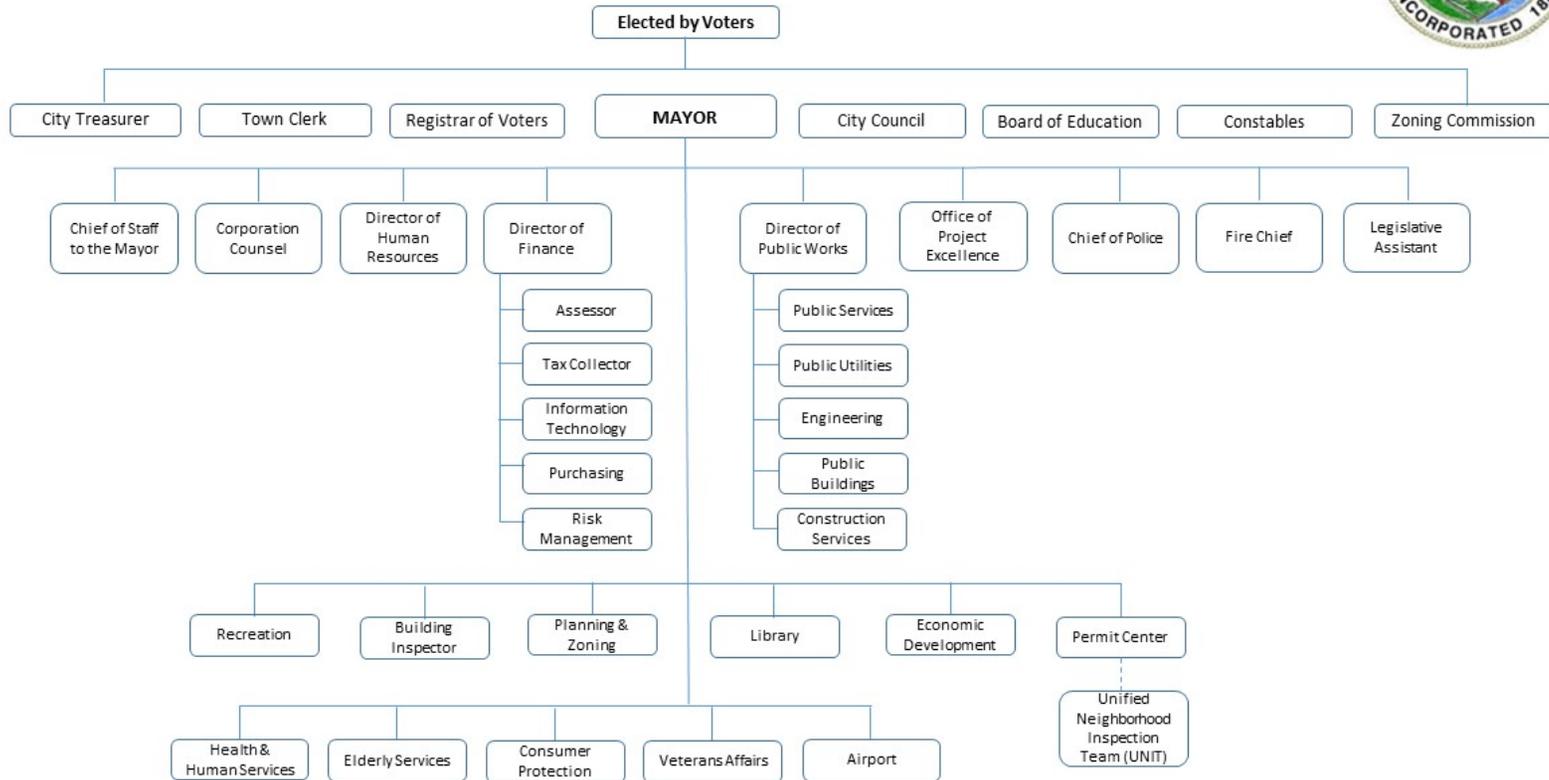
Frank L. Gentile  
Manager, Information Technology

**Independent Auditors**

RSM US LLP  
New Haven, Connecticut

# CITY OF DANBURY

## ORGANIZATION CHART



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**Financial Section**





## Independent Auditor's Report

RSM US LLP

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Danbury, Connecticut (the City) as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of content.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Danbury Parking Authority, the Stanley L. Richter Memorial Park Authority, the Tarrywile Park Authority, the Charles Ives Authority for the Performing Arts and the Danbury Museum and Historical Society Authority, component units of the City, which represent 100% of the assets, net position and revenues of the discretely presented component units. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Danbury Parking Authority, the Stanley L. Richter Memorial Park Authority, the Tarrywile Park Authority, the Charles Ives Authority for the Performing Arts and the Danbury Museum and Historical Society Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management discussion and analysis, the pension and other post-employment benefit schedules 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 February 4, 2020 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  
February 4, 2020

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**City of Danbury, Connecticut  
Management's Discussion and Analysis, Unaudited  
June 30, 2019**

As management of the City of Danbury, Connecticut (the City), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. 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 increase \$0.8 million to \$25.1 million for the general fund while the total fund balance amounted to \$41.7 million, an increase of \$1.0 million. On an actual budgetary basis, revenues were greater than expenditures by approximately \$0.2 million, however overall the City's general fund realized a surplus of approximately \$1.0 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 \$0.2 million. Unassigned general fund balance at year-end represents 9.6 percent of the ensuing year's total general fund expenditures of \$261.5 million.
- On a government-wide basis for the year-ended June 30, 2019, the City's net position totaled \$101.0 million, an increase of \$11.6 million from last year's total of \$89.4 million. Government-wide expenses totaled \$335.5 million and revenues totaled \$347.2 million. Total net position for Governmental Activities and Business-type Activities at fiscal year-end were \$(69.6) million and \$170.6 million, respectively. Net position for Governmental Activities increased by \$6.5 million while net position increased for Business-Type Activities by \$5.1 million or 3.1% percent. Of the City's total net position at June 30, 2019, (\$241.3) million or (238.9 percent) is unrestricted.
- At the close of the year, the City's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$50.7 million, an increase of \$12.2 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'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'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'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 \$110.1 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 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 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 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 adopts an annual appropriated budget for its general fund. A budgetary comparison statement on page 125 has been provided for the general fund to demonstrate compliance with the authorized budget.

**Proprietary funds.** The City 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 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 .

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 28-110 of this report.

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

The City of Danbury adopts an annual budget for its General Fund. See pages 125 and 129-131 for the budgetary comparison statement has been provided for the General Fund.

Required supplementary information can be found on pages 111-127.

## Government-wide Financial Analysis

As noted earlier, the statement of net position presents information on all of the City'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 \$101.0 million at June 30, 2019, an increase of \$11.6 million in net position from the previous fiscal year.

	June 30, 2019			June 30, 2018		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 120,276	\$ 46,931	\$ 167,207	\$ 123,651	\$ 42,952	\$ 166,603
Non-Current	486	409	895	426	408	834
Capital Assets	373,407	150,314	523,721	374,613	151,425	526,038
<b>Total assets</b>	<b>494,169</b>	<b>197,654</b>	<b>691,823</b>	<b>498,690</b>	<b>194,785</b>	<b>693,475</b>
Deferred outflows of resources	23,188	386	23,574	12,371	488	12,859
<b>Total deferred outflows of resources</b>	<b>23,188</b>	<b>386</b>	<b>23,574</b>	<b>12,371</b>	<b>488</b>	<b>12,859</b>
Current Liabilities	63,171	6,702	69,873	82,191	8,252	90,443
Long-Term Liabilities Outstanding	477,545	20,763	498,308	492,489	21,571	514,060
<b>Total liabilities</b>	<b>540,716</b>	<b>27,465</b>	<b>568,181</b>	<b>574,680</b>	<b>29,823</b>	<b>604,503</b>
Deferred Inflows of Resources	46,215	-	46,215	12,455	-	12,455
<b>Total deferred inflows of resources</b>	<b>46,215</b>	<b>-</b>	<b>46,215</b>	<b>12,455</b>	<b>-</b>	<b>12,455</b>
Net Position (Deficit)						
Net investment in capital assets	215,348	124,462	339,810	213,826	124,270	338,096
Restricted	2,496	-	2,496	2,291	-	2,291
Unrestricted (deficit)	(287,418)	46,113	(241,305)	(292,191)	41,180	(251,011)
<b>Total net position (deficit)</b>	<b>\$ (69,574)</b>	<b>\$ 170,575</b>	<b>\$ 101,001</b>	<b>\$ (76,074)</b>	<b>\$ 165,450</b>	<b>\$ 89,376</b>

At the end of the current fiscal year, the City reported a growth of \$11.6 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 \$1.5 million and Business-type activities decreased by \$0.2 million; restricted net position increased for governmental activities by \$0.2 million but remained unchanged for business-type activities; unrestricted net position increased by \$4.9 million for business-type activities and increased for governmental activities by \$4.8 million.

On a government-wide basis, excluding component units, the assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources resulting in total net position at the close of the fiscal year of \$101.0 million. This is up from last year's net position of \$89.4 million. Total net position for Governmental Activities at fiscal year-end were (\$69.6) million (up from (\$76.1) million in the previous year) and total net position for Business-type Activities were \$170.6 million (up from \$165.5 million in the previous year).

The largest portion of the City'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 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.

	Year Ended June 30, 2019			Year Ended June 30, 2018		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 14,281	\$ 27,065	\$ 41,346	\$ 11,314	\$ 25,970	\$ 37,284
Operating grants and contributions	71,271	-	71,271	81,099	-	81,099
Capital grants and contributions	12,401	-	12,401	24,681	1,128	25,809
General revenues:						
Property taxes	215,170	-	215,170	208,128	-	208,128
Grants and contributions not restricted to specific programs	4,489	-	4,489	5,997	-	5,997
Unrestricted investment earnings	1,856	619	2,475	1,196	351	1,547
<b>Total revenues</b>	<b>319,468</b>	<b>27,684</b>	<b>347,152</b>	<b>332,415</b>	<b>27,449</b>	<b>359,864</b>
<b>Expenses</b>						
General government	25,932	-	25,932	32,707	-	32,707
Public safety	55,497	3,422	58,919	51,774	3,460	55,234
Public works	33,755	19,137	52,892	23,883	19,721	43,604
Health and welfare	5,105	-	5,105	4,339	-	4,339
Culture and recreation	5,149	-	5,149	4,066	-	4,066
Education	183,530	-	183,530	198,609	-	198,609
Interest on long-term debt	4,000	-	4,000	5,968	-	5,968
<b>Total expenses</b>	<b>312,968</b>	<b>22,559</b>	<b>335,527</b>	<b>321,346</b>	<b>23,181</b>	<b>344,527</b>
<b>Change in net position (deficit)</b>	<b>6,500</b>	<b>5,125</b>	<b>11,625</b>	<b>11,069</b>	<b>4,268</b>	<b>15,337</b>
Net Position (Deficit) - Beginning	(76,074)	165,450	89,376	(87,143)	161,182	74,039
Net Position (Deficit) - Ending	<u>\$ (69,574)</u>	<u>\$ 170,575</u>	<u>\$ 101,001</u>	<u>\$ (76,074)</u>	<u>\$ 165,450</u>	<u>\$ 89,376</u>

## Government Activities

For Governmental activities, approximately 67.4 percent of the revenues are from property taxes followed by 30.7 percent from program revenues, then 1.9 percent from grants and investment earnings.

Total revenues in Governmental Activities decreased by \$12.9 million as compared to last year. Property tax revenues increased by \$7.0 million, due to an increase in the mill rate, grand list growth and improved collections rate, while most of the \$19.9 million decrease in Program Revenues and Other General Revenues can be attributed to decreases in program revenue (\$19.1 million) and other general revenue (0.8 million).

For Governmental Activities, the City's expenses relate as follows: 58.6 percent - Education; 17.7 percent - Public Safety; 10.8 percent - Public Works; 8.3 percent - General Government; 1.6 percent - Cultural and Recreation; 1.6 percent - Health and Welfare; and 1.3 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, the City has kept positions that are vacant and funded open for extended periods to evaluate the necessity of such positions. This strategy has yielded significant budgeted savings of \$2.0 million in salary related costs for FY 2018-2019.
- The City also realized budgeted savings from the following: \$1.1 million savings from Liability – Automobile-Property (LAP), workers' compensation, health insurance (current employees and retirees); \$0.5 million savings in Maintenance & Repair; \$0.4 million savings in Purchased services; and \$0.4 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 \$5.1 million or 3.1 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 \$80.5 million due primarily to an operating surplus of \$1.1 million.

Sewer Fund: The sewer fund had a positive change in net position of \$3.9 million for a total ending net position of \$87.2 million due primarily to an operating surplus of \$3.7 million and interest income of \$0.2 million.

Ambulance Fund: The ambulance fund had a positive change in net position of \$0.1 for a total ending net position of \$2.9 million due primarily to an operating surplus of \$0.1 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'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'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 \$50.7 million. The General Fund and Other Governmental Funds reported fund balances of \$41.7 million and \$9.0 million, respectively. The increase in Capital projects fund balance is primarily due to the timing of the completion of projects and state aid reimbursements. The General Fund is the chief operating fund of the City of Danbury. At the end of the current fiscal year, unassigned fund balance of the General Fund increased to \$25.1 million while total fund balance equals \$41.7 million. Approximately \$25.1 million of the General Fund's total fund balance constitutes unassigned fund balance, which is available for spending at the government's discretion. The General Fund's assigned funds balance of \$14.7 million has been assigned for the following purposes: (\$1.6 million) FY20 capital projects and budget, future capital projects (\$3.5 million); Education (\$1.25 million); Tax appeals (\$2.2 million); Litigation (\$0.75 million); Future Pension Contributions (\$1.5 million), Debt Service (\$0.4 million); and (\$2.8 million) to liquidate contracts/purchase orders of the prior period. Nonspendable Fund balance of \$1.9 million is for Loan Receivable, Prepaids, and Accrued Interest. 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 9.6 percent of total General Fund expenditures, while total fund balance represents 15.9 percent of that same amount.

The City's General Fund unassigned Budgetary Fund Balance increased by \$0.8 million during the current fiscal year. The revenues for FY 2018-2019 included the following:

- Total Intergovernmental Revenues were \$0.4 million primarily due to PILOTs (payments in lieu of taxes) and municipal grants.
- Interest earnings were \$1.0 million more than budget due to favorable market conditions.
- Activity for Licenses & permits and charges for services were about \$0.3 million less than expected.
- Bond Premiums, which are typically unbudgeted, amounted to \$0.9 million.
- There was a \$0.6 million increase in expected property tax revenues due to lower than expected cumulative impact of tax appeals and other tax adjustments.

**Total General Fund.** Fund balance increased to \$41.7 million from \$40.7 million, an increase of \$1.0 million. The General Account (typically called the General Fund) contributed the entire \$1.0 million and the Continuing Education Account, operated by the Board of Education, had a very small operating deficit and had a negligible impact to fund balance. The net total of both accounts is an increase of \$1.0 million to the General Fund Balance for FY 2018-2019.

The Miscellaneous Special Revenue Fund had an increase in fund balance of \$1.0 million to \$1.8 million mainly due to the timing of grant reimbursements.

The Vision 2020 fund had a decrease of fund balance of \$1.4 million primarily due to the permanent financing of bond anticipation notes (BANs).

The DHS 2020 fund had an increase of fund balance of \$4.1 million due to the timing of grant reimbursement, permanent financing of bond anticipation notes (BANs) and the issuance of BANs.

**Proprietary funds.** The City'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 \$80.5 million. During the year, the fund generated operating gain of \$1.1 million, an increase of approximately \$0.3 million from the prior year. Total Capital contributions and non-operating expenses had a minimal impact resulting in the fund increasing its total net position by \$1.1 million. Unrestricted net position totaled \$17.9 million at year-end.

Net Position of the Sewer Fund at the end of the year amounted to \$87.2 million. The fund generated operating income of nearly \$3.7 million and non-operating revenues contributed about \$0.2 million. The fund's overall net position increased by \$3.9 million. Unrestricted net position totaled \$26.2 million at year-end.

Net Position of the Ambulance Fund at the end of the year amounted to \$2.9 million. The fund generated operating income of nearly \$0.1 million. The fund's overall net position increased by \$0.1 million. Unrestricted net position totaled \$2.1 million at year-end.

### **General Fund Budgetary Highlights**

The difference between the original budgeted expenditures and other financing uses and the final amended budget was \$2.5 million. The following additional appropriations were authorized and approved by the City Council during the year:

- \$130,920 for Historical Documents;
- \$203,984 for Prior Year Encumbrances;
- \$1,891,225 for Capital Projects; and
- \$300,000 for Litigation

During the year, actual revenues and other financing sources on a budgetary basis were \$254.8 million, \$4.7 million under budgetary estimates, primarily due to \$0.4 million in budgetary shortfalls in fines & permits and charges for services. However, both actual property tax revenues and intergovernmental revenues combined were \$0.9 million higher than expected and investment earnings were \$1.0 million higher than budget. The City also realized \$0.9 million in unbudgeted bond revenue.

During the year, actual expenditures on a budgetary basis were \$254.6 million, \$4.9 million under budgetary estimates - \$2.0 million in salary savings for vacant positions; \$1.5 million savings in Purchased services, Materials & supplies, and equipment; and \$1.1 million savings in risk management.

Only \$75,000 of the \$7.2 million designated in the amended budgeted for the use of fund reserves was needed for the fiscal year.

## Capital Asset and Debt Administration

**Capital assets.** As of June 30, 2019, the City's investment in capital assets for its governmental and business-type activities amounted to \$523.7 million, net of accumulated depreciation. This investment in capital assets includes land, building and land improvements, machinery and equipment and infrastructure. The total decrease in the City's investment in capital assets for the current fiscal year was \$2.3 million.

	June 30, 2019			June 30, 2018		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 50,048,788	\$ 1,031,946	\$ 51,080,734	\$ 49,667,188	\$ 1,031,946	\$ 50,699,134
Easements	1,134,477	-	1,134,477	1,089,050	-	1,089,050
Land Improvements	8,403,534	-	8,403,534	9,227,431	-	9,227,431
Buildings and Improvements	236,997,516	57,743,525	294,741,041	194,200,155	60,219,603	254,419,758
Machinery and Equipment	12,804,505	17,062,880	29,867,385	14,404,184	17,802,857	32,207,041
Infrastructure	60,546,768	70,833,323	131,380,091	58,481,521	72,296,882	130,778,403
Other	-	69,007	69,007	-	74,133	74,133
Construction in Progress	3,472,179	3,573,298	7,045,477	47,544,156	-	47,544,156
<b>Total</b>	<b>\$ 373,407,767</b>	<b>\$ 150,313,979</b>	<b>\$ 523,721,746</b>	<b>\$ 374,613,685</b>	<b>\$ 151,425,421</b>	<b>\$ 526,039,106</b>

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

- Road reconstruction and intersection improvements to various city streets for \$4.4 million
- Continued renovations at Danbury High School for \$2.6 million
- Replacement of Mill Ridge Primary School Roof for \$1.3 million
- Addition of portable classrooms at Westside Middle School for \$1.1 million
- Replaced City and School's technology equipment and applications for \$1.3 million
- Replacement of Rogers Park tennis courts for \$.75 million
- Replaced Public Works equipment and vehicles for \$.6 million
- Received donation of recreational property valued at \$.5 million
- Still River dredging and wall repair for \$.5 million
- Renovations/replacements to various bridges for \$.5 million
- Repairs and renovations to various city and school buildings for \$.25 million
- Addition and renovations to Fire Headquarters for \$.2 million
- Renovations to water pollution control plant of \$3.6 million.

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

**Debt.** At the end of the current fiscal year the City had total bonded debt outstanding of \$182.2 million. 100 percent of this debt is backed by the full faith and credit of the city government.

	June 30, 2019			June 30, 2018		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
General Obligation Bonds	\$ 136,013,248	\$ 18,376,750	\$ 154,389,998	\$ 133,509,677	\$ 19,025,323	\$ 152,535,000
Bond Anticipation Notes	20,500,000	3,000,000	23,500,000	35,800,000	3,200,000	39,000,000
Notes Payable	444,000	3,915,002	4,359,002	518,000	4,196,892	4,714,892
<b>Total</b>	<b>\$ 156,957,248</b>	<b>\$ 25,291,752</b>	<b>\$ 182,249,000</b>	<b>\$ 169,827,677</b>	<b>\$ 26,422,215</b>	<b>\$ 196,249,892</b>

The City's total debt decreased by \$14.0 million during the current fiscal year, due to a decrease of approximately \$15.5 million in short-term notes, a decrease of \$0.3 million in Notes Payable and a \$1.8 million increase in long-term debt.

The City 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 is equal to seven times annual receipts from taxation or \$1.465 million. As of June 30, 2019 the City recorded long-term debt of \$136.0 million related to Governmental Activities and \$18.3 million related to Business-Type Activities, and other debt of \$20.9 million related to Governmental Activities and \$6.9 million related to Business-Type Activities, well below its statutory debt limit.

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

### **Economic Factors and Next Year's Budgets and Rates**

The City continues to show economic stability compared to other parts of the State of Connecticut. As of November 2019, the unemployment rate for the Danbury Labor Market Area was 2.7 percent, the lowest in the State of Connecticut. Connecticut's unemployment rate was 3.3 percent for the same period.

The City 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 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 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 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'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, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 68,938,336	\$ 37,858,111	\$ 106,796,447
Investments	12,550,419	-	12,550,419
Receivables (net of allowances for collection losses):			
Property taxes	7,896,570	-	7,896,570
Special assessments	-	1,140,327	1,140,327
Accounts receivable	3,043,774	-	3,043,774
Federal and state governments	15,103,718	331,166	15,434,884
User charges	-	3,606,974	3,606,974
Other receivable	407,671	103,084	510,755
Loan receivable	1,790,983	-	1,790,983
Unbilled services	-	3,905,575	3,905,575
Inventories	97,122	298,566	395,688
Internal balances	387,690	(387,690)	-
Other assets	485,680	408,924	894,604
Restricted cash	10,059,406	75,447	10,134,853
Capital assets, not being depreciated	54,655,444	4,605,244	59,260,688
Capital assets, net of accumulated depreciation	318,752,323	145,708,735	464,461,058
<b>Total assets</b>	<b>494,169,136</b>	<b>197,654,463</b>	<b>691,823,599</b>
Deferred outflows of resources:			
Pension items	10,721,206	-	10,721,206
OPEB items	9,720,548	-	9,720,548
Deferred charges	2,745,942	385,990	3,131,932
<b>Total deferred outflows of resources</b>	<b>23,187,696</b>	<b>385,990</b>	<b>23,573,686</b>
<b>Liabilities</b>			
Accounts payable	12,628,499	751,694	13,380,193
Accrued liabilities	13,055,126	518,515	13,573,641
Unearned revenues	6,993,459	342,958	7,336,417
Bond anticipation notes payable	14,000,000	3,000,000	17,000,000
Noncurrent liabilities:			
Due within one year	16,494,226	2,088,581	18,582,807
Due in more than one year	477,544,718	20,763,395	498,308,113
<b>Total liabilities</b>	<b>540,716,028</b>	<b>27,465,143</b>	<b>568,181,171</b>
Deferred inflows of resources:			
Pension items	7,049,881	-	7,049,881
OPEB items	39,026,918	-	39,026,918
Advanced tax collections	138,379	-	138,379
<b>Total deferred inflows of resources</b>	<b>46,215,178</b>	<b>-</b>	<b>46,215,178</b>
Net position (deficit):			
Net Investment in capital assets	215,347,579	124,462,002	339,809,581
Restricted for:			
Culture and recreation	171,230	-	171,230
Education	456,134	-	456,134
Public safety	287,953	-	287,953
Nonexpendable	1,580,255	-	1,580,255
Unrestricted (deficit)	(287,417,525)	46,113,308	(241,304,217)
<b>Total net position (deficit)</b>	<b>\$ (69,574,374)</b>	<b>\$ 170,575,310</b>	<b>\$ 101,000,936</b>

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
\$	201,609	\$ 147,386	\$ 150,173	\$ 63,088	\$ 37,030
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	33,794	-	10,591	105	6,747
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	66,604	-	-	-
	-	-	-	-	-
	4,314	39,916	-	-	-
	-	-	11,200	-	-
	-	842,385	-	139,860	-
	109,093	1,846,906	54,906	581,440	3,068
	348,810	2,943,197	226,870	784,493	46,845
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	3,004	219,250	8,752	-	6,000
	55,391	266,246	64,493	7,445	2,606
	-	-	14,000	-	12,333
	-	-	-	-	-
	-	220,867	-	-	-
	-	1,650,839	-	-	-
	58,395	2,357,202	87,245	7,445	20,939
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	109,093	817,585	54,906	721,300	3,068
	-	-	3,889	3,082	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	181,322	(231,590)	80,830	52,666	22,838
\$	290,415	\$ 585,995	\$ 139,625	\$ 777,048	\$ 25,906

**City of Danbury, Connecticut**

**Statement of Activities  
For the Year Ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ (25,932,625)	\$ 3,639,250	\$ -	\$ -
Public safety	(55,497,040)	3,229,306	235,223	-
Public works	(33,755,037)	3,100,081	2,908,012	1,276,010
Health and welfare	(5,104,684)	519,773	44,457	1,765,501
Culture and recreation	(5,148,973)	909,080	2,052	-
Education	(183,529,726)	2,883,573	68,080,756	9,359,050
Interest on long-term debt	(4,000,165)	-	-	-
<b>Total governmental activities</b>	<b>(312,968,250)</b>	<b>14,281,063</b>	<b>71,270,500</b>	<b>12,400,561</b>
Business-type activities:				
Water	(8,954,540)	9,867,536	-	-
Sewer	(10,182,490)	13,653,839	-	-
Ambulance	(3,421,843)	3,538,530	-	-
<b>Total business-type activities</b>	<b>(22,558,873)</b>	<b>27,059,905</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>(335,527,123)</b>	<b>41,340,968</b>	<b>71,270,500</b>	<b>12,400,561</b>
Component units:				
Danbury Parking Authority	(1,020,096)	991,116	7,963	-
Richter Park Authority	(2,481,787)	2,067,639	-	184,841
Tarrywile Park Authority	(388,177)	136,809	207,245	-
Danbury Museum and Historical Society Authority	(294,482)	109,945	103,688	-
Charles Ives Authority for the Performing Arts	(427,603)	242,133	154,032	-
<b>Total component units</b>	<b>\$ (4,612,145)</b>	<b>\$ 3,547,642</b>	<b>\$ 472,928</b>	<b>\$ 184,841</b>

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

Change in net position

Net position (deficit) - beginning

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
\$ (22,293,375)	\$ -	\$ (22,293,375)	\$ -	\$ -	\$ -	\$ -	\$ -
(52,032,511)	-	(52,032,511)	-	-	-	-	-
(26,470,934)	-	(26,470,934)	-	-	-	-	-
(2,774,953)	-	(2,774,953)	-	-	-	-	-
(4,237,841)	-	(4,237,841)	-	-	-	-	-
(103,206,347)	-	(103,206,347)	-	-	-	-	-
(4,000,165)	-	(4,000,165)	-	-	-	-	-
(215,016,126)	-	(215,016,126)	-	-	-	-	-
-	912,996	912,996	-	-	-	-	-
-	3,471,349	3,471,349	-	-	-	-	-
-	116,687	116,687	-	-	-	-	-
-	4,501,032	4,501,032	-	-	-	-	-
(215,016,126)	4,501,032	(210,515,094)	-	-	-	-	-
-	-	-	(21,017)	-	-	-	-
-	-	-	-	(229,307)	-	-	-
-	-	-	-	-	(44,123)	-	-
-	-	-	-	-	-	(80,849)	-
-	-	-	-	-	-	-	(31,438)
-	-	-	(21,017)	(229,307)	(44,123)	(80,849)	(31,438)
215,170,422	-	215,170,422	-	-	-	-	-
4,488,657	6,060	4,494,717	-	-	-	-	-
1,856,134	617,659	2,473,793	-	-	142	-	-
-	-	-	-	(68,876)	-	-	-
221,515,213	623,719	222,138,932	-	(68,876)	142	-	-
6,499,087	5,124,751	11,623,838	(21,017)	(298,183)	(43,981)	(80,849)	(31,438)
(76,073,461)	165,450,559	89,377,098	311,432	884,178	183,606	857,897	57,344
\$ (69,574,374)	\$ 170,575,310	\$ 101,000,936	\$ 290,415	\$ 585,995	\$ 139,625	\$ 777,048	\$ 25,906

City of Danbury, Connecticut

Balance Sheet - Governmental Funds  
June 30, 2019

	General	Miscellaneous Special Revenue	Vision 2020	DHS 2020	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 26,165,590	\$ 11,535,019	\$ 319,205	\$ 6,840,849	\$ 17,686,929	\$ 62,547,592
Investments	12,550,419	-	-	-	-	12,550,419
Receivables (net of allowances for collection losses):						
Property taxes	7,896,570	-	-	-	-	7,896,570
Contract receivable	-	-	-	-	407,671	407,671
State and federal governments	72,777	57,154	3,246,383	7,000,000	4,727,404	15,103,718
Accounts receivable	2,760,935	69,750	-	2,710	513	2,833,908
Inventories	-	-	-	-	97,122	97,122
Loan receivable	1,790,983	-	-	-	-	1,790,983
Other assets	147,382	-	-	-	-	147,382
Due from other funds	5,972,761	-	-	-	1,322,566	7,295,327
<b>Total assets</b>	<b>\$ 57,357,417</b>	<b>\$ 11,661,923</b>	<b>\$ 3,565,588</b>	<b>\$ 13,843,559</b>	<b>\$ 24,242,205</b>	<b>\$ 110,670,692</b>
<b>Liabilities</b>						
Accounts payable	\$ 5,268,632	\$ 2,887,693	\$ 44,776	\$ 1,109,495	\$ 3,137,477	\$ 12,448,073
Accrued wages	1,804,308	-	-	-	184,605	1,988,913
Due to other funds	1,473,495	868,722	1,738,875	-	2,789,575	6,870,667
Unearned revenue	106,327	6,077,848	-	-	809,284	6,993,459
Bond anticipation notes payable	-	-	2,300,000	9,500,000	2,200,000	14,000,000
<b>Total liabilities</b>	<b>8,652,762</b>	<b>9,834,263</b>	<b>4,083,651</b>	<b>10,609,495</b>	<b>9,120,941</b>	<b>42,301,112</b>
Deferred inflows of resources:						
Unavailable revenues	7,036,537	42,582	3,246,383	7,000,000	319,012	17,644,514
<b>Total deferred inflows of resources</b>	<b>7,036,537</b>	<b>42,582</b>	<b>3,246,383</b>	<b>7,000,000</b>	<b>319,012</b>	<b>17,644,514</b>
Fund balances (deficits):						
Nonspendable	1,938,365	-	-	-	1,580,255	3,518,620
Restricted	-	-	-	-	13,215,320	13,215,320
Committed	-	-	48,057	142,371	257,608	448,036
Assigned	14,675,831	1,785,078	-	-	-	16,460,909
Unassigned	25,053,922	-	(3,812,503)	(3,908,307)	(250,931)	17,082,181
<b>Total fund balances (deficits)</b>	<b>41,668,118</b>	<b>1,785,078</b>	<b>(3,764,446)</b>	<b>(3,765,936)</b>	<b>14,802,252</b>	<b>50,725,066</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 57,357,417</b>	<b>\$ 11,661,923</b>	<b>\$ 3,565,588</b>	<b>\$ 13,843,559</b>	<b>\$ 24,242,205</b>	

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

Capital assets, net of accumulated depreciation of \$275,413,710 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.	373,407,767
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(494,038,944)
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).	8,936,602
Deferred outflows of resources- pension and OPEB related items	20,441,754
Deferred inflows of resources - pension and OPEB related items	(46,076,799)
Deferred charges on refundings	2,745,942
Unavailable revenue - long-term assets not available to pay current period expenditures	17,506,135
Accrued interest - not due and payable in current period	(3,221,897)

Net position (deficit) of governmental activities \$ (69,574,374)

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, 2019

	General	Miscellaneous Special Revenue	Vision 2020	DHS 2020	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Property taxes	\$ 215,093,015	\$ -	\$ -	\$ -	\$ -	\$ 215,093,015
State and federal governments	41,471,339	2,051,194	451,351	4,495,192	36,309,506	84,778,582
Licenses and permits	4,163,255	-	-	-	13,519	4,176,774
Charges for services	6,857,355	235,360	-	-	1,197,925	8,290,640
Fines and penalties	377,021	-	-	-	16,447	393,468
Investment income	1,782,051	4	-	-	74,074	1,856,129
Contributions	-	121,089	-	-	5	121,094
<b>Total revenues</b>	<b>269,744,036</b>	<b>2,407,647</b>	<b>451,351</b>	<b>4,495,192</b>	<b>37,611,476</b>	<b>314,709,702</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	12,016,917	164,551	-	61,412	23,153	12,266,033
Public safety	35,984,837	196,927	-	-	294,682	36,476,446
Public works	9,847,081	475,184	658,956	-	2,469,864	13,451,085
Health and welfare	1,940,901	501,004	-	-	106,207	2,548,112
Culture and recreation	2,417,160	222,484	-	-	7,692	2,647,336
Education	145,504,881	-	-	-	34,256,699	179,761,580
Pension and other employee benefits	38,913,258	-	-	-	-	38,913,258
<b>Debt service:</b>						
Principal retirements	11,542,844	-	500,000	3,000,000	2,850,000	17,892,844
Interest and other charges	5,427,497	-	41,385	606,311	167,492	6,242,685
Capital outlay	860,000	1,676,947	1,150,643	2,728,496	8,211,063	14,627,149
<b>Total expenditures</b>	<b>264,455,376</b>	<b>3,237,097</b>	<b>2,350,984</b>	<b>6,396,219</b>	<b>48,386,852</b>	<b>324,826,528</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>5,288,660</b>	<b>(829,450)</b>	<b>(1,899,633)</b>	<b>(1,901,027)</b>	<b>(10,775,376)</b>	<b>(10,116,826)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	1,931,027	-	-	7,039,778	8,970,805
Transfers out	(6,090,054)	(92,466)	-	-	(2,788,285)	(8,970,805)
Issuance of bonds	-	-	500,000	3,000,000	10,546,415	14,046,415
Issuance of bond anticipation notes	-	-	-	3,000,000	3,500,000	6,500,000
Issuance of capital leases	860,000	-	-	-	-	860,000
Premium on bonds	906,866	-	-	-	-	906,866
<b>Total other financing sources (uses)</b>	<b>(4,323,188)</b>	<b>1,838,561</b>	<b>500,000</b>	<b>6,000,000</b>	<b>18,297,908</b>	<b>22,313,281</b>
<b>Net change in fund balances (deficits)</b>	<b>965,472</b>	<b>1,009,111</b>	<b>(1,399,633)</b>	<b>4,098,973</b>	<b>7,522,532</b>	<b>12,196,455</b>
Fund balances (deficits), beginning	40,702,646	775,967	(2,364,813)	(7,864,909)	7,279,720	38,528,611
Fund balances (deficits), ending	\$ 41,668,118	\$ 1,785,078	\$ (3,764,446)	\$ (3,765,936)	\$ 14,802,252	\$ 50,725,066

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, 2019**

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

Net change in fund balances – total governmental funds \$ 12,196,455

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 (1,205,918)

Changes in deferred inflows of resources - pension and OPEB 11,181,182

Changes in deferred outflows of resources - pension and OPEB (35,562,977)

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	77,407
Miscellaneous revenue	(104,873)
Intergovernmental revenue and other	4,785,102

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. (705,151)

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. 772,756

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. 15,065,104

Change in net position (deficit) of governmental activities \$ 6,499,087

See notes to financial statements.

City of Danbury, Connecticut

Statement of Net Position - Proprietary Funds  
June 30, 2019

	Business-Type Activities - Enterprise Funds				Governmental
	Major		Nonmajor	Totals	Activities
	Water	Sewer	Ambulance		Internal Service Funds
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 15,218,087	\$ 21,779,858	\$ 860,166	\$ 37,858,111	\$ 16,450,150
Receivables (net of allowances for collection losses):					
Unbilled services	1,836,502	2,069,073	-	3,905,575	-
Special assessments receivable	26,320	207,742	-	234,062	-
User charges	755,623	1,131,743	1,719,608	3,606,974	-
Other	-	103,084	-	103,084	209,866
Due from other Governments	91,162	240,004	-	331,166	-
Due from other funds	421,443	-	-	421,443	5,633
Prepaid	2,569	406,355	-	408,924	337,204
Restricted cash	-	75,447	-	75,447	-
Inventories	298,566	-	-	298,566	-
<b>Total current assets</b>	<b>18,650,272</b>	<b>26,013,306</b>	<b>2,579,774</b>	<b>47,243,352</b>	<b>17,002,853</b>
Noncurrent assets:					
Capital assets (net of accumulated depreciation)	68,166,117	81,293,365	854,496	150,313,978	-
Special assessments receivable, net	86,908	819,357	-	906,265	-
<b>Total noncurrent assets</b>	<b>68,253,025</b>	<b>82,112,722</b>	<b>854,496</b>	<b>151,220,243</b>	<b>-</b>
<b>Total assets</b>	<b>86,903,297</b>	<b>108,126,028</b>	<b>3,434,270</b>	<b>198,463,595</b>	<b>17,002,853</b>
Deferred outflows of resources:					
Deferred charges on refunding	167,303	218,687	-	385,990	-
<b>Total deferred outflows of resources</b>	<b>167,303</b>	<b>218,687</b>	<b>-</b>	<b>385,990</b>	<b>-</b>
<b>Liabilities</b>					
Current liabilities:					
Accrued liabilities	210,608	307,907	-	518,515	7,844,316
Accounts payable	310,138	316,709	124,847	751,694	180,426
Due to other funds	442,557	-	366,575	809,132	41,509
Unearned revenues	91,162	251,796	-	342,958	-
Bonds and notes payable	731,816	1,356,765	-	2,088,581	-
Bond anticipation notes payable	200,000	2,800,000	-	3,000,000	-
<b>Total current liabilities</b>	<b>1,986,281</b>	<b>5,033,177</b>	<b>491,422</b>	<b>7,510,880</b>	<b>8,066,251</b>
Noncurrent liabilities:					
Bonds and note payables (net of unamortized discount)	4,611,564	16,151,831	-	20,763,395	-
<b>Total noncurrent liabilities</b>	<b>4,611,564</b>	<b>16,151,831</b>	<b>-</b>	<b>20,763,395</b>	<b>-</b>
<b>Total liabilities</b>	<b>6,597,845</b>	<b>21,185,008</b>	<b>491,422</b>	<b>28,274,275</b>	<b>8,066,251</b>
				<b>27,465,143</b>	
Net position:					
Net investment in capital assets	62,622,737	60,984,769	854,496	124,462,002	-
Committed	-	-	-	-	8,936,602
Unrestricted	17,850,018	26,174,938	2,088,352	46,113,308	-
<b>Total net position</b>	<b>\$ 80,472,755</b>	<b>\$ 87,159,707</b>	<b>\$ 2,942,848</b>	<b>\$ 170,575,310</b>	<b>\$ 8,936,602</b>

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, 2019**

	Business-Type Activities - Enterprise Funds				Governmental
	Water	Sewer	Ambulance	Totals	Activities Internal Service Funds
<b>Operating revenues:</b>					
Charges for services or premium charges	\$ 9,867,536	\$ 13,320,349	\$ 3,538,530	\$ 26,726,415	\$ 21,859,935
Intergovernmental revenue	-	94,913	-	94,913	-
Septic and connection fees	-	238,577	-	238,577	-
<b>Total operating revenues</b>	<b>9,867,536</b>	<b>13,653,839</b>	<b>3,538,530</b>	<b>27,059,905</b>	<b>21,859,935</b>
<b>Operating expenses:</b>					
Salaries and benefits	5,334,192	535,282	2,571,545	8,441,019	-
Materials and supplies	537,831	-	-	537,831	-
Depreciation	1,735,869	3,294,987	191,652	5,222,508	-
Utilities	805,051	-	-	805,051	-
Claims	-	-	-	-	21,087,179
Administrative and operating	356,389	6,111,365	658,646	7,126,400	-
<b>Total operating expenses</b>	<b>8,769,332</b>	<b>9,941,634</b>	<b>3,421,843</b>	<b>22,132,809</b>	<b>21,087,179</b>
<b>Operating income</b>	<b>1,098,204</b>	<b>3,712,205</b>	<b>116,687</b>	<b>4,927,096</b>	<b>772,756</b>
<b>Nonoperating revenues (expenses):</b>					
Interest income	179,192	436,691	1,776	617,659	-
Gain on disposal of capital assets	6,055	-	-	6,055	-
Interest expense	(185,208)	(240,856)	-	(426,064)	-
<b>Total nonoperating revenues (expenses)</b>	<b>39</b>	<b>195,835</b>	<b>1,776</b>	<b>197,650</b>	<b>-</b>
<b>Change in net position</b>	<b>1,098,248</b>	<b>3,908,040</b>	<b>118,463</b>	<b>5,124,746</b>	<b>772,756</b>
Net position, beginning	79,374,507	83,251,667	2,824,385	\$ 165,450,559	8,163,846
Net position, ending	\$ 80,472,755	\$ 87,159,707	\$ 2,942,848	\$ 170,575,310	\$ 8,936,602

See notes to financial statements.

City of Danbury, Connecticut

Statement of Cash Flows - Proprietary Funds  
For the Year Ended June 30, 2019

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Ambulance	Totals	Internal Service Funds
Cash flows from operating activities:					
Receipts from customers and users	\$ 9,647,829	\$ 13,661,428	\$ 3,708,371	\$ 27,017,628	\$ 21,818,584
Payments to suppliers/claims paid	(1,581,714)	(7,182,952)	(374,088)	(9,138,754)	(20,367,835)
Payments to employees	(5,300,474)	(535,282)	(2,571,545)	(8,407,301)	-
<b>Net cash provided by operating activities</b>	<b>2,765,641</b>	<b>5,943,194</b>	<b>762,738</b>	<b>9,471,573</b>	<b>1,450,749</b>
Cash flows from capital and related financing activities:					
Principal payments on debt	(1,033,540)	(1,115,678)	-	(2,149,218)	-
Bond proceeds	-	953,585	-	953,585	-
Interest paid on debt	(246,754)	(568,977)	-	(815,731)	-
Sale on Assets	6,055	-	-	-	-
Purchase of capital assets	(466,811)	(3,640,840)	(3,409)	(4,111,060)	-
<b>Net cash used in capital and related financing activities</b>	<b>(1,741,050)</b>	<b>(4,371,910)</b>	<b>(3,409)</b>	<b>(6,116,369)</b>	<b>-</b>
Cash flows from investing activities:					
Interest received on investments	179,192	436,691	1,776	617,659	-
<b>Net cash provided by investing activities</b>	<b>179,192</b>	<b>436,691</b>	<b>1,776</b>	<b>617,659</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,203,783</b>	<b>2,007,975</b>	<b>761,105</b>	<b>3,972,863</b>	<b>1,450,749</b>
Cash and cash equivalents:					
Beginning	14,014,304	19,847,330	99,061	33,960,695	14,999,401
Ending	\$ 15,218,087	\$ 21,855,305	\$ 860,166	\$ 37,933,558	\$ 16,450,150
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 1,098,204	\$ 3,712,205	\$ 116,687	\$ 4,927,096	\$ 772,756
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	1,735,869	3,294,987	191,652	5,222,508	-
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(219,706)	7,589	169,842	(42,275)	(40,329)
Decrease in other assets	82,241	-	-	82,241	7,861
(Decrease) increase in accrued expenses	96,888	(1,071,587)	(27,589)	(1,002,288)	706,491
(Decrease) increase in due to/from other funds	(27,855)	-	312,146	284,291	3,970
<b>Net cash provided by operating activities</b>	<b>\$ 2,765,641</b>	<b>\$ 5,943,194</b>	<b>\$ 762,738</b>	<b>\$ 9,471,573</b>	<b>\$ 1,450,749</b>
Supplemental schedule of noncash financing activities:					
Amortization of loss on refunded debt	\$ 70,925	\$ 36,242	\$ -	\$ 107,167	\$ -
Amortization of premium on refunded debt	\$ 110,138	\$ 64,280	\$ -	\$ 174,418	\$ -

See notes to financial statements.

City of Danbury, Connecticut

Statement of Fiduciary Net Position - Fiduciary Funds  
June 30, 2019

	Trust Funds	Private Purpose Trust Fund	Agency Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 13,236,776	\$ 1,287	\$ 3,584,574
Investments, at fair value:			
Common stock	30,026,008	-	-
Debt securities	9,468,292	-	-
Equity and fixed income mutual funds	125,574,985	-	-
Alternatives	104,714,351	-	-
<b>Total investments</b>	<b>269,783,636</b>	<b>-</b>	<b>-</b>
Accrued interest and dividends	232,846	-	-
Prepays	11,954	-	-
<b>Total assets</b>	<b>283,265,212</b>	<b>1,287</b>	<b>3,584,574</b>
<b>Liabilities</b>			
Accrued expenses and management fees	191,671	-	-
Due to other funds	1,094	-	-
Other liabilities	-	-	3,584,574
	192,765	-	3,584,574
Net position, restricted for pension benefits, OPEB and other purposes	\$ 283,072,447	\$ 1,287	\$ -

See notes to financial statements.

City of Danbury, Connecticut

Statement of Changes in Fiduciary Net Position - Fiduciary Funds  
For the Year Ended June 30, 2019

	Trust Funds	Private Purpose Trust Fund
Additions:		
Contributions:		
Employer	\$ 35,512,765	\$ -
Plan members	1,364,562	-
<b>Total contributions</b>	<b>36,877,327</b>	<b>-</b>
Investment income:		
Net appreciation (depreciation) in fair value of investments	4,032,516	(97)
Interest and dividends	8,130,819	-
	12,163,335	(97)
Less investment expenses:		
Investment management fees	1,029,338	-
<b>Net investment income</b>	<b>11,133,997</b>	<b>(97)</b>
Deductions:		
Benefits	42,241,690	-
<b>Change in net position</b>	<b>5,769,634</b>	<b>(97)</b>
Net position, restricted for pension benefits, OPEB and other purposes:		
Beginning of year	277,302,813	1,384
End of year	\$ 283,072,447	\$ 1,287

See notes to financial statements.

## City of Danbury, Connecticut

### Notes to Financial Statements

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#### 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-end.

**Accounting standards adopted in the current year:** GASB Statement No. 83, *Certain Asset Retirement Obligations*, was effective for the City beginning July 1, 2018. The objective of this Statement is to set guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to asset retirement obligations. The adoption of this statement did not impact the City's financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was effective for the City beginning July 1, 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statement related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The adoption of GASB Statement No. 88 did not impact the City's financial position or results of operations.

**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, 2019.

## City of Danbury, Connecticut

### Notes to Financial Statements

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#### 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, 2019.

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, 2018.

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. 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, 2019.

The Charles Ives Authority for the Performing Arts (Charles Ives) is responsible, in affiliation with Western Connecticut State University, for administering, operating and maintaining the Ives Concert Park. The board members are appointed by the Mayor with the approval of the majority of the City Council. Three of the nine appointees selected by the Mayor shall be persons nominated by the President of Western Connecticut State University. The City is potentially liable for any operating deficits and provides budgeted allocation and capital grants to fund operations, capital acquisitions and long-term improvements. The information presented for Charles Ives is for the year ended December 31, 2018.

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

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Related organizations:** The Candlewood Lake Authority, the Housatonic Resources Recovery Authority (HRRRA), and the Housatonic Area Regional Transit District are joint ventures of the City. The Danbury Housing Authority is a related organization. See Note 14 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, all of 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

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#### 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 (DHS) 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**, nonmajor 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 Other Postemployment Benefits (OPEB) Trust Funds** account for the activities of the City's seven defined benefit pension plans and two 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

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#### 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 \$8,982,000. 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 (SITF) is an investment pool managed by the State of Connecticut (State) Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes (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 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

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#### 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)**

**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 \$8.5 million, which includes \$2.5 million during FY 2018-2019.

**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

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#### 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	\$ (142,513,248)
Add: unamortized premium	(12,195,346)
Capital leases payable	(8,172,441)
Compensated absences	(3,871,104)
Heart and hypertension	(1,537,303)
Pollution remediation obligation	(1,098,769)
Landfill closure	(5,503,816)
HUD-Section 108 loans	(444,000)
Legal claims and other	(750,000)
Net pension liability	(110,062,200)
Net OPEB liability	(207,890,717)
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u><u>\$ (494,038,944)</u></u>

City of Danbury, Connecticut

Notes to Financial Statements

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**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	\$ 14,588,611
Depreciation expense	(15,714,927)
Loss on disposal of capital assets	<u>(79,602)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (1,205,918)</u></u>

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

Debt issued or incurred:	
Issuance of bonds (including bond anticipation notes)	\$ (20,546,415)
Bond premium	(906,866)
Issuance of capital leases	(860,000)
Principal repayments:	
General obligation debt	17,966,844
Amortization of premiums	2,236,598
Amortization of deferred charges	(364,363)
Capital leases	<u>1,769,051</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (705,151)</u></u>

## City of Danbury, Connecticut

### Notes to Financial Statements

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#### 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	\$ (271,266)
Heart and hypertension	112,055
Net OPEB liability	21,840,393
Accrued interest	370,285
Net pension liability	(7,419,259)
Landfill closure	363,400
Other liabilities and easements	69,496
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 15,065,104</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 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. 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 STIF.

**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% invested in preferred stocks and convertibles.

## City of Danbury, Connecticut

### Notes to Financial Statements

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#### 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, 2019, \$135,587,017 of the City's bank balance of \$137,385,060 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, 2019:

Cash and cash equivalents:		
Deposits with financial institutions	\$	133,749,391
Total cash and cash equivalents		<u>133,749,391</u>
Investments:		
General Fund:		
U.S. government agencies	4,597,325	*
U.S. treasury notes	7,953,094	*
Total government investments		<u>12,550,419</u>
Pension Trust Funds:		
U.S. treasury notes	2,293,595	*
U.S. government agencies	1,842,647	*
Collective Investment Trust	18,638,710	
Asset backed securities	265,980	*
Variable Rate - CMOs	64,322	*
Corporate CMOs and REMICs	1,827,804	*
Corporate bonds	2,672,912	
Corporate Bonds Variable	135,655	
Foreign bonds	365,378	
Common stocks	30,026,008	*
Fixed income funds	19,330,065	
Equity mutual funds	87,606,209	
Alternative investments	104,714,351	
Total pension investments		<u>269,783,636</u>
Total cash, cash equivalents and investments	\$	<u>416,083,446</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	\$ 116,931,300
Investments	12,550,419
	<u>129,481,719</u>
Fiduciary Funds:	
Cash and cash equivalents	16,822,636
Investments	269,783,636
	<u>286,606,272</u>
Total cash, cash equivalents and investments	<u>\$ 416,087,991</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	\$ 10,246,689	\$ 4,302,454	\$ 4,735,576	\$ 1,208,659	\$ -
U.S. Government Agencies	6,439,972	724,671	949,043	1,194,324	3,571,934
Asset Backed Securities	265,980	-	265,980	-	-
Fixed Income Funds	19,330,065	-	7,007,857	4,706,682	7,615,526
Foreign Bonds	365,378	44,983	269,448	50,947	-
Corporate CMOs and REMICs	1,827,804	-	1,290,655	295,192	241,957
Corporate Bonds	2,672,912	180,242	1,230,140	1,228,979	33,551
Variable Rate CMOs and Other	199,977	-	115,398	20,257	64,322
Total	<u>\$ 41,348,777</u>	<u>\$ 5,252,350</u>	<u>\$ 15,864,097</u>	<u>\$ 8,705,040</u>	<u>\$ 11,527,290</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	\$ 7,805,706	\$ -	\$ 183,839	\$ 9,663,342	\$ -	\$ 1,238,335	\$ -	\$ 64,322
AA+	-	642,375	-	-	-	99,796	-	-
AA	-	-	-	1,886,255	-	-	-	-
AA-	-	-	-	-	90,224	-	-	-
A+	-	-	-	-	-	-	-	-
A	-	-	-	1,872,168	52,126	-	81,676	-
A-	-	-	-	-	96,695	30,445	510,029	-
BBB+	-	-	-	-	-	-	583,051	80,175
BBB	-	-	-	2,437,652	45,089	-	802,738	55,480
BBB-	-	-	-	-	50,948	98,651	604,107	-
BB+	-	-	-	-	30,296	-	50,969	-
BB	-	-	-	1,125,665	-	-	-	-
B	-	-	-	1,429,942	-	-	-	-
CCC	-	-	-	720,616	-	-	-	-
Unrated	2,440,983	5,797,597	82,141	194,425	-	360,577	40,342	-
	<u>\$ 10,246,689</u>	<u>\$ 6,439,972</u>	<u>\$ 265,980</u>	<u>\$ 19,330,065</u>	<u>\$ 365,378</u>	<u>\$ 1,827,804</u>	<u>\$ 2,672,912</u>	<u>\$ 199,977</u>

**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:

	Fair Value Measurements Using			
	June 30, 2019	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	\$ 10,246,689	\$ -	\$ 10,246,689	\$ -
U.S. Government Agencies	6,439,972	-	6,439,972	-
Corporate bonds	2,672,912	-	2,672,912	-
Foreign bonds	365,378	-	365,378	-
Asset backed securities	265,980	-	265,980	-
Variable Rate- CMOs and other bonds	199,977	-	199,977	-
CMOs and REMICs	1,827,804	-	1,827,804	-
Total debt securities	22,018,712	-	265,980	-
Equity securities and mutual funds:				
Common stock	30,026,008	30,026,008	-	-
Equity mutual funds	87,606,209	87,606,209	-	-
Fixed income funds	19,330,065	-	19,330,065	-
Total equity securities and mutual funds	136,962,282	117,632,217	19,330,065	-
Total investments by fair value level	158,980,994	117,632,217	19,596,045	-
Investments measured by NAV:				
Private equity funds	5,932,028			
Collective investment trusts	18,638,710			
Hedge funds	98,782,323			
Total investments measured by NAV	123,353,061			
Total investments measured at fair value	\$ 282,334,055			

**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	\$ 98,782,323	\$ 6,292,502	none	none
Private equity funds	5,932,028	-	none	none
Total Investments measured by NAV	\$ 104,714,351			
Common Collective Trust Fund	\$ 18,638,710			

City of Danbury, Connecticut

Notes to Financial Statements

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**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, 2019, it is probable that all of the investments in this type will be sold at an amount different from NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. Therefore, the fair values of the investments in this type have been determined using recent observation transaction information for similar investments and nonbinding bids received from potential buys of the investments.

**Note 4. Deferred Inflows of Resources/Unearned Revenue**

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

	Deferred Inflows	Unearned Revenue
General Fund:		
Taxes and accrued interest on delinquent property taxes	\$ 6,767,265	\$ -
Advance property tax collections	138,379	-
Other	130,893	106,327
Miscellaneous special revenue:		
Grants and other	42,582	6,077,848
Vision 2020:		
Grants and other	3,246,383	-
DHS 2020:		
Grants and other	7,000,000	-
Nonmajor funds:		
Grants and other	319,012	809,284
	<u>\$ 17,644,514</u>	<u>\$ 6,993,459</u>

**City of Danbury, Connecticut**

**Notes to Financial Statements**

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**Note 5. Interfund Receivables, Payables and Transfers**

As of June 30, 2019, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 5,972,761	\$ 1,473,495
Miscellaneous funds	-	868,722
Vision 2020	-	1,738,875
Water	421,443	442,557
Nonmajor and other funds	1,328,199	3,198,754
Total	<u>\$ 7,722,403</u>	<u>\$ 7,722,403</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, 2019, were as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 6,090,054
Miscellaneous special revenue	1,931,027	92,466
Nonmajor governmental funds and other	7,039,778	2,788,285
Total	<u>\$ 8,970,805</u>	<u>\$ 8,970,805</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, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 49,667,188	\$ 381,600	\$ -	\$ -	\$ 50,048,788
Easements	1,089,050	-	-	45,427	1,134,477
Construction in progress (CIP)	47,544,156	6,479,660	-	(50,551,637)	3,472,179
Total capital assets, not being depreciated	98,300,394	6,861,260	-	(50,506,210)	54,655,444
Capital assets, being depreciated:					
Land improvements	18,024,400	-	-	48,370	18,072,770
Buildings and improvements	294,687,006	1,574,632	-	49,714,209	345,975,847
Machinery and equipment	62,613,159	1,652,393	(1,233,030)	-	63,032,522
Infrastructure	161,840,937	4,500,326	-	743,631	167,084,894
Total capital assets being depreciated	537,165,502	7,727,351	(1,233,030)	50,506,210	594,166,033
Less accumulated depreciation for:					
Land improvements	8,796,969	872,267	-	-	9,669,236
Buildings and improvements	100,486,851	8,491,480	-	-	108,978,331
Machinery and equipment	48,208,975	3,172,470	(1,153,428)	-	50,228,017
Infrastructure	103,359,416	3,178,710	-	-	106,538,126
Total accumulated depreciation	260,852,211	15,714,927	(1,153,428)	-	275,413,710
Total capital assets, being depreciated, net	276,313,291	(7,987,576)	(79,602)	50,506,210	318,752,323
Governmental activities capital assets, net	\$ 374,613,685	\$ (1,126,316)	\$ (79,602)	\$ -	\$ 373,407,767

**City of Danbury, Connecticut**

**Notes to Financial Statements**

**Note 6. Capital Assets (Continued)**

	Beginning Balance	Increases/ Transfers/ Reclassifications	Decreases/ Transfers/ Reclassifications	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 1,031,946	\$ -	\$ -	\$ 1,031,946
Construction in progress	-	3,573,298	-	3,573,298
Total capital assets, not being depreciated	1,031,946	3,573,298	-	4,605,244
Capital assets, being depreciated:				
Buildings and improvements	124,080,399	414,550	-	124,494,949
Machinery and equipment	31,353,111	114,018	-	31,467,129
Distribution and collection systems	102,085,723	9,200	-	102,094,923
Other	994,041	-	-	994,041
Furniture and fixtures	287,704	-	-	287,704
Total capital assets, being depreciated	258,800,978	537,768	-	259,338,746
Less accumulated depreciation for:				
Buildings and improvements	63,860,796	2,890,628	-	66,751,424
Machinery and equipment	13,550,254	853,995	-	14,404,249
Distribution and collection systems	29,788,841	1,472,759	-	31,261,600
Other	919,908	5,126	-	925,034
Furniture and fixtures	287,704	-	-	287,704
Total accumulated depreciation	108,407,503	5,222,508	-	113,630,011
Total capital assets, being depreciated, net	150,393,475	(4,684,740)	-	145,708,735
Business-type capital assets, net	\$ 151,425,421	\$ (1,111,442)	\$ -	\$ 150,313,979

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

Governmental activities:	
General government	\$ 979,809
Public safety	2,524,342
Public works, including depreciation of general infrastructure assets	3,604,836
Health and welfare	80,015
Culture and recreation	1,056,185
Library	806
Education	7,468,934
Total depreciation expense – governmental activities	<u>\$ 15,714,927</u>
Business-type activities:	
Sewer	\$ 3,294,987
Water	1,735,869
Ambulance	191,652
Total depreciation expense – business-type activities	<u>\$ 5,222,508</u>

**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, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings and improvements	\$ 301,253	\$ -	\$ -	\$ 301,253
Machinery and equipment	549,802	1,300	-	551,102
Computer equipment	18,400	-	(6,541)	11,859
Total capital assets, being depreciated	869,455	1,300	(6,541)	864,214
Less accumulated depreciation for:				
Buildings and improvements	196,028	15,328	-	211,356
Machinery and equipment	524,186	8,555	-	532,741
Computer equipment	16,419	1,146	6,541	11,024
Total accumulated depreciation	736,633	25,029	6,541	755,121
Total capital assets, being depreciated, net	\$ 132,822	\$ (23,729)	\$ -	\$ 109,093

Activity for the Richter Park Authority for the year ended December 31, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 842,385	\$ -	\$ -	\$ 842,385
CIP - driving range	-	283,553	-	283,553
Total capital assets, not being depreciated	842,385	283,553	-	1,125,938
Capital assets, being depreciated:				
Course development improvements	1,948,537	127,807	(114,622)	1,961,722
Building and improvements	2,414,681	54,329	(93,245)	2,375,765
Machinery and equipment	1,903,419	148,129	-	2,051,548
Totals, capital assets being depreciated	6,266,637	330,265	(207,867)	6,389,035
Less accumulated depreciation for:				
Course development improvements	1,017,973	146,860	(78,379)	1,086,454
Building and improvements	2,042,971	68,256	(60,612)	2,050,615
Machinery and equipment	1,535,799	152,814	-	1,688,613
Total accumulated depreciation	4,596,743	367,930	(138,991)	4,825,682
Total capital assets, being depreciated, net	1,669,894	(37,665)	(68,876)	1,563,353
Total capital assets, net	\$ 2,512,279	\$ 245,888	\$ (68,876)	\$ 2,689,291

**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, 2019, 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	153,519	5,065	-	158,584
Ground maintenance equipment	51,915	3,678	-	55,593
Administrative equipment	90,724	-	-	90,724
Vehicles	9,992	-	-	9,992
Total accumulated depreciation	306,150	8,743	-	314,893
Total capital assets, being depreciated, net	\$ 63,649	\$ (8,743)	\$ -	\$ 54,906

Activity for the Danbury Museum and Historical Society Authority for the year ended June 30, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated:				
CIP	\$ -	\$ 11,070	\$ -	\$ 11,070
Land	128,790	-	-	128,790
Total capital assets, not being depreciated	128,790	11,070	-	139,860
Capital Assets, being depreciated:				
Buildings and improvements	1,480,973	-	-	1,480,973
Machinery and equipment	26,016	-	-	26,016
Furniture and fixtures	28,110	-	-	28,110
Total capital assets, being depreciated	1,535,099	-	-	1,535,099
Less accumulated depreciation:	882,039	71,620	-	953,659
Total capital assets, being depreciated, net	653,060	(71,620)	-	581,440
Total capital assets, net	\$ 781,850	\$ (60,550)	\$ -	\$ 721,300

**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, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated				
Machinery and equipment	\$ 118,855	\$ -	\$ -	\$ 118,855
Total capital assets, being depreciated	118,855	-	-	118,855
Less accumulated depreciation for:				
Machinery and equipment	114,247	1,540	-	115,787
Total accumulated depreciation	114,247	1,540	-	115,787
Total capital assets, net	<u>\$ 4,608</u>	<u>\$ (1,540)</u>	<u>\$ -</u>	<u>\$ 3,068</u>

**Note 7. Bond Anticipation Notes Payable and Subsequent Event**

The City had \$23,500,000 of bond anticipation notes outstanding as of June 30, 2019. The bond anticipation notes bear interest at 3% and a yield of 1.60% and matured on July 18, 2019. 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, 2019, were as follows:

Outstanding, July 1, 2018	\$ 39,000,000
Borrowings	23,500,000
Repayments	(39,000,000)
Outstanding, June 30, 2019	<u>\$ 23,500,000</u>
Reported as:	
Long-term debt - governmental	<u>\$ 6,500,000</u>
Short-term debt - governmental	<u>\$ 14,000,000</u>
Short-term debt - business-type	<u>\$ 3,000,000</u>

**Subsequent event:** Of the \$23,500,000 BAN outstanding at June 30, 2019, \$9,500,000 was rolled into General Obligation Bonds on July 19, 2019. 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, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds and notes payable:					
General obligation bonds	\$ 133,509,677	\$ 14,046,415	\$ 11,542,844	\$ 136,013,248	\$ 11,998,998
Notes payable	518,000	-	74,000	444,000	74,000
Bond anticipation notes	6,350,000	6,500,000	6,350,000	6,500,000	-
Unamortized premiums	13,525,078	906,866	2,236,598	12,195,346	-
Total bonds and notes payable	<u>153,902,755</u>	<u>21,453,281</u>	<u>20,203,442</u>	<u>155,152,594</u>	<u>12,072,998</u>
Capital leases	9,081,492	860,000	1,769,051	8,172,441	1,940,178
Landfill post-closure monitoring	5,867,216	-	363,400	5,503,816	110,015
Pollution remediation obligation	1,118,265	-	19,496	1,098,769	20,000
Compensated absences	3,599,838	1,984,756	1,713,490	3,871,104	1,928,511
Heart and hypertension	1,649,358	-	112,055	1,537,303	422,524
Legal claims and other	750,000	-	-	750,000	-
Easement obligation	50,000	-	50,000	-	-
Net pension liability	102,642,941	7,419,259	-	110,062,200	-
Net OPEB liability	229,731,110	-	21,840,393	207,890,717	-
Governmental activity long-term liabilities	<u>\$ 508,392,975</u>	<u>\$ 31,717,296</u>	<u>\$ 46,071,327</u>	<u>\$ 494,038,944</u>	<u>\$ 16,494,226</u>
<b>Business-type activities:</b>					
Bonds and notes payable:					
General obligation bonds	\$ 19,025,323	\$ 1,453,585	\$ 2,102,158	\$ 18,376,750	\$ 1,806,691
Notes payable	4,196,892	-	281,890	3,915,002	281,890
Plus deferred amounts:					
Unamortized premiums	732,986	-	172,762	560,224	-
Total bonds and notes payable	<u>23,955,201</u>	<u>1,453,585</u>	<u>2,556,810</u>	<u>22,851,976</u>	<u>2,088,581</u>
Business-type activity long-term liabilities	<u>\$ 23,955,201</u>	<u>\$ 1,453,585</u>	<u>\$ 2,556,810</u>	<u>\$ 22,851,976</u>	<u>\$ 2,088,581</u>

**Notes payable:** The City's notes payable, which are payable from its governmental activities, are as follows at June 30, 2019:

	Outstanding Amount
HUD-Section 108 loan, due in annual installments through 2024 with an interest rate of 3%.	<u>\$ 444,000</u>

## City of Danbury, Connecticut

### Notes to Financial Statements

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#### Note 8. Long-Term Liabilities (Continued)

**General obligation bonds:** As of June 30, 2019, the outstanding general obligation bonded indebtedness of the City, payable from its governmental activities, was as follows:

	<u>Outstanding Amount</u>
\$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%.	\$ 2,115,000
\$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%.	10,571,000
\$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%.	1,821,333
\$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%.	1,128,000
\$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%.	4,626,000
\$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%.	12,165,000
\$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%.	1,220,000

**City of Danbury, Connecticut**

**Notes to Financial Statements**

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**Note 8. Long-Term Liabilities (Continued)**

	<u>Outstanding Amount</u>
\$11,000,000 General Obligation Bonds; issued July 15, 2014; due in annual installments of \$100,000 to \$450,000; final maturity July 15, 2034; interest at 2.00% to 3.375%.	\$ 8,800,000
\$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%.	9,222,500
\$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%.	13,500,000
\$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%.	14,297,000
\$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
\$14,046,415 General Obligation Bonds issued July 19, 2018 - installments of \$230,000-\$235,000 final maturity July 15, 2033; interest at 3.000% - 5.00%	<u>14,046,415</u>
Total bonds and notes payable	<u>\$ 136,457,248</u>

At June 30, 2019, the outstanding general obligation bonded indebtedness of the City, payable from its business-type activities, was as follows:

	<u>Outstanding Amount</u>
\$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%.	\$ 340,000
\$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%.	1,784,000
\$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%.	108,665

**City of Danbury, Connecticut**

**Notes to Financial Statements**

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**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%.	\$ 7,000
\$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%.	4,037,500
\$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%.	2,961,000
\$1,038,154 Water and Sewer general obligation bonds; issued July 27, 2012; due in annual installments of \$52,000 to \$96,232; final maturity July 15, 2029; interest 3% to 5%.	374,000
\$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%.	2,245,000
\$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%.	755,000
\$621,000 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%.	621,000
\$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%.	2,803,000
\$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
\$5,304,580 General Obligation Bonds issued July 19, 2018 (non-assessment) annual installments of \$350,000-355,000; final maturity July 15, 2033 interest at 3.000% - 5.00%	1,453,585
Total general obligation bonds	<u>18,376,750</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%.	\$ 1,420,220
\$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%.	2,494,782
Total notes payable	3,915,002
Total bonds and notes payable	\$ 22,291,752

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
2020	\$ 12,072,998	\$ 4,959,235	\$ 16,935,453	\$ 2,088,581	\$ 736,313	\$ 2,824,892
2021	12,107,750	4,405,070	16,420,094	1,999,635	648,618	2,648,250
2022	11,955,500	3,885,782	15,752,656	1,997,806	570,460	2,568,263
2023	11,309,500	3,377,391	14,602,406	1,784,848	497,194	2,282,038
2024	11,087,500	2,944,060	13,876,998	1,788,010	423,801	2,211,809
2025-2029	47,502,000	8,247,760	55,747,901	7,766,446	1,178,361	17,502,764
2030-2034	23,436,500	2,574,912	26,077,043	3,501,926	394,605	3,516,924
2035-2038	6,985,500	327,039	7,236,408	1,364,500	70,930	1,059,930
Total	\$ 136,457,248	\$ 30,721,249	\$ 166,648,959	\$ 22,291,752	\$ 4,520,282	\$ 26,812,034

**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, 2019, the amount of defeased debt outstanding, but removed from the City's government-wide financial statements was approximately \$24,640,000.

**Note 8. Long-Term Liabilities (Continued)**

**Landfill postclosure monitoring:** State and federal laws and regulations require that the City place a final cover on its closed landfill and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The landfill's closure project was completed during the year ended June 30, 1999, as the landfill was at 100% capacity. The estimated total current cost of the landfill post-closure care, aggregating \$5,503,816, 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, 2019. 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 Pension liability:** GASB No. 68, *Accounting and Financial Reporting for Pensions*, requires the City to accrue a net pension liability. The amount at June 30, 2019 was \$207,890,717.

**Net OPEB 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, 2019 was \$110,062,200.

**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 \$3,871,104 as of June 30, 2019. 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% to 3.46%. 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 (QECCB) lease/purchase agreement for building improvements. The \$4,248,835 lease has an interest rate of 3.60% and matures on June 28, 2026. The \$7,251,165 lease has an interest rate of 5.27%, a tax credit rate of 5.04% (70% of tax credit rate of 3.53%), and a net effective rate of 1.74% and matures on June 28, 2026. Principal and interest payments are made biannually on both leases and vary throughout the life of the lease.

## City of Danbury, Connecticut

### Notes to Financial Statements

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#### 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% and matures on February 17, 2022. Principal and interest payments are made semi-annually vary throughout the life of the lease.

On October 30, 2013, the City entered into a \$1,000,000 capital lease agreement with First Niagara Leasing, Inc. for an Aerial Ladder Truck. The lease has an interest rate of 1.8% and matures on November 15, 2021. Principal and interest payments of \$11,193 are made on a monthly basis.

On November 8, 2013, the City entered into a \$1,160,000 capital lease agreement with Bank of America Public Capital Corporation for technology related equipment for the City and Board of Education. The lease has an interest rate of 1.3% and matures on December 11, 2018. Principal and interest payments of \$19,974 are made on a monthly basis.

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

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

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

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

On September 7, 2018, the Board of Education entered into a \$860,000 lease agreement for certain equipment. The lease has an interest rate of 3.46% and matures September 7, 2023.

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

Buildings and improvements	\$ 11,308,274
Machinery and equipment	25,203,135
Accumulated depreciation	(27,970,703)
Net book value	<u>\$ 8,540,706</u>

Future minimum lease payments under capital leases are as follows:

Fiscal Year	
2020	\$ 1,940,178
2021	1,737,398
2022	1,378,649
2023	1,212,277
2024	1,089,478
Thereafter	<u>2,008,527</u>
	9,366,507
Less amount representing interest	(1,194,066)
	<u>\$ 8,172,441</u>

**City of Danbury, Connecticut**

**Notes to Financial Statements**

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**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, 2018:

Beginning balance	\$ 1,235,779
Additions	310,279
Deductions	(90,156)
Ending balance	<u>\$ 1,455,902</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.

The Authority issued a long-term promissory note amounting to \$600,000 in fiscal year 2018-2019 for the driven range improvements. The principal and interest rate 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, 2019, were as follows:

General purpose	\$ 13,379,994
Schools	2,031,957
Sewer	7,529,673
Water	1,676,311
	<u>\$ 24,617,935</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:

	Debt Limit	Indebtedness	Balance
General purpose	\$ 470,946,908	\$ 117,123,550	\$ 353,823,358
Schools	941,893,817	62,974,089	878,919,728
Sewers	784,911,514	108,070,186	676,841,328
Urban renewal	680,256,645	444,000	679,812,645
Unfunded pension benefit obligation	627,929,211	-	627,929,211

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$1,465,168,159.

## City of Danbury, Connecticut

### Notes to Financial Statements

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#### 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 HRRRA 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. Effective July 1, 2019 and January 1, 2020 the fee will increase to \$90.75 and \$93.75 respectively. 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 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 (Veolia) to manage its wastewater collection and treatment system. However, a 5-year extension (with two one year exemptions) 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 National Pollutant Discharge Elimination System (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

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#### Note 10. Fund Deficits

The City has the following fund deficits at June 30, 2019, and expects to eliminate the deficits in the future as follows:

Fund	Deficit June 30, 2019	Plan for Eliminating Debt
Capital Projects:		
Vision 2020	\$ (3,764,446)	Through future debt issuance/grant reimbursements
Open Space	(72,320)	Through future debt issuance/grant reimbursements
DHS 2020	(3,765,936)	Through future debt issuance/grant reimbursements
Special Revenue:		
LOCIP	(23,563)	Through future grant reimbursement

#### Note 11. Employee Retirement Plans

The City maintains seven separate single-employer pension plans covering substantially all of its eligible employees (collectively, the City's plans), except those public school teachers covered under the State of Connecticut Teachers' Retirement System. The General Employees Plan is a non-contributory defined benefit plan covering all full-time employees not qualified under one of the City's other plans or the State Teachers' Retirement System. Beginning January 1, 2011, all non-union employees who are hired or become eligible for benefits subsequent to January 1, 2011, and are members of the General Employees' Pension Plan shall contribute 5% of their base salary. The 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 Danbury Municipal Employees' Association, Inc. (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, 2019**

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police	Post-1967 Fire	Post-1983 Police	Post-2011 Fire	OPEB	Totals
<b>Assets</b>									
Cash and cash equivalents	\$ 1,867,223	\$ 89,872	\$ 91,804	\$ 760,448	\$ 1,160,936	\$ 540,872	\$ 16,993	\$ 8,708,628	\$ 13,236,776
Investments, at fair value:									
Common stock	12,168,220	142,969	193,070	4,289,185	8,378,139	4,769,936	84,489	-	30,026,008
Debt securities	3,837,082	45,083	60,882	1,352,536	2,641,932	1,504,134	26,643	-	9,468,292
Mutual funds	50,890,016	597,927	807,459	17,938,260	35,039,112	19,948,860	353,351	-	125,574,985
Private hedge fund	42,436,119	498,599	673,322	14,958,339	29,218,382	16,634,937	294,653	-	104,714,351
<b>Total investments</b>	<b>109,331,437</b>	<b>1,284,578</b>	<b>1,734,733</b>	<b>38,538,320</b>	<b>75,277,565</b>	<b>42,857,867</b>	<b>759,136</b>	<b>-</b>	<b>269,783,636</b>
Accrued interest and dividends	87,326	1,501	1,732	30,777	59,774	34,276	717	16,743	232,846
Prepays	-	-	-	-	-	-	-	11,954	11,954
<b>Total assets</b>	<b>111,285,986</b>	<b>1,375,951</b>	<b>1,828,269</b>	<b>39,329,545</b>	<b>76,498,275</b>	<b>43,433,015</b>	<b>776,846</b>	<b>8,737,325</b>	<b>283,265,212</b>
<b>Liabilities</b>									
Accrued expenses and management fees	71,165	4,360	4,223	23,517	42,695	25,089	1,646	18,976	191,671
Due to other funds	-	-	-	-	-	-	-	1,094	1,094
<b>Total liabilities</b>	<b>71,165</b>	<b>4,360</b>	<b>4,223</b>	<b>23,517</b>	<b>42,695</b>	<b>25,089</b>	<b>1,646</b>	<b>20,070</b>	<b>192,765</b>
<b>Net position- restricted for pension benefits and OPEB</b>	<b>\$111,214,821</b>	<b>\$ 1,371,591</b>	<b>\$ 1,824,046</b>	<b>\$39,306,028</b>	<b>\$76,455,580</b>	<b>\$43,407,926</b>	<b>\$ 775,200</b>	<b>\$8,717,255</b>	<b>\$283,072,447</b>

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, 2019**

	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	\$ 4,788,000	\$ 753,000	\$ 510,000	\$ 1,090,000	\$ 2,778,268	\$ 3,143,018	\$ 68,959	\$ 22,381,520	\$ 35,512,765
Plan members	254,313	-	-	-	437,018	560,727	112,504	-	1,364,562
Total contributions	5,042,313	753,000	510,000	1,090,000	3,215,286	3,703,745	181,463	22,381,520	36,877,327
Investment Income:									
Net appreciation in fair value of investments	1,524,372	16,042	24,988	455,268	1,057,484	749,725	24,278	180,359	4,032,516
Interest and dividends	3,283,350	47,448	57,494	1,155,235	2,257,393	1,306,900	25,412	(2,413)	8,130,819
	4,807,722	63,490	82,482	1,610,503	3,314,877	2,056,625	49,690	177,946	12,163,335
Less investment expenses:									
Investment management fees	448,815	21,545	21,900	132,269	238,340	139,281	16,507	10,681	1,029,338
Net investment income	4,358,907	41,945	60,582	1,478,234	3,076,537	1,917,344	33,183	167,265	11,133,997
Deductions:									
Benefits paid	8,207,775	1,039,185	789,742	4,876,440	5,632,050	1,825,657	1.00	19,870,840	42,241,690
Total deductions	8,207,775	1,039,185	789,742	4,876,440	5,632,050	1,825,657	1.00	19,870,840	42,241,690
Net change in net position	1,193,445	(244,240)	(219,160)	(2,308,206)	659,773	3,795,432	214,645	2,677,945	5,769,634
Net position-restricted for pension benefits and OPEB									
Beginning 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
End of year	\$ 111,214,821	\$ 1,371,591	\$ 1,824,046	\$ 39,306,028	\$ 76,455,580	\$ 43,407,926	\$ 775,200	\$ 8,717,255	\$ 283,072,447

**City of Danbury, Connecticut**

**Notes to Financial Statements**

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**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% of the plan's net position as of June 30, 2019:

Sequoia Fund	\$ 15,638,281
Pointer Offshore LTD AE Series One	\$ 18,933,724
Legal & General S&P 500 CTF	\$ 14,880,286

**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, 2018, Pension Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	543
Inactive plan members entitled to but not yet receiving benefits	122
Active plan members	<u>429</u>
	<u>1,094</u>

City of Danbury, Connecticut

Notes to Financial Statements

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**Note 11. Employee Retirement Plans (Continued)**

***Benefits provided:***

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

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

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

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

**City of Danbury, Connecticut**

**Notes to Financial Statements**

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**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, 2019, were as follows:

General Employees Pension Plan Net Pension Liability	2019
Total pension liability	\$ 154,483,797
Plan fiduciary net position	111,214,821
Net pension liability	<u>\$ 43,268,976</u>
Plan fiduciary net position as a percentage of total pension liability	71.99%

**Rate of return:** For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 7.125%. 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, 2018, using the following actuarial assumptions, and then was projected forward to the measurement date of June 30, 2019. There have been no significant changes between the valuation date and the fiscal year-end.

Actuarial valuation method:	Entry Age Normal Cost Method
Long-term inflation:	2.70%
Interest:	7.125% compounded annually, net of investment expense
Mortality:	Active/Regular Retirement – RP-2014 Adjusted to 2006 Mortality table projected to valuation date Scale MP-2018. Disabled – RP 2014 Adjusted to 2006 Disabled mortality table projected to valuation date with Scale MP - 2018.
Mortality improvement:	Active/Regular Retirement – Projected to date of decrement using Scale MP-2018 (generational).
Measurement Date	June 30, 2019, as rolled forward from July 1, 2018 valuation date.

**City of Danbury, Connecticut**

**Notes to Financial Statements**

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**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%	66	15%
56	5%	67	10%
57	5%	68	10%
58	5%	69	10%
59	7.5%	70	25%
60	7.5%	71	20%
61	7.5%	72	20%
62	15%	73	20%
63	10%	74	20%
64	10%	75	100%
65	20%		

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, 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>

**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 7.125%. 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 7.125% 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 (6.125% or 1-percentage-point higher 8.125%) than the current rate:

	1% Decrease 6.125%	Current Discount Rate 7.125%	1% Increase 8.125%
General Employees Pension Plan			
Net Pension Liability	\$ 61,161,416	\$ 43,268,976	\$ 28,153,627

Changes in the Net Pension Liability

	General Employees Pension Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/18	\$ 149,503,190	\$ 110,021,376	39,481,814
Changes for the year:			
Service cost	2,200,186	-	2,200,186
Interest	10,706,168	-	10,706,168
Differences between expected and actual experience	2,750,629	-	2,750,629
Change of benefit terms	(2,650)	-	(2,650)
Changes of assumptions	(2,465,951)	-	(2,465,951)
Contributions - employer	-	4,788,000	(4,788,000)
Contributions - member	-	254,313	(254,313)
Net investment income	-	4,502,921	(4,502,921)
Benefit payments, including refunds of employee contributions	(8,207,775)	(8,207,775)	-
Administrative expense	-	(144,014)	144,014
Net changes	4,980,607	1,193,445	3,787,162
Balances at 6/30/19	\$ 154,483,797	\$ 111,214,821	\$ 43,268,976

**City of Danbury, Connecticut**

**Notes to Financial Statements**

**Note 11. Employee Retirement Plans (Continued)**

For the year ended June 30, 2019, the City recognized pension expense of \$7,159,939. At June 30, 2019, 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	\$ 2,095,717	\$ (2,017,817)
Changes of assumptions	453,784	(3,194,169)
Net difference between projected and actual earnings on pension plan investments	2,230,211	-
Total	<u>\$ 4,779,712</u>	<u>\$ (5,211,986)</u>

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

Year ending June 30:	General Employees Pension Plan
2020	\$ 703,343
2021	(1,766,687)
2022	(53,636)
2023	684,706
2024	-
Thereafter	-

**Pre-67 Police Pension Plan:**

**Plan membership:** Eligible regular full-time employees of the City are members of the Plan. At July 1, 2018, Pension Plan membership consisted of the following:

Inactive plan member or beneficiaries currently receiving benefits	20
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	-
	<u>20</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**

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**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, 2019, were as follows:

Pre-1967 Police Pension Plan Net Pension Liability	2019
Total pension liability	\$ 4,927,230
Plan fiduciary net position	1,371,591
Net pension liability	<u>\$ 3,555,639</u>
Plan fiduciary net position as a percentage of total pension liability	27.84%

**Rate of return:** For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 7.125%. 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, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation method:	Entry Age Normal Cost Method
Long-term inflation:	2.60%
Interest:	7.125% compounded annually, net of investment expense
Mortality:	Retired Pensioner – RP-2014 Adjusted to 2006 Blue Collar Mortality table projected to valuation date of with Scale MP-2018. Disabled Pensioners – IRS Revenue Ruling 96-7 Disabilities before 1995.
Mortality improvement:	Projected to date of decrement using Scale MP-2018 (generational)
Expense loading:	Administrative expenses are paid outside the plan.
Cost of living increases:	2.60% per year
Measurement Date	June 30, 2019, as rolled forward from July 1, 2018 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, 2019 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 7.125%. 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 7.125% 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 (6.125%) or 1-percentage-point higher (8.125%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Pre-1967 Police Pension Plan	<u>6.125%</u>	<u>7.125%</u>	<u>8.125%</u>
Net Pension Liability	\$ 3,771,050	\$ 3,555,639	\$ 3,357,973

**City of Danbury, Connecticut**

**Notes to Financial Statements**

**Note 11. Employee Retirement Plans (Continued)**

Changes in the Net Pension Liability

	Pre-1967 Police Pension Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/18	\$ 5,306,506	\$ 1,615,831	3,690,675
Changes for the year:			
Service cost	-	-	-
Interest	341,705	-	341,705
Differences between expected and actual experience	274,937	-	274,937
Changes of assumptions	43,267	-	43,267
Contributions - employer	-	753,000	(753,000)
Contributions - member	-	-	-
Net investment income	-	55,940	(55,940)
Benefit payments, including refunds of employee contributions	(1,039,185)	(1,039,185)	-
Administrative expense	-	(13,995)	13,995
Net changes	(379,276)	(244,240)	(135,036)
Balances at 6/30/19	<u>\$ 4,927,230</u>	<u>\$ 1,371,591</u>	<u>\$ 3,555,639</u>

For the year ended June 30, 2019, the City recognized pension expense of \$632,918. At June 30, 2019, 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	46,204	-
Total	<u>\$ 46,204</u>	<u>\$ -</u>

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

Year ending June 30:	Pre-1967 Police Pension Plan
2020	\$ 40,136
2021	(6,286)
2022	2,620
2023	9,734
2024	-
Thereafter	-

**City of Danbury, Connecticut**

**Notes to Financial Statements**

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**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, 2018, Pension Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	16
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	-
	<u>16</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, 2019 were as follows:

Pre-1967 Fire Pension Plan	
Net Pension Liability	2019
<hr/>	
Total pension liability	\$ 5,207,217
Plan fiduciary net position	1,824,046
Net pension liability	<u>\$ 3,383,171</u>
Plan fiduciary net position as a percentage of total pension liability	35.03%

**Rate of return:** For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 7.125%. 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**

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**Note 11. Employee Retirement Plans (Continued)**

**Actuarial assumptions:** The total pension liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, and then was projected forward to the measurement date of June 30, 2019. There have been no significant changes between the valuation date and the fiscal year-end.

Actuarial valuation method:	Entry Age Normal Cost Method
Long-term inflation:	2.60%
Interest:	7.125% compounded annually, net of investment expense
Mortality:	Retired Pensioner – RP-2014 Adjusted to 2006 Blue Collar Mortality table projected to valuation date of with Scale MP-2018. Disabled Pensioners – IRS Revenue Ruling 96-7 Disabilities before 1995.
Mortality improvement:	Projected to date of decrement using Scale MP-2018 (generational)
Expense loading:	Administrative expenses are paid outside the plan.
Cost of living increases:	2.60% per year
Measurement Date	June 30, 2019, as rolled forward from July 1, 2018 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, 2019, 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 7.125%. 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 7.125% 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 (6.125%) or 1-percentage-point higher (8.125%) than the current rate:

Pre-1967 Fire Pension Plan	1% Decrease 6.125%	Current Discount Rate 7.125%	1% Increase 8.125%
Net Pension Liability	\$ 3,681,915	\$ 3,383,171	\$ 3,115,106
<u>Changes in the Net Pension Liability</u>	<u>Pre-1967 Fire Pension Plan</u>		
	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances at 6/30/18	\$ 4,924,749	\$ 2,044,986	2,879,763
Changes for the year:			
Service cost	-	-	-
Interest	328,917	-	328,917
Differences between expected and actual experience	625,469	-	625,469
Changes of assumptions	117,824	-	117,824
Contributions - employer	-	510,000	(510,000)
Contributions - member	-	-	-
Net investment income	-	72,405	(72,405)
Benefit payments, including refunds of employee contributions	(789,742)	(789,742)	-
Administrative expense	-	(13,603)	13,603
Net changes	282,468	(220,940)	503,408
Balances at 6/30/19	\$ 5,207,217	\$ 1,824,046	\$ 3,383,171

For the year ended June 30, 2019, the City recognized pension expense of \$1,018,554. At June 30, 2019, 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	59,659	-
Total	\$ 59,659	\$ -

**City of Danbury, Connecticut**

**Notes to Financial Statements**

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**Note 11. Employee Retirement Plans (Continued)**

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

Year ending June 30:		<u>Pre-1967 Fire Pension Plan</u>
2020	\$	47,722
2021		(6,105)
2022		4,961
2023		13,081
2024		-
Thereafter		-

**Post-67 Police Pension Plan:**

**Plan membership:** Eligible regular full-time employees of the City are members of the Plan. At July 1, 2018, Pension Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	90
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>4</u>
	<u>94</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

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#### 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, 2019 were as follows:

Post-1967 Police Pension Plan Net Pension Liability	2019
Total pension liability	\$ 54,536,758
Plan fiduciary net position	39,306,028
Net pension liability	<u>\$ 15,230,730</u>
Plan fiduciary net position as a percentage of total pension liability	72.07%

**Rate of return:** For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 7.125%. 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, 2018, 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:	7.125% compounded annually, net of investment expense
Mortality:	Active/Regular Retirement – RP-2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP- 2018. Disabilities: RP-2014 Adjusted to 2006 Disabled Mortality Table with no projection.
Measurement Date	June 30, 2019, as rolled forward from July 1, 2018 valuation date

**City of Danbury, Connecticut**

**Notes to Financial Statements**

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**Note 11. Employee Retirement Plans (Continued)**

Mortality improvement: Projected to date of decrement using Scale MP-2018 (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, 2019 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 7.125%. 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 7.125% 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 (6.125%) or 1-percentage-point higher (8.125%) than the current rate:

Post-1967 Police Pension Plan	1% Decrease 6.125%	Current Discount Rate 7.125%	1% Increase 8.125%
Net Pension Liability	\$ 20,260,388	\$ 15,230,730	\$ 10,938,589

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 6/30/18	\$ 55,456,360	\$ 41,612,453	13,843,907
Changes for the year:			
Service cost	78,270	-	78,270
Interest	3,852,583	-	3,852,583
Differences between expected and actual experience	(584,815)	-	(584,815)
Changes of assumptions	610,800	-	610,800
Contributions - employer	-	1,090,000	(1,090,000)
Contributions - member	-	-	-
Net investment income	-	1,505,222	(1,505,222)
Benefit payments, including refunds of employee contributions	(4,876,440)	(4,876,440)	-
Administrative expense	-	(25,207)	25,207
Net changes	(919,602)	(2,306,425)	1,386,823
Balances at 6/30/19	\$ 54,536,758	\$ 39,306,028	\$ 15,230,730

For the year ended June 30, 2019, the City recognized pension expense of \$ 2,201,330. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Post-1967 Police Pension Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,019,718	-
Total	\$ 1,019,718	\$ -

**City of Danbury, Connecticut**

**Notes to Financial Statements**

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**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 ending June 30:</u>	<u>Post-1967 Police Pension Plan</u>
2020	\$ 783,194
2021	(124,746)
2022	86,084
2023	275,186
2024	-
Thereafter	-

**Post-67 Fire Pension Plan:**

**Plan membership:** Eligible regular full-time employees of the City are members of the Plan. At July 1, 2018, Pension Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	98
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	<u>86</u>
	<u>186</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

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**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, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 7.125%. 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

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**Note 11. Employee Retirement Plans (Continued)**

**Actuarial assumptions:** The total pension liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, and then was projected forward to the measurement date of June 30, 2019. There have been no significant changes between the valuation date and the fiscal year-end.

Actuarial valuation method:	Entry Age Normal Cost Method
Measurement Date	June 30, 2019, as rolled forward from July 1, 2018 valuation date
Long-term inflation:	2.70%
Interest:	7.125% compounded annually, net of investment expense.
Mortality:	Active/Regular Retirement – RP-2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP- 2018. Disabled Pensioners – RP-2014 Adjusted to 2006 Disabled Mortality Table with no projection.
Mortality improvement:	Projected to date of decrement using Scale MP-2018 (generational) Disabled – None.
Cost of living increases:	2.6%.

**Net pension liability:** The components of the net pension liability of the City at June 30, 2019 were as follows:

Post-1967 Fire Pension Plan Net Pension Liability	2019
Total pension liability	\$ 99,323,536
Plan fiduciary net position	76,455,580
Net pension liability	<u>\$ 22,867,956</u>
Plan fiduciary net position as a percentage of total pension liability	76.98%

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, 2019 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 7.125%. 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 7.125% 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 (6.125%) or 1-percentage-point higher (8.125%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Post-1967 Fire Pension Plan	6.125%	7.125%	8.125%
Net Pension Liability	\$ 35,136,327	\$ 22,867,956	\$ 12,700,529

**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 6/30/18	\$ 97,255,211	\$ 75,795,806	21,459,405
Changes for the year:			
Service cost	1,651,135	-	1,651,135
Interest	6,970,120	-	6,970,120
Differences between expected and actual experience	(1,452,445)	-	(1,452,445)
Changes of assumptions	531,565	-	531,565
Contributions - employer	-	2,778,268	(2,778,268)
Contributions - member	-	437,018	(437,018)
Net investment income	-	3,115,445	(3,115,445)
Benefit payments, including refunds of employee contributions	(5,632,050)	(5,632,050)	-
Administrative expense	-	(38,907)	38,907
Net changes	2,068,325	659,774	1,408,551
Balances at 6/30/19	<u>\$ 99,323,536</u>	<u>\$ 76,455,580</u>	<u>\$ 22,867,956</u>

For the year ended June 30, 2019, the City recognized pension expense of \$ 4,015,293. At June 30, 2019, 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	\$ 134,187	\$ (1,156,028)
Changes of assumptions	423,082	(425,580)
Net difference between projected and actual earnings on pension plan investments	1,491,802	-
Total	<u>\$ 2,049,071</u>	<u>\$ (1,581,608)</u>

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

Year ending June 30:	Post-1967 Fire Pension Plan
2020	\$ 681,123
2021	(431,983)
2022	(70,991)
2023	289,314
2024	-
Thereafter	-

City of Danbury, Connecticut

Notes to Financial Statements

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**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, 2018, 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

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#### 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, 2019 were as follows:

Post-1983 Police Pension Plan Net Pension Liability	2019
Total pension liability	\$ 65,099,809
Plan fiduciary net position	43,407,926
Net pension liability	<u>\$ 21,691,883</u>
Plan fiduciary net position as a percentage of total pension liability	66.68%

**Rate of return:** For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 7.125%. 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, 2018, using the following actuarial assumptions, and then was projected forward to the measurement date of June 30, 2019. There have been no significant changes between the valuation date and the fiscal year-end.

Actuarial valuation method:	Entry Age Normal Cost Method
Measurement Date:	June 30, 2019, as rolled forward from July 1, 2016 valuation date
Long-term inflation:	2.60%
Interest:	7.125% compounded annually, net of investment expense
Mortality:	Active/Regular Retirement – RP-2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP-2018. Disabled Pensioners – RP-2014 Adjusted to 2006 Disabled Mortality Table with no projection.
Mortality improvement:	Projected to date of decrement using Scale MP-2018 (generational)
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, 2019 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 7.125%. 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 7.125% 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 (6.125%) or 1-percentage-point higher (8.125%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Post-1983 Police Pension Plan	6.125%	7.125%	8.125%
Net Pension Liability	\$ 31,079,979	\$ 21,691,883	\$ 14,033,410

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 6/30/18	\$ 60,898,976	\$ 39,612,491	21,286,485
Changes for the year:			
Service cost	1,684,496	-	1,684,496
Interest	4,472,280	-	4,472,280
Differences between expected and actual experience	46,348	-	46,348
Changes of assumptions	(176,634)	-	(176,634)
Contributions - employer	-	3,143,018	(3,143,018)
Contributions - member	-	560,727	(560,727)
Net investment income	-	1,946,324	(1,946,324)
Benefit payments, including refunds of employee contributions	(1,825,657)	(1,825,657)	-
Administrative expense	-	(28,977)	28,977
Net changes	4,200,833	3,795,435	405,398
Balances at 6/30/19	\$ 65,099,809	\$ 43,407,926	\$ 21,691,883

For the year ended June 30, 2019, the City recognized pension expense of \$3,794,522. At June 30, 2019, 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	\$ 565,443	\$ (54,630)
Changes of assumptions	1,497,468	(155,353)
Net difference between projected and actual earnings on pension plan investments	537,407	-
Total	\$ 2,600,318	\$ (209,983)

**City of Danbury, Connecticut**

**Notes to Financial Statements**

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**Note 11. Employee Retirement Plans (Continued)**

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

Year ending June 30:	Post-1983 Police Pension Plan
2020	\$ 909,725
2021	319,939
2022	485,861
2023	657,087
2024	42,237
Thereafter	(24,514)

**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**

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**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's Post-2011 Fire Department Pension Plan at June 30, 2019 were as follows:

Post-2011 Fire Pension Plan Net Pension Liability	2019
Total pension liability	\$ 839,045
Plan fiduciary net position	775,200
Net pension liability	<u>\$ 63,845</u>
Plan fiduciary net position as a percentage of total pension liability	92.39%

**Rate of return:** For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 7.125%. 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**

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**Note 11. Employee Retirement Plans (Continued)**

**Actuarial assumptions:** The total pension liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, and then was projected forward to the measurement date of June 30, 2019. There have been no significant changes between the valuation date and the fiscal year-end.

Actuarial valuation method:	Entry Age Normal Cost Method
Measurement Date	June 30, 2019, as rolled forward from July 1, 2018 valuation date
Long-term inflation:	2.60%
Interest:	7.125% compounded annually, net of investment expense
Mortality:	Active/Regular Retirement – RP-2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP-2018. Disabled Pensioners – RP-2014 Adjusted to 2006 Disabled Mortality Table with no projection.
Mortality improvement:	Projected to date of decrement using Scale MP-2018 (generational)
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, 2019 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 7.125%. 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 7.125% 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 (6.125%) or 1-percentage-point higher (8.125%) than the current rate:

Post-2011 Fire Pension Plan	1% Decrease 6.125%	Current Discount Rate 7.125%	1% Increase 8.125%
Net Pension Liability (Asset)	\$ 258,739	\$ 63,845	\$ (89,314)

Changes in the Net Pension Liability

	Post-2011 Fire Pension Plan		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/18	\$ 561,446	\$ 560,555	891
Changes for the year:			
Service cost	127,857	-	127,857
Interest	49,975	-	49,975
Differences between expected and actual experience	103,191	-	103,191
Changes of assumptions	(3,424)	-	(3,424)
Contributions - employer	-	68,959	(68,959)
Contributions - members	-	112,504	(112,504)
Net investment income	-	46,762	(46,762)
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	-	(13,580)	13,580
Net changes	277,599	214,645	62,954
Balances at 6/30/19	\$ 839,045	\$ 775,200	\$ 63,845

For the year ended June 30, 2019, the City recognized pension expense of \$42,154. At June 30, 2019, 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	\$ 147,516	\$ (20,674)
Changes of assumptions	19,008	(25,053)
Net difference between projected and actual earnings on pension plan investments	-	(577)
Total	\$ 166,524	\$ (46,304)

**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:

Year ending June 30:	Post-2011 Fire Pension Plan
2020	\$ 8,415
2021	5,755
2022	5,629
2023	6,756
2024	6,783
Thereafter	86,882

**Aggregate Information:**

	Net Pension Liability	Pension Expense	Deferred Inflows	Deferred Outflows
General Employees Retirement	\$ 43,268,976	\$ 7,159,939	\$ (5,211,986)	\$ 4,779,712
Pre-1967 Police	3,555,639	632,918	-	46,204
Pre-1967 Fire	3,383,171	1,018,554	-	59,659
Post-1967 Police	15,230,730	2,201,330	-	1,019,718
Post-1967 Fire	22,867,956	4,015,293	(1,581,608)	2,049,071
Post-1983 Police	21,691,883	3,794,522	(209,983)	2,600,318
Post-2011 Fire	63,845	42,154	(46,304)	166,524
	\$ 110,062,200	\$ 18,864,710	\$ (7,049,881)	\$ 10,721,206

**Connecticut State Teachers' Retirement System:**

**Description of system:** Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multiple-employer defined benefit plan, which is administered by the Connecticut State Teachers' Retirement Board. The State of Connecticut Teacher Retirement System (the System) is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained at [www.ct.gov](http://www.ct.gov).

Certain part-time and full-time certified teachers are eligible to participate in the plan and are required to contribute 6.00% of their annual earnings to the plan. The City is not required to contribute to the plan.

City of Danbury, Connecticut

Notes to Financial Statements

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**Note 11. Employee Retirement Plans (Continued)**

**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.

**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.)

**Contribution requirements:** The pension contributions made by the State to the System are determined on an actuarial reserve basis as described in Connecticut General Statutes (CGS) Sections 10-183z.

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

**Actuarial assumptions:** The actuarial assumptions used in the June 30, 2018 valuation, using the following key actuarial assumptions, applied to all periods in the measurement:

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

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#### Note 11. Employee Retirement Plans (Continued)

Mortality rates were based on the RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to year 2020 using BB improvement scales.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

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%
	<u>100.0%</u>	

**City of Danbury, Connecticut**

**Notes to Financial Statements**

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**Note 11. Employee Retirement Plans (Continued)**

**Discount rate:** The discount rate used to measure the total pension liability was 8%. 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.

**Sensitivity of the proportionate share of the net pension liability to changes in the discount rate:** The following presents the state’s proportionate share of the net pension liability allocated to the City, calculated using the discount rate of 8%, 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%) or 1-percentage-point higher (9%) than the current rate.

1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
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State's Share of the NPL associated with the City	\$ 308,627,000	\$ 244,202,221	\$ 189,720,000
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**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 GASB Statement 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 net pension liability that was associated with the City was \$244,202,221 and 100% of the collective net pension liability is allocated to the State.

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, 2019, the City recognized \$27,407,384 as the amount expended by the State on behalf of the City to meet the State’s funding requirements.

**Pension plan fiduciary net position:** Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial statements available at [www.ct.gov](http://www.ct.gov).

**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.

## City of Danbury, Connecticut

### Notes to Financial Statements

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#### 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, 2018. The post-retirement plan does not issue stand-alone financial reports.

**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, 2018, the date of the last actuarial valuation.

General Government employees:

Inactive plan members or beneficiaries currently receiving benefits	491
Active plan members	1,661
Total	<u>2,152</u>

Board of Education (BOE) employees:

Inactive plan members or beneficiaries currently receiving benefits	85
Active plan members	1,162
Total	<u>1,247</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, 2018
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:	5.73% (City) and 3.51% (BOE)
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-2018.

**Police and Fire:** RP-2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP-2018.

**City of Danbury, Connecticut**

**Notes to Financial Statements**

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

**Disabled Mortality:**

**City and BOE Non-Certified:** RP 2014 Adjusted to 2006 Disabled Retiree Mortality Table with Scale MP-2018.

**BOE Certified:** None.

**Mortality Improvement:** Projected to date of decrement using Scale MP-2018 (generational).

**Changes in Actuarial Assumption as of July 1, 2018:** The July 1, 2018 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, 2019, 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	1.99%
Rate of return - Board of Education	1.94%

**Net OPEB liability of the City:** The components of the net OPEB liability of the City at June 30, 2019 were as follows:

Net OPEB Liability as of June 30, 2019	General OPEB Plan	BOE OPEB Plan	Total
Total OPEB liability	\$ 194,880,302	\$ 21,715,104	\$ 216,595,406
Plan fiduciary net position	8,553,639	151,050	8,704,689
Net OPEB liability	\$ 186,326,663	\$ 21,564,054	\$ 207,890,717
Plan fiduciary net position as a percentage of total OPEB liability	4.39%	0.70%	4.02%
Covered payroll	\$ 37,533,933	\$ 87,384,240	124,918,173
Net OPEB liability as a % of covered payroll	496.42%	24.68%	166.42%

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, 2018, and the final vestment return assumption, are summarized in the following table:

Asset Class	Target Allocation %	Long-Term Expected Real Rate of Return	Weighting
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			7.49%

**Discount rate:** The discount rate used to measure the total OPEB liability was 5.73% (GG) and 3.51% (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 6/30/18	\$ 220,375,636	\$ 5,891,130	\$ 214,484,506
Changes for the year:			
Service cost	4,853,190	-	4,853,190
Changes of assumptions	(2,100,711)	-	(2,100,711)
Differences between expected and actual experience	(34,769,087)	-	(34,769,087)
Interest	13,140,437	-	13,140,437
Contributions - employer	-	9,119,163	(9,119,163)
Net investment income	-	162,509	(162,509)
Administrative expense	-	-	-
Benefit payments, including refunds of employee contributions	(6,619,163)	(6,619,163)	-
Net changes	(25,495,334)	2,662,509	(28,157,843)
Balances at 6/30/19	<u>\$ 194,880,302</u>	<u>\$ 8,553,639</u>	<u>\$ 186,326,663</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 6/30/18	\$ 15,394,784	\$ 148,180	\$ 15,246,604
Changes for the year:			
Service cost	989,684	-	989,684
Changes of assumptions	(3,626,426)	-	(3,626,426)
Differences between expected and actual experience	9,275,183	-	9,275,183
Interest	616,172	-	616,172
Contributions - employer	-	804,217	(804,217)
Contributions - TRB subsidy	-	130,076	(130,076)
Net investment income	-	2,870	(2,870)
Administrative expense	-	-	-
Benefit payments, including refunds of employee contributions	(934,293)	(934,293)	-
Net changes	6,320,320	2,870	6,317,450
Balances at 6/30/19	<u>\$ 21,715,104</u>	<u>\$ 151,050</u>	<u>\$ 21,564,054</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%)
<b>General Government</b>			
Net OPEB liability as of June 30, 2019	\$ 160,296,557	\$ 186,326,663	\$ 219,083,011
<b>BOE</b>			
Net OPEB liability as of June 30, 2019	\$ 19,134,072	\$ 21,564,054	\$ 24,450,506

**Sensitivity of estimates used in calculating the net OPEB liability:** The following presents the net OPEB liability, calculated using the discount rates of 5.73% and 3.53%, 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 4.73%	Current Discount Rate 5.73%	1% Increase 6.73%
<b>Net OPEB Liability - General Government</b>			
OPEB Plan	\$ 214,891,907	\$ 186,326,663	\$ 163,191,237
<b>Net OPEB Liability - BOE</b>			
OPEB Plan	\$ 23,962,782	\$ 21,564,054	\$ 19,507,196

**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, 2019, the City recognized OPEB expense of \$14,150,576. At June 30, 2019, 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	\$ -	\$ (31,508,858)
Changes of assumptions	-	(3,696,224)
Net difference between projected and actual earnings on OPEB plan investments	334,640	-
Total	<u>\$ 334,640</u>	<u>\$ (35,205,082)</u>

BOE OPEB Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,381,449	\$ -
Changes of assumptions	-	(3,821,836)
Net difference between projected and actual earnings on OPEB plan investments	4,459	-
Total	<u>\$ 9,385,908</u>	<u>\$ (3,821,836)</u>

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

	General Government OPEB Plan
Year ending June 30;	
2020	\$ (5,281,423)
2021	(4,151,997)
2022	(3,667,958)
2023	(3,710,386)
2024	(3,762,224)
Thereafter	(14,296,454)

**City of Danbury, Connecticut**

**Notes to Financial Statements**

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

	<u>BOE OPEB Plan</u>
Year ending June 30;	
2020	\$ 390,018
2021	390,018
2022	390,019
2023	389,296
2024	388,723
Thereafter	3,615,998

**Aggregate OPEB Information:**

	<u>Net OPEB Liability</u>	<u>OPEB Expense</u>	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>
General Government	\$ 186,326,663	\$ 12,290,513	\$ (35,205,082)	\$ 334,640
Board of Education	21,564,054	1,860,063	(3,821,836)	9,385,908
	<u>\$ 207,890,717</u>	<u>\$ 14,150,576</u>	<u>\$ (39,026,918)</u>	<u>\$ 9,720,548</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](http://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.

**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. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option must wait two years to re-enroll.

**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

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**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, 2019, 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>48,817,546</u>
	<u>\$ 48,817,546</u>

For the year ended June 30, 2019, the actuarial valuation date utilized was June 30, 2018, which was projected forward to June 30, 2018, which is the measurement date that the net OPEB liability is reported on. At June 30, 2019, the City has no proportionate share of the net OPEB liability.

For the year ended June 30, 2019, the City recognized OPEB expense and (revenue) of \$(16,217,160) in Exhibit II for on-behalf amounts for the benefits provided by the State.

## City of Danbury, Connecticut

### Notes to Financial Statements

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#### 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	5.95% decreasing to 4.75% by 2025
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Measurement Date:	June 30, 2018
Year fund net position will Be depleted	2019

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, 2018 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 75. 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 (0.27%).

**Discount rate:** The discount rate used to measure the total OPEB liability was 3.87%. 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](http://www.ct.gov).

## City of Danbury, Connecticut

### Notes to Financial Statements

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#### 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. The City was self-insured for the first \$100,000 per claim for general, auto, property and public liability as of June 30, 2019. Effective July 1, 2019 the deductible increased from \$100,000 to \$250,000. 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
2019	\$ 6,737,338	22,194,157	\$ 21,087,179	\$ 7,844,316
2018	5,926,848	19,357,884	18,547,394	6,737,338

#### Note 14. Joint Ventures and Related Organizations

The Candlewood Lake Authority (Candlewood) is a joint venture of five municipalities, including the City. Candlewood is under joint control, comprised of three delegates from each member municipality selected for three-year terms. The City has an ongoing financial responsibility but no equity interest. The City remitted \$79,900 to supplement Candlewood's operating revenues for the year ended June 30, 2019, 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. 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 \$ 680,410 to supplement HART's operating revenues for the year ended June 30, 2019, 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, 2019, for the City governmental funds:

	General	Miscellaneous Special Revenue	Vision 2020	DHS 2020	Nonmajor Governmental Funds
Fund balances (deficits):					
Non-spendable:					
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 97,122
Loan receivable - Richter Park	1,790,983	-	-	-	-
Prepaid	147,382	-	-	-	-
<b>Total nonspendable</b>	<b>1,938,365</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,580,255</b>
Restricted:					
Public works	-	-	-	-	579,153
Education	-	-	-	-	456,134
Health and welfare	-	-	-	-	82,296
Public safety	-	-	-	-	287,953
Culture and recreation	-	-	-	-	171,230
Capital projects	-	-	-	-	11,638,554
<b>Total restricted</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,215,320</b>
Committed:					
Public works	-	-	48,057	-	-
Education	-	-	-	142,371	257,608
<b>Total committed</b>	<b>-</b>	<b>-</b>	<b>48,057</b>	<b>142,371</b>	<b>257,608</b>
Assigned:					
General government	219,593	-	-	-	-
Health and welfare	-	1,785,078	-	-	-
Education	2,603,828	-	-	-	-
Education services	1,271,618	-	-	-	-
Future appropriation	10,580,792	-	-	-	-
<b>Total assigned</b>	<b>14,675,831</b>	<b>1,785,078</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Unassigned (deficit)</b>	<b>25,053,922</b>	<b>-</b>	<b>(3,812,503)</b>	<b>(3,908,307)</b>	<b>(250,931)</b>
<b>Total fund balance (deficit)</b>	<b>\$ 41,668,118</b>	<b>\$ 1,785,078</b>	<b>\$ (3,764,446)</b>	<b>\$ (3,765,936)</b>	<b>\$ 14,802,252</b>

Significant encumbrances of approximately \$2.6 million are included in the above table in the Assigned column for the General Fund.

The City reported \$2.05 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

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#### Note 16. GASB Statements

The 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. 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. 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.

**GASB Statement No. 91, *Conduit Debt Obligations***. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The City is not an issuer of conduit debt, therefore this Statement will have no effect on its financial statements.

#### Note 17. Subsequent Events

**General obligation bonds and bond anticipation notes:** On July 9, 2019, the City issued \$13,000,000 of General Obligation Bond Anticipation Notes and \$7,000,000 of General Obligation Bonds (GOB). The notes mature on July 16, 2020, with interest 3.0%, effective rate yield rate of 1.28% and the GOB bonds mature through 2030 with interest ranging from 2.00% to 5.00% and payments ranging from \$5,000 to \$385,000 annually.

On October 22, 2019, City issued \$50,000,000 General obligation bonds for the Waste Water Treatment Plant Upgrade project. Maturing 2040 with interest ranging from 2.125% to 5.00% and payments \$2,500,000 annually.

**City of Danbury, Connecticut**

**Notes to Financial Statements**

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**Note 17. Subsequent Events (Continued)**

On September 19, 2019, U.S. Department of Housing and Urban Development (HUD) issued an interim-financing note for \$1,800,000 with a variable/fixed interest rate.

**Risk Management:** Effective July 1, 2019 the deductible for general, auto, property and public liability increased from \$100,000 to \$250,000.

**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 Six Fiscal Years**

	2019	2018	2017	2016	2015	2014
	General Employees Retirement	General Employees Retirement	General Employees Retirement	General Employees Retirement	General Employees Retirement	General Employees Retirement
<b>Changes in Net Pension Liability</b>						
Total pension liability:						
Service cost	\$ 2,200,186	\$ 2,285,357	\$ 2,231,775	\$ 2,262,441	\$ 2,132,568	\$ 2,070,454
Interest on total pension liability	10,706,168	10,822,683	10,546,534	9,963,041	9,705,969	9,548,761
Change of benefit terms	(2,650)	-	-	-	-	-
Differences between expected and actual experience	2,750,629	(3,629,137)	-	(1,674,712)	-	-
Changes of assumptions	(2,465,951)	(2,511,121)	-	6,504,256	-	-
Benefit payments	(8,207,775)	(8,761,960)	(9,274,911)	(8,687,738)	(8,166,553)	(10,813,036)
<b>Net change in total pension liability</b>	<b>4,980,607</b>	<b>(1,794,178)</b>	<b>3,503,398</b>	<b>8,367,288</b>	<b>3,671,984</b>	<b>806,179</b>
Total pension liability, beginning	149,503,190	151,297,368	147,793,970	139,426,682	135,754,698	134,948,519
<b>Total pension liability, ending (a)</b>	<b>154,483,797</b>	<b>149,503,190</b>	<b>151,297,368</b>	<b>147,793,970</b>	<b>139,426,682</b>	<b>135,754,698</b>
<b>Fiduciary net position:</b>						
Employer contributions	4,788,000	4,787,000	4,709,000	3,846,000	3,776,000	3,665,000
Member contributions	254,313	248,065	244,029	223,956	217,413	120,469
Investment income net of investment expenses	4,502,921	9,902,756	9,718,712	(3,105,668)	3,920,638	14,322,567
Benefit payments	(8,207,775)	(8,761,960)	(9,274,911)	(8,687,738)	(8,166,553)	(10,813,036)
Administrative expenses	(144,014)	(157,915)	(169,988)	(73,106)	(74,473)	-
<b>Net change in plan fiduciary net position</b>	<b>1,193,445</b>	<b>6,017,946</b>	<b>5,226,842</b>	<b>(7,796,556)</b>	<b>(326,975)</b>	<b>7,295,000</b>
Fiduciary net position, beginning	110,021,376	104,003,430	98,776,588	106,573,144	106,900,119	99,605,119
<b>Fiduciary net position, ending (b)</b>	<b>111,214,821</b>	<b>110,021,376</b>	<b>104,003,430</b>	<b>98,776,588</b>	<b>106,573,144</b>	<b>106,900,119</b>
<b>Net pension liability, ending = (a) - (b)</b>	<b>\$ 43,268,976</b>	<b>\$ 39,481,814</b>	<b>\$ 47,293,938</b>	<b>\$ 49,017,382</b>	<b>\$ 32,853,538</b>	<b>\$ 28,854,579</b>
Fiduciary net position as a % of total pension liability	71.99%	73.59%	68.74%	66.83%	76.44%	78.75%
Covered payroll	\$ 25,474,227	\$ 26,008,073	\$ 26,357,000	\$ 25,589,651	\$ 26,806,000	\$ 26,025,000
Net pension liability as a % of covered payroll	169.85%	151.81%	179.44%	191.55%	122.56%	110.87%
	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	4.07%	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 Six Fiscal Years**

	2019	2018	2017	2016	2015	2014
	Pre-1967 Police Pension Plan					
<b>Changes in Net Pension Liability</b>						
Total pension liability:						
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Differences between expected and actual experience	274,937	-	(623,600)	201,582	-	-
Changes of assumptions	43,267	-	-	148,725	-	-
Interest on total pension liability	341,705	394,107	481,839	504,238	553,203	602,880
Benefit payments	(1,039,185)	(1,029,138)	(1,106,167)	(1,218,841)	(1,237,975)	(1,336,484)
<b>Net change in total pension liability</b>	<b>(379,276)</b>	<b>(635,031)</b>	<b>(1,247,928)</b>	<b>(364,296)</b>	<b>(684,772)</b>	<b>(733,604)</b>
Total pension liability, beginning	5,306,506	5,941,537	7,189,465	7,553,761	8,238,533	8,972,137
<b>Total pension liability, ending (a)</b>	<b>4,927,230</b>	<b>5,306,506</b>	<b>5,941,537</b>	<b>7,189,465</b>	<b>7,553,761</b>	<b>8,238,533</b>
<b>Fiduciary net position:</b>						
Employer contributions	753,000	721,000	721,000	655,000	655,000	805,000
Member contributions	-	-	-	-	-	-
Investment income net of investment expenses	55,940	153,377	175,535	(61,449)	88,860	383,393
Benefit payments	(1,039,185)	(1,029,138)	(1,106,167)	(1,218,841)	(1,237,975)	(1,336,484)
Administrative expenses	(13,995)	(10,823)	(10,228)	(8,710)	(5,892)	-
<b>Net change in plan fiduciary net position</b>	<b>(244,240)</b>	<b>(165,584)</b>	<b>(219,860)</b>	<b>(634,000)</b>	<b>(500,007)</b>	<b>(148,091)</b>
Fiduciary net position, beginning	1,615,831	1,781,415	2,001,275	2,635,275	3,135,282	3,283,373
<b>Fiduciary net position, ending (b)</b>	<b>1,371,591</b>	<b>1,615,831</b>	<b>1,781,415</b>	<b>2,001,275</b>	<b>2,635,275</b>	<b>3,135,282</b>
<b>Net pension liability, ending = (a) - (b)</b>	<b>\$ 3,555,639</b>	<b>\$ 3,690,675</b>	<b>\$ 4,160,122</b>	<b>\$ 5,188,190</b>	<b>\$ 4,918,486</b>	<b>\$ 5,103,251</b>
Fiduciary net position as a % of total pension liability	27.84%	30.45%	29.98%	27.84%	34.89%	38.06%
Covered payroll	N/A	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%	0.00%
<b>Annual money-weighted rate of return, net of investment expense</b>						
	2019	2018	2017	2016	2015	2014
	3.08%	8.05%	8.40%	-2.40%	3.39%	11.34%

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

City of Danbury, Connecticut

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

	2019	2018	2017	2016	2015	2014
	Pre-1967 Fire Pension Plan					
<b>Changes in Net Pension Liability</b>						
Total pension liability:						
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on total pension liability	328,917	361,382	414,321	415,146	445,256	475,224
Differences between expected and actual experience	625,469	-	(316,834)	230,528	-	-
Changes of assumptions	117,824	-	-	178,899	-	-
Benefit payments	(789,742)	(827,941)	(827,435)	(844,167)	(876,387)	(900,366)
<b>Net change in total pension liability</b>	<b>282,468</b>	<b>(466,559)</b>	<b>(729,948)</b>	<b>(19,594)</b>	<b>(431,131)</b>	<b>(425,142)</b>
Total pension liability, beginning	4,924,749	5,391,308	6,121,256	6,140,850	6,571,981	6,997,123
<b>Total pension liability, ending (a)</b>	<b>5,207,217</b>	<b>4,924,749</b>	<b>5,391,308</b>	<b>6,121,256</b>	<b>6,140,850</b>	<b>6,571,981</b>
Fiduciary net position:						
Employer contributions	510,000	481,000	468,000	415,000	415,000	497,000
Member contributions	-	-	-	-	-	-
Investment income net of investment expenses	72,405	188,421	214,072	(75,668)	104,536	420,984
Benefit payments	(789,742)	(827,941)	(827,435)	(844,167)	(876,387)	(900,366)
Administrative expenses	(13,913)	(11,148)	(11,130)	(6,361)	(7,136)	-
<b>Net change in plan fiduciary net position</b>	<b>(221,250)</b>	<b>(169,668)</b>	<b>(156,493)</b>	<b>(511,196)</b>	<b>(363,987)</b>	<b>17,618</b>
Fiduciary net position, beginning	2,045,296	2,214,964	2,371,457	2,882,653	3,246,640	3,229,022
<b>Fiduciary net position, ending (b)</b>	<b>1,824,046</b>	<b>2,045,296</b>	<b>2,214,964</b>	<b>2,371,457</b>	<b>2,882,653</b>	<b>3,246,640</b>
<b>Net pension liability, ending = (a) - (b)</b>	<b>\$ 3,383,171</b>	<b>\$ 2,879,453</b>	<b>\$ 3,176,344</b>	<b>\$ 3,749,799</b>	<b>\$ 3,258,197</b>	<b>\$ 3,325,341</b>
Fiduciary net position as a % of total pension liability	35.03%	41.53%	41.08%	38.74%	46.94%	49.40%
Covered payroll	N/A	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%	0.00%
	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	3.38%	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 Six Fiscal Years**

	2019	2018	2017	2016	2015	2014
	Post-1967	Post-1967	Post-1967	Post-1967	Post-1967	Post-1967
	Police	Police	Police	Police	Police	Police
Changes in Net Pension Liability	Pension Plan					
Total pension liability:						
Service cost	\$ 78,270	\$ 76,175	\$ 60,978	\$ 59,491	\$ 100,676	\$ 97,744
Interest on total pension liability	3,852,583	3,904,575	4,026,284	4,048,243	4,135,500	4,122,607
Differences between expected and actual experience	(584,815)	-	(141,108)	-	(1,159,613)	-
Changes of assumptions	610,800	-	(1,143,454)	-	-	-
Benefit payments	(4,876,440)	(4,529,572)	(4,464,859)	(4,361,159)	(4,120,884)	(3,972,610)
<b>Net change in total pension liability</b>	<b>(919,602)</b>	<b>(548,822)</b>	<b>(1,662,159)</b>	<b>(253,425)</b>	<b>(1,044,321)</b>	<b>247,741</b>
Total pension liability, beginning	55,456,360	56,005,182	57,667,341	57,920,766	58,965,087	58,717,346
<b>Total pension liability, ending (a)</b>	<b>54,536,758</b>	<b>55,456,360</b>	<b>56,005,182</b>	<b>57,667,341</b>	<b>57,920,766</b>	<b>58,965,087</b>
Fiduciary net position:						
Employer contributions	1,090,000	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	1,505,222	3,817,945	3,905,155	(1,343,456)	1,722,288	6,359,533
Benefit payments	(4,876,440)	(4,529,572)	(4,464,859)	(4,361,159)	(4,120,884)	(3,972,610)
Administrative expenses	(25,207)	(23,155)	(12,633)	(10,023)	(20,901)	-
<b>Net change in plan fiduciary net position</b>	<b>(2,306,425)</b>	<b>230,218</b>	<b>274,057</b>	<b>(4,556,211)</b>	<b>(1,603,465)</b>	<b>3,198,876</b>
Fiduciary net position, beginning	41,612,453	41,382,235	41,108,178	45,664,389	47,267,854	44,068,978
<b>Fiduciary net position, ending (b)</b>	<b>39,306,028</b>	<b>41,612,453</b>	<b>41,382,235</b>	<b>41,108,178</b>	<b>45,664,389</b>	<b>47,267,854</b>
<b>Net pension liability, ending = (a) - (b)</b>	<b>\$ 15,230,730</b>	<b>\$ 13,843,907</b>	<b>\$ 14,622,947</b>	<b>\$ 16,559,163</b>	<b>\$ 12,256,377</b>	<b>\$ 11,697,233</b>
Fiduciary net position as a % of total pension liability	72.07%	75.04%	73.89%	71.29%	78.84%	80.16%
Covered payroll	\$ 389,680	\$ 735,257	\$ 715,579	\$ 1,172,000	\$ 1,138,000	\$ 1,220,000
Net pension liability as a % of covered payroll	3908.52%	1882.87%	2043.51%	1412.90%	1077.01%	958.79%
	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	3.73%	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 Six Fiscal Years**

	2019	2018	2017	2016	2015	2014
	Post-1967	Post-1967	Post-1967	Post-1967	Post-1967	Post-1967
	Fire	Fire	Fire	Fire	Fire	Fire
Changes in Net Pension Liability	Pension Plan					
Total pension liability:						
Service cost	\$ 1,651,135	\$ 1,606,944	\$ 1,750,287	\$ 1,707,587	\$ 1,659,154	\$ 1,610,829
Interest on total pension liability	6,970,120	6,754,154	6,631,944	6,384,417	6,060,488	5,821,541
Differences between expected and actual experience	(1,452,445)	-	709,278	-	699,463	-
Changes of assumptions	531,565	-	(2,249,496)	-	494,323	-
Benefit payments	(5,632,050)	(5,227,911)	(4,805,508)	(4,638,500)	(4,354,212)	(4,021,371)
<b>Net change in total pension liability</b>	<b>2,068,325</b>	<b>3,133,187</b>	<b>2,036,505</b>	<b>3,453,504</b>	<b>4,559,216</b>	<b>3,410,999</b>
Total pension liability, beginning	97,255,211	94,122,024	92,085,519	88,632,015	84,072,799	80,661,800
<b>Total pension liability, ending (a)</b>	<b>99,323,536</b>	<b>97,255,211</b>	<b>94,122,024</b>	<b>92,085,519</b>	<b>88,632,015</b>	<b>84,072,799</b>
Fiduciary net position:						
Employer contributions	2,778,268	2,670,000	2,531,172	3,327,082	2,010,000	1,975,315
Member contributions	437,018	450,633	490,878	471,063	482,977	470,868
Investment income net of investment expenses	3,115,445	6,789,352	6,553,986	(2,030,614)	2,575,947	8,987,928
Benefit payments	(5,632,050)	(5,227,911)	(4,805,508)	(4,638,500)	(4,354,212)	(4,021,371)
Administrative expenses	(38,907)	(29,371)	(14,564)	(16,176)	(24,152)	-
<b>Net change in plan fiduciary net position</b>	<b>659,774</b>	<b>4,652,703</b>	<b>4,755,964</b>	<b>(2,887,145)</b>	<b>690,560</b>	<b>7,412,740</b>
Fiduciary net position, beginning	75,795,806	71,143,103	66,387,139	69,274,284	68,583,724	61,170,984
<b>Fiduciary net position, ending (b)</b>	<b>76,455,580</b>	<b>75,795,806</b>	<b>71,143,103</b>	<b>66,387,139</b>	<b>69,274,284</b>	<b>68,583,724</b>
<b>Net pension liability, ending = (a) - (b)</b>	<b>\$ 22,867,956</b>	<b>\$ 21,459,405</b>	<b>\$ 22,978,921</b>	<b>\$ 25,698,380</b>	<b>\$ 19,357,731</b>	<b>\$ 15,489,075</b>
Fiduciary net position as a % of total pension liability	76.98%	77.93%	75.59%	72.09%	78.16%	81.58%
Covered payroll	\$ 7,485,065	\$ 8,289,441	\$ 8,067,582	\$ 8,715,000	\$ 8,461,000	\$ 8,923,000
Net pension liability as a % of covered payroll	305.51%	258.88%	284.83%	294.88%	228.79%	173.59%
Annual money-weighted rate of return, net of investment expense	4.10%	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 Six Fiscal Years**

	2019	2018	2017	2016	2015	2014
	Post-1983	Post-1983	Post-1983	Post-1983	Post-1983	Post-1983
	Police	Police	Police	Police	Police	Police
	Pension Plan					
<b>Changes in Net Pension Liability</b>						
Total pension liability:						
Service cost	\$ 1,684,496	\$ 1,639,412	\$ 1,517,182	\$ 1,480,169	\$ 1,388,686	\$ 1,348,239
Interest on total pension liability	4,472,280	4,174,919	3,692,029	3,432,817	3,137,854	2,890,233
Differences between expected and actual experience	46,348	-	918,189	-	(107,160)	-
Changes of assumptions	(176,634)	-	1,997,763	-	698,090	-
Benefit payments	(1,825,657)	(1,692,473)	(1,484,811)	(1,268,318)	(1,017,069)	(715,125)
<b>Net change in total pension liability</b>	<b>4,200,833</b>	<b>4,121,858</b>	<b>6,640,352</b>	<b>3,644,668</b>	<b>4,100,401</b>	<b>3,523,347</b>
Total pension liability, beginning	60,898,976	56,777,118	50,136,766	46,492,098	42,391,697	38,868,350
<b>Total pension liability, ending (a)</b>	<b>65,099,809</b>	<b>60,898,976</b>	<b>56,777,118</b>	<b>50,136,766</b>	<b>46,492,098</b>	<b>42,391,697</b>
Fiduciary net position:						
Employer contributions	3,143,018	2,999,782	2,457,933	2,385,261	2,115,030	2,081,655
Member contributions	560,727	495,121	505,959	475,914	455,189	434,604
Investment income (loss) net of investment expenses	1,946,324	3,415,002	3,050,119	(782,347)	993,903	3,067,009
Benefit payments	(1,825,657)	(1,692,473)	(1,484,811)	(1,268,318)	(1,017,069)	(715,125)
Administrative expenses	(28,977)	(27,770)	(14,801)	(6,475)	(23,211)	-
<b>Net change in plan fiduciary net position</b>	<b>3,795,435</b>	<b>5,189,662</b>	<b>4,514,399</b>	<b>804,035</b>	<b>2,523,842</b>	<b>4,868,143</b>
Fiduciary net position, beginning	39,612,491	34,422,829	29,908,430	29,104,395	26,580,553	21,712,410
<b>Fiduciary net position, ending (b)</b>	<b>43,407,926</b>	<b>39,612,491</b>	<b>34,422,829</b>	<b>29,908,430</b>	<b>29,104,395</b>	<b>26,580,553</b>
<b>Net pension liability, ending = (a) - (b)</b>	<b>\$ 21,691,883</b>	<b>\$ 21,286,485</b>	<b>\$ 22,354,289</b>	<b>\$ 20,228,336</b>	<b>\$ 17,387,703</b>	<b>\$ 15,811,144</b>
Fiduciary net position as a % of total pension liability	66.68%	65.05%	60.63%	59.65%	62.60%	62.70%
Covered payroll	\$ 11,186,681	\$ 10,841,838	\$ 10,551,667	\$ 10,554,000	\$ 10,247,000	\$ 9,879,000
Net pension liability as a % of covered payroll	193.91%	196.34%	211.86%	191.67%	169.69%	160.05%
	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	4.64%	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 Six Fiscal Years**

	2019	2018	2017	2016	2015	2014
	Post-2011	Post-2011	Post-2011	Post-2011	Post-2011	Post-2011
	Fire	Fire	Fire	Fire	Fire	Fire
	Pension Plan	Pension Plan	Pension Plan	Pension Plan	Pension Plan	Pension Plan
<b>Changes in Net Pension Liability</b>						
Total pension liability:						
Service cost	\$ 127,857	\$ 124,435	\$ 82,686	\$ 80,669	\$ 78,741	\$ 76,448
Interest on total pension liability	49,975	37,954	24,746	17,893	12,904	6,116
Differences between expected and actual experience	103,191	-	-	-	(27,709)	-
Changes of assumptions	(3,424)	-	58,790	-	25,473	-
Benefit payments	-	-	(25,797)	(11,903)	-	-
<b>Net change in total pension liability</b>	<b>277,599</b>	<b>162,389</b>	<b>140,425</b>	<b>86,659</b>	<b>89,409</b>	<b>82,564</b>
Total pension liability, beginning	561,446	399,057	258,632	171,973	82,564	-
<b>Total pension liability, ending (a)</b>	<b>839,045</b>	<b>561,446</b>	<b>399,057</b>	<b>258,632</b>	<b>171,973</b>	<b>82,564</b>
Fiduciary net position:						
Employer contributions	68,959	80,568	45,539	64,490	70,797	-
Member contributions	112,504	79,714	70,929	51,425	45,030	35,835
Investment income net of investment expenses	46,762	38,064	20,988	859	10	3
Benefit payments	-	-	-	(11,903)	-	-
Administrative expenses	(13,579)	(12,657)	(7,356)	(8,076)	(3,705)	-
<b>Net change in plan fiduciary net position</b>	<b>214,646</b>	<b>185,689</b>	<b>130,100</b>	<b>96,795</b>	<b>112,132</b>	<b>35,838</b>
Fiduciary net position, beginning	560,554	374,865	244,765	147,970	35,838	-
<b>Fiduciary net position, ending (b)</b>	<b>775,200</b>	<b>560,554</b>	<b>374,865</b>	<b>244,765</b>	<b>147,970</b>	<b>35,838</b>
<b>Net pension liability, ending = (a) - (b)</b>	<b>\$ 63,845</b>	<b>\$ 892</b>	<b>\$ 24,192</b>	<b>\$ 13,867</b>	<b>\$ 24,003</b>	<b>\$ 46,726</b>
Fiduciary net position as a % of total pension liability	92.39%	99.84%	93.94%	94.64%	86.04%	43.41%
Covered payroll	\$ 1,407,117	\$ 902,638	\$ 878,480	\$ 771,841	\$ 749,360	\$ 597,250
Net pension liability as a % of covered payroll	4.54%	0.10%	2.75%	1.80%	3.20%	7.82%
	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	7.03%	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										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined calculation	\$ 4,788,000	\$ 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	4,788,000	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 payroll	\$ 25,474,227	\$ 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
Contributions as a percentage of covered payroll	18.80%	18.41%	17.87%	15.03%	14.09%	14.08%	14.09%	9.81%	9.79%	0.00%
Schedule of Contributions - Pre-1967 Police										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined calculation	\$ 760,000	\$ 721,000	\$ 721,000	\$ 655,000	\$ 655,000	\$ 805,000	\$ 805,000	\$ 904,000	\$ 904,000	\$ 845,000
Contributions in relation to actuarially determined calculation	753,000	721,000	721,000	655,000	655,000	805,000	805,000	904,000	904,000	845,000
Contribution deficiency (excess)	\$ 7,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	N/A									
Schedule of Contributions Pre - 1967 Fire										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined calculation	\$ 563,000	\$ 481,000	\$ 468,000	\$ 415,000	\$ 415,000	\$ 497,000	\$ 497,000	\$ 488,000	\$ 488,000	\$ 552,000
Contributions in relation to actuarially determined calculation	510,000	481,000	468,000	415,000	415,000	497,000	497,000	488,000	488,000	552,000
Contribution deficiency (excess)	\$ 53,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	-	-	-	-	-	-	-	-	-	-
Contributions as a percentage of covered payroll	N/A									
Schedule of Contributions - Post 1967 Police										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined calculation	\$ 1,205,000	\$ 965,000	\$ 843,000	\$ 1,152,000	\$ 803,000	\$ 799,000	\$ 748,000	\$ 798,000	\$ -	\$ -
Contributions in relation to actuarially determined calculation	1,090,000	965,000	843,000	1,152,000	803,000	799,000	748,000	798,000	-	-
Contribution deficiency (excess)	\$ 115,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 389,680	\$ 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
Contributions as a percentage of covered payroll	279.72%	131.25%	117.81%	98.29%	70.56%	65.49%	63.12%	71.57%	0.00%	0.00%
Schedule of Contributions - Post 1967 Fire										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined calculation	\$ 2,628,000	\$ 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	2,778,268	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)	\$ (150,268)	\$ (72,000)	\$ (172)	\$ (834,082)	\$ -	\$ (315)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 7,485,065	\$ 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
Contributions as a percentage of covered payroll	37.12%	32.21%	31.37%	38.18%	23.76%	22.14%	15.73%	16.99%	3.70%	3.22%
Schedule of Contributions - Post 1983 Police Pension Plan										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined calculation	\$ 3,106,000	\$ 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
Contributions in relation to actuarially determined calculation	3,143,018	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
Contribution deficiency (excess)	\$ (37,018)	\$ (1,782)	\$ (2,933)	\$ 31,739	\$ (1,030)	\$ (655)	\$ -	\$ 183,000	\$ -	\$ -
Covered payroll	\$ 11,186,681	\$ 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
Contributions as a percentage of covered payroll	28.10%	27.67%	23.29%	22.60%	20.64%	21.07%	15.82%	15.24%	11.24%	11.73%

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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined calculation	\$ 73,000	\$ 64,000	\$ 43,000	\$ 42,000	\$ 41,000	\$ 40,613	N/A	N/A	N/A	N/A
Contributions in relation to actuarially determined calculation	68,959	80,568	45,539	64,490	70,797	-	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ 4,041	\$ (16,568)	\$ (2,539)	\$ (22,490)	\$ (29,797)	\$ 40,613	N/A	N/A	N/A	N/A
Covered payroll	\$ 1,407,117	\$ 902,638	\$ 878,480	\$ 771,841	\$ 749,360	\$ 597,250	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	4.90%	8.93%	5.18%	8.36%	9.45%	0.00%	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 Five Fiscal Years**

Measurement Date June, 30	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.00%	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	\$ 244,202,221	\$ 244,036,306	\$ 257,460,172	\$ 188,625,334	\$ 174,346,320
<b>Total</b>	<b>\$ 244,202,221</b>	<b>\$ 244,036,306</b>	<b>\$ 257,460,172</b>	<b>\$ 188,625,334</b>	<b>\$ 174,346,320</b>
City's covered payroll	\$ 80,168,489	\$ 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%	0.00%
System fiduciary net position as a percentage of the total pension liability	57.69%	55.93%	52.26%	59.50%	61.51%

**Notes to Schedule**

Changes in benefit terms	Beginning January 1, 2018, member contributions increased from 6% to 7% of salary. In 2018, inflation, real estate rate of return, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2015 in combination with current economic conditions.
Changes of assumptions	
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	17.6 years
Asset valuation method	4-year smoothed
Inflation	2.75 percent
Salary increase	3.25-6.50 percent, including inflation
Investment rate of return	8.00 percent, net of investment related expense

\*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 Contributions/Investment Returns - OPEB Plans  
Last Three Fiscal Years\***

	<b>Schedule of Contributions - OPEB Plan</b>					
	City	BOE	City	BOE	City	BOE
	2019	2019	2018	2018	2017	2017
Actuarially determined contribution	\$ 17,669,000	\$ 1,219,000	\$ 17,518,000	\$ 1,197,000	\$ 21,915,000	\$ 2,670,000
Contributions in relation to the actuarially determined contribution	9,119,163	804,217	10,558,546	909,734	8,537,932	1,006,040
Contribution deficiency (excess)	\$ 8,549,837	\$ 414,783	\$ 6,959,454	\$ 287,266	\$ 13,377,068	\$ 1,663,960
Covered payroll	\$ 37,533,933	\$ 87,384,240	\$ 65,657,660	\$ 87,280,878	\$ 63,993,821	\$ 85,069,082
Contributions as a percentage of covered payroll	24.30%	0.92%	16.08%	1.04%	13.34%	1.18%
	City	BOE	City	BOE	City	BOE
	2019	2019	2018	2018	2017	2017
<b>Schedule of Investment Returns - OPEB Plan</b>						
Annual money-weighted rate of return	1.99%	1.94%	1.18%	1.12%	0.15%	0.14%

Notes to Schedule

Valuation date: July 1, 2018  
Measurement Date: June 30, 2019

Actuarial Cost method: Entry Age Normal  
Amortization method: Market Value  
Remaining amortization period: 10 years  
Asset valuation method: Market Value  
Inflation: 2.60%  
Salary increases: 3.75%  
Investment rate of return: 6.50%  
Mortality: RP-2014 Adjusted to 2006 Total Dataset Mortality Table, projected to the valuation date with Scale MP-2018.

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 Three Fiscal Years\*

	General		General		General	
	Government	BOE	Government	BOE	Government	BOE
Changes in Net OPEB Liability	2019	2019	2018	2018	2017	2017
Total OPEB liability:						
Service cost	\$ 4,853,190	\$ 989,684	\$ 4,924,813	\$ 1,023,694	\$ 6,220,604	\$ 784,349
Interest	13,140,437	616,172	12,528,613	538,215	11,481,426	575,048
Differences between expected and actual experience	(34,769,087)	9,275,183	(730,155)	854,537	(1,589,083)	1,104,887
Changes in assumptions	(2,100,711)	(3,626,426)	(4,594,287)	(523,751)	(31,976,341)	1,862,300
Benefit payments, including refunds of member contributions	(6,619,163)	(934,293)	(8,558,546)	(1,007,474)	(7,137,932)	(1,172,220)
<b>Net change in total OPEB liability</b>	<b>(25,495,334)</b>	<b>6,320,320</b>	<b>3,570,438</b>	<b>885,221</b>	<b>(23,001,326)</b>	<b>3,154,364</b>
Total pension liability, beginning	220,375,636	15,394,784	216,805,198	14,509,563	239,806,524	11,355,199
<b>Total OPEB liability, ending (a)</b>	<b>194,880,302</b>	<b>21,715,104</b>	<b>220,375,636</b>	<b>15,394,784</b>	<b>216,805,198</b>	<b>14,509,563</b>
Fiduciary net position:						
Employer contributions	9,119,163	804,217	10,558,546	909,734	8,537,932	1,006,040
TRB subsidy	-	130,076	-	97,740	-	166,180
Investment (loss) income net of investment expenses	162,509	2,870	65,020	1,635	5,416	208
Benefit payments, including refunds of member contributions	(6,619,163)	(934,293)	(8,558,546)	(1,007,474)	(7,137,932)	(1,172,220)
Administrative expenses	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>2,662,509</b>	<b>2,870</b>	<b>2,065,020</b>	<b>1,635</b>	<b>1,405,416</b>	<b>208</b>
Fiduciary net position, beginning	5,891,130	148,180	3,826,110	146,545	2,420,694	146,337
<b>Fiduciary net position, ending (b)</b>	<b>8,553,639</b>	<b>151,050</b>	<b>5,891,130</b>	<b>148,180</b>	<b>3,826,110</b>	<b>146,545</b>
<b>Net OPEB liability, ending = (a) - (b)</b>	<b>\$ 186,326,663</b>	<b>\$ 21,564,054</b>	<b>\$ 214,484,506</b>	<b>\$ 15,246,604</b>	<b>\$ 212,979,088</b>	<b>\$ 14,363,018</b>
Fiduciary net position as a % of total OPEB liability	4.39%	0.70%	2.67%	0.97%	1.76%	1.02%
Covered payroll	\$ 37,533,933	\$ 87,384,240	\$ 65,657,660	\$ 87,280,878	\$ 63,993,821	\$ 85,069,082
Net OPEB liability as a % of covered payroll	496.42%	24.68%	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 Two Fiscal Years\***

	2019	2018
City's proportion of the net OPEB liability	0.00%	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>\$ 48,817,546</u>	<u>\$ 62,812,186</u>
Total	<u>\$ 48,817,546</u>	<u>\$ 62,812,186</u>
City's covered payroll	\$ 75,611,399	\$ 77,350,837
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.49%	1.79%

**City of Danbury, Connecticut**

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

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**Notes to Schedule**

The Plan was amended by the Board, effective July 1, 2018, during the January 11, 2018 meeting. The Board action added the Anthem Medicare Advantage Plan to the available options under the Plan, changed the "base plan" to the Medicare Advantage Plan for the purposes of determining retiree subsidies and/or cost sharing amount(s), and introduced a two year waiting period for re-enrollment in a System sponsored healthcare plan for those who cancel their coverage or choose not to enroll in a healthcare coverage option on or after the effective date. These changes were communicated to retired members during the months leading up to a special open enrollment period that preceded the July 1, 2018 implementation date.

Changes in benefit terms  
Changes of assumptions

The expected rate of return on assets was changed from 2.75% to 3.00% to better reflect the anticipated returns on cash and other high quality short-term fixed income investments.

Based on the procedure described in GASB 75, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2018 was updated to equal the Municipal Bond Index Rate as of June 30, 2018. The System selected the 3.87% discount rate used to measure the TOL as of the June 30, 2018 measurement date.

Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on July 1, 2018.

The assumed age related annual percentage increases in expected annual per capita healthcare claim costs were updated to better reflect the expected differences between the Medicare Supplement and Medicare Advantage Plan amounts as part of the plan change that became effective on July 1, 2018.

Long-term healthcare cost trend rates were updated to better reflect the anticipated impact of changes in medical inflation, utilization, leverage in the plan design, improvements in technology, and fees and charges on expected claims and retiree contributions in future periods.

The percentage of retired members who are not currently participating in the Plan, but are expected to elect coverage for themselves and their spouses under a System sponsored healthcare plan option in the future, was updated to better reflect anticipated plan experience.

The participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options, as well as the portion who are expected to migrate to the Medicare Advantage Plan over the next several years, were updated to better reflect anticipated plan experience after the plan change that became effective on July 1, 2018.

The post-disablement mortality table was updated to extend the period of projected mortality improvements from 2017 to 2020. This change was made to better reflect anticipated post-disablement plan experience.

The percentages of deferred vested members who will become ineligible for future healthcare benefits because they are expected to withdraw their contributions from the System was updated to better reflect anticipated plan experience.

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 and Expenditures - Budgetary Basis -  
Budget and Actual - General Fund  
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
General property taxes	\$ 213,356,078	\$ 213,356,078	\$ 213,939,424	\$ 583,346
Federal and state governments	29,834,239	29,834,239	30,205,457	371,218
Licenses and permits	4,109,960	4,109,960	4,163,255	53,295
Charges for services	2,445,272	2,576,192	2,234,086	(342,106)
Fines and penalties	1,605,450	1,605,450	1,530,603	(74,847)
Investment income	770,079	770,079	1,782,051	1,011,972
<b>Total revenues</b>	<b>252,121,078</b>	<b>252,251,998</b>	<b>253,854,876</b>	<b>1,602,878</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	10,405,478	11,143,027	10,419,840	723,187
Public safety	36,504,272	36,537,118	34,929,888	1,607,230
Public works	10,643,142	10,677,636	9,847,856	829,780
Health and welfare	2,333,847	2,341,400	2,043,453	297,947
Culture and recreation	2,992,640	2,996,535	2,838,884	157,651
Education	132,450,000	132,450,000	132,450,000	-
Pension and other employee benefits	39,999,823	39,995,065	38,913,258	1,081,807
Education -Schools health and welfare	208,575	208,575	208,575	-
Contingency	200,000	23,326	-	23,326
<b>Debt service:</b>				
Principal retirements	11,542,844	11,542,844	11,542,844	-
Interest	5,548,457	5,548,456	5,427,497	120,959
<b>Total expenditures</b>	<b>252,829,078</b>	<b>253,463,982</b>	<b>248,622,095</b>	<b>4,841,887</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(708,000)</b>	<b>(1,211,984)</b>	<b>5,232,781</b>	<b>6,444,765</b>
<b>Other financing sources (uses):</b>				
Use of fund balance	4,878,922	7,274,131	75,657	(7,198,474)
Bond Premium	-	-	906,866	906,866
Transfers (out)	(4,170,922)	(6,062,147)	(6,056,636)	5,511
<b>Total other financing sources (uses)</b>	<b>708,000</b>	<b>1,211,984</b>	<b>(5,074,113)</b>	<b>(6,286,097)</b>
<b>Revenues over (under) expenditures and other financing sources (uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 158,668</b>	<b>\$ 158,668</b>

See note to required supplementary information.

**City of Danbury, Connecticut**

**Note to Required Supplementary Information - Unaudited  
June 30, 2019**

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**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 \$2,526,129.
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, 2019, there were no continued appropriations.

**City of Danbury, Connecticut**

**Note to Required Supplementary Information - Unaudited  
June 30, 2019**

**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 GAAP is as follows:

	Revenues and Other Financing Sources	Expenditures, Encumbrances and Other Financing Uses
Balance, budgetary basis	\$ 254,837,399	\$ 254,678,731
Encumbrances and continued appropriations:		
June 30, 2019	-	(3,037,421)
June 30, 2018	-	2,836,522
State Teachers' Retirement on-behalf payments, not recognized for budgetary purposes	11,190,224	11,190,224
Capital lease	860,000	860,000
Reclassified to General Fund, as funds were previously reported as Special Revenue Funds, and no longer meet the definition in accordance with		
Non-budgeted Police and Fire Special Services	2,780,730	2,159,074
GASB No. 54	1,842,549	1,858,300
Balance, GAAP basis	<u>\$ 271,510,902</u>	<u>\$ 270,545,430</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.

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



**General Fund**

## **General Fund**

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

**City of Danbury, Connecticut**

**General Fund Expenditures and Encumbrances - Budgetary Basis -  
Budget and Actual - Unaudited  
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary Basis	Final Budget
<b>General Government</b>				
City Council	\$ 20,000	\$ 20,000	\$ 7,350	\$ 12,650
Mayor's Office	401,705	415,596	415,583	13
Office of Project Excellence	121,707	120,357	119,978	379
Legislative Assistant	65,039	65,318	65,318	-
Ordinances	15,000	15,000	12,226	2,774
Probate Court	22,750	23,219	18,121	5,098
Registrars and Elections	216,632	249,057	248,820	237
City Treasurer	26,047	26,543	26,543	-
Director of Finance	1,016,628	1,006,869	940,116	66,753
Data Processing/Information Technology	1,378,362	1,433,570	1,391,364	42,206
Independent Audit	45,000	54,263	54,263	-
Bureau of Assessments	456,247	420,594	359,458	61,136
Board of Assessments and Appeal	5,800	5,800	4,878	922
Tax Collector	624,082	624,082	606,419	17,663
Purchasing	302,085	302,085	224,118	77,967
Corporation Counsel	864,417	1,212,171	1,212,036	135
Town Clerk	364,383	504,428	487,235	17,193
Annual Report	10,000	7,160	7,155	5
Permit Coordination	364,342	364,342	335,842	28,500
Planning	517,127	517,127	466,059	51,068
Office of Business Advocacy	119,715	117,715	108,191	9,524
Conservation Commission	9,065	9,065	8,396	669
HR/Civil Service	380,244	420,244	397,828	22,416
Mayor's Discretionary Fund	18,000	16,790	15,689	1,101
Fair Rent Commission	350	350	-	350
City Memberships	85,381	85,381	85,381	-
Candlewood Lake Authority	79,900	79,900	79,900	-
Retirement Administration	25,000	25,000	10,680	14,320
Labor Negotiations	145,200	245,200	220,168	25,032
Public Buildings	1,226,400	1,226,138	1,141,886	84,252
City Hall Building	382,591	403,961	354,550	49,411
Library Building	252,644	253,297	222,677	30,620
Police Station Building	508,470	527,470	473,511	53,959
Senior Center Building	59,163	59,163	53,251	5,912
Old Jail Building	31,192	32,892	26,095	6,797
Old Library Building	49,795	53,606	43,931	9,675
Park Buildings	156,250	154,622	130,173	24,449
Employee Benefits	38,765	44,652	44,651	1
<b>Total general government</b>	<b>10,405,478</b>	<b>11,143,027</b>	<b>10,419,840</b>	<b>723,187</b>

(Continued)

City of Danbury, Connecticut

**General Fund Expenditures and Encumbrances - Budgetary Basis -  
Budget and Actual - Unaudited (Continued)  
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary Basis	Final Budget
<b>Public Safety</b>				
Police Department	\$ 17,948,115	\$ 17,981,329	\$ 17,104,106	\$ 877,223
Fire Department	13,413,352	13,405,984	12,869,653	536,331
Emergency Services Dispatch	2,714,674	2,721,674	2,669,119	52,555
Building Inspector	616,339	616,339	566,094	50,245
Department of Civil Preparedness	161,698	161,698	158,583	3,115
Department of Consumer Protection	18,351	18,351	17,652	699
Unified Neighborhood Inspection Team	342,175	342,175	308,571	33,604
Airport	593,970	593,970	555,700	38,270
HART	680,410	680,410	680,410	-
Public Safety Employee Benefits	15,188	15,188	-	15,188
<b>Total public safety</b>	<b>36,504,272</b>	<b>36,537,118</b>	<b>34,929,888</b>	<b>1,607,230</b>
<b>Public Works</b>				
Director of Public Works	255,887	304,234	300,107	4,127
Highways	3,060,328	3,103,129	2,971,322	131,807
State Aid-Highways	360,000	360,000	349,100	10,900
Snow & Ice Removal	849,350	585,350	553,117	32,233
Street Lighting	543,375	562,375	552,440	9,935
Park Maintenance	1,436,224	1,395,429	1,316,977	78,452
Forestry	297,180	297,180	185,787	111,393
Public Buildings-Maint & Repair	698,500	719,091	701,185	17,906
Equipment Maintenance	1,493,228	1,757,517	1,478,782	278,735
Recycling/Solid Waste	279,615	281,223	231,230	49,993
Engineering	1,075,629	1,014,983	931,110	83,873
Construction Services	276,510	279,809	276,699	3,110
Public Works Employee Benefits	17,316	17,316	-	17,316
<b>Total public works</b>	<b>10,643,142</b>	<b>10,677,636</b>	<b>9,847,856</b>	<b>829,780</b>
<b>Health and Welfare</b>				
Health, House and Welfare Department	1,493,904	1,493,904	1,366,958	126,946
Health Employee Benefits	1,177	-	-	-
Veterans Advisory Center	55,100	62,653	51,847	10,806
Elderly Services	265,268	266,445	266,250	195
Elderly Transportation	12,000	12,000	12,000	-
Community Services	506,398	506,398	346,398	160,000
<b>Total health and welfare</b>	<b>2,333,847</b>	<b>2,341,400</b>	<b>2,043,453</b>	<b>297,947</b>
<b>Education</b>	<b>132,450,000</b>	<b>132,450,000</b>	<b>132,450,000</b>	<b>-</b>
<b>Schools - Health, Welfare</b>	<b>208,575</b>	<b>208,575</b>	<b>208,575</b>	<b>-</b>

(Continued)

City of Danbury, Connecticut

**General Fund Expenditures and Encumbrances - Budgetary Basis -  
Budget and Actual - Unaudited (Continued)  
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>Culture and Recreation</b>				
Danbury Public Library	\$ 2,202,821	\$ 2,204,095	\$ 2,109,140	\$ 94,955
Long Ridge Library	6,992	6,992	6,992	-
Recreation	348,496	351,117	301,579	49,538
Tarrywile Park Authority	207,245	207,245	207,245	-
Cultural Commission	69,082	69,082	68,601	481
Lake Kenosia Commission	15,236	15,236	6,441	8,795
Ives Authority Performing Arts	52,634	52,634	52,634	-
Danbury Museum/Hist Soc Authority	86,252	86,252	86,252	-
Culture & Rec Employee Benefits	3,882	3,882	-	3,882
<b>Total culture and recreation</b>	<b>2,992,640</b>	<b>2,996,535</b>	<b>2,838,884</b>	<b>157,651</b>
<b>Pension and Other Employee Benefits</b>	<b>39,999,823</b>	<b>39,995,065</b>	<b>38,913,258</b>	<b>1,081,807</b>
<b>Debt Service</b>				
Redemption of debt	11,542,844	11,542,844	11,542,844	-
Interest - bonds	5,548,457	5,548,456	5,427,497	120,959
<b>Total debt service</b>	<b>17,091,301</b>	<b>17,091,300</b>	<b>16,970,341</b>	<b>120,959</b>
<b>Contingency</b>	<b>200,000</b>	<b>23,326</b>	<b>-</b>	<b>23,326</b>
<b>Transfer Out</b>	<b>4,170,922</b>	<b>6,062,147</b>	<b>6,056,636</b>	<b>5,511</b>
<b>Total</b>	<b>\$ 257,000,000</b>	<b>\$ 259,526,129</b>	<b>\$ 254,678,731</b>	<b>\$ 4,847,398</b>

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## **Nonmajor Governmental Funds**

## **Nonmajor Governmental Funds**

### ***Special Revenue Funds***

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

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

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

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

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

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

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

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

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

## ***Capital Projects Funds***

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

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

**Soldier Monument Park Fund** – to account for proceeds for the Soldier Monument Park project.

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

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

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

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

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

**Roofs** – to account for proceeds of specific general obligation bonds for roof improvements.

**2016 Public Improvement Program** – to account for proceeds of specific general obligation bonds for various public improvement projects.

**Roads** – to account for proceeds of specific general obligation bonds for road improvement.

## ***Permanent Fund***

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

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



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City of Danbury, Connecticut

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2019

	Special Revenue			
	School Lunch Program	Community Development Block Grant	Metro North Parking Lease	Library Board Library Fund
<b>Assets</b>				
Cash and cash equivalents	\$ 92,245	\$ 343,376	\$ 1,190	\$ 268,217
Receivables:				
Accounts receivable, net	252,623	-	-	-
Federal and State government	756,237	1,880,665	-	-
Other	-	-	513	-
Inventories	97,122	-	-	-
Due from other funds	-	-	-	-
<b>Total assets</b>	<b>\$ 1,198,227</b>	<b>\$ 2,224,041</b>	<b>\$ 1,703</b>	<b>\$ 268,217</b>
<b>Liabilities</b>				
Accounts payable	\$ 650,971	\$ 44,246	\$ 1,703	\$ 96,987
Accrued wages	-	-	-	-
Bond anticipation notes payable	-	-	-	-
Unearned revenue	-	-	-	-
Due to other funds	-	2,097,499	-	-
<b>Total liabilities</b>	<b>650,971</b>	<b>2,141,745</b>	<b>1,703</b>	<b>96,987</b>
Deferred inflows of resources				
Unavailable revenue	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances (deficits):				
Nonspendable	97,122	-	-	-
Restricted	450,134	82,296	-	171,230
Committed	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>547,256</b>	<b>82,296</b>	<b>-</b>	<b>171,230</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 1,198,227</b>	<b>\$ 2,224,041</b>	<b>\$ 1,703</b>	<b>\$ 268,217</b>

Special Revenue

Animal Control	LOCIP	Airport Projects	State & Fed. School Projects
\$ 377,132	\$ 1,862	\$ 56,467	\$ 378,503
-	-	-	-
-	23,562	128,724	1,825,597
-	-	-	-
-	-	-	-
<u>\$ 377,132</u>	<u>\$ 25,424</u>	<u>\$ 185,191</u>	<u>\$ 2,204,100</u>
\$ 84,103	\$ 425	\$ 3,338	\$ 1,597,286
-	-	-	184,605
-	-	-	-
-	-	-	413,424
5,076	25,000	147,000	-
<u>89,179</u>	<u>25,425</u>	<u>150,338</u>	<u>2,195,315</u>
-	23,562	27,783	-
-	23,562	27,783	-
-	-	-	-
287,953	-	7,070	8,785
-	-	-	-
-	(23,563)	-	-
<u>287,953</u>	<u>(23,563)</u>	<u>7,070</u>	<u>8,785</u>
<u>\$ 377,132</u>	<u>\$ 25,424</u>	<u>\$ 185,191</u>	<u>\$ 2,204,100</u>

(Continued)

City of Danbury, Connecticut

Combining Balance Sheet (Continued)  
 Nonmajor Governmental Funds  
 June 30, 2019

	Capital Projects			
	City Projects	Soldier Monument Park	Head Start Bond	Public Safety Bond
<b>Assets</b>				
Cash and cash equivalents	\$ 8,963,273	\$ 4,572	\$ 776,928	\$ 382,912
Receivables:				
Accounts receivable, net	155,048	-	-	-
Federal and State government	-	-	-	-
Other	-	-	-	-
Inventories	-	-	-	-
Due from other funds	608,691	-	-	-
<b>Total assets</b>	<b>\$ 9,727,012</b>	<b>\$ 4,572</b>	<b>\$ 776,928</b>	<b>\$ 382,912</b>
<b>Liabilities</b>				
Accounts payable	\$ 411,535	\$ -	\$ -	\$ -
Accrued wages	-	-	-	-
Bond anticipation notes payable	1,175,000	-	-	-
Unearned revenue	-	-	-	-
Due to other funds	500,000	-	-	-
<b>Total liabilities</b>	<b>2,086,535</b>	<b>-</b>	<b>-</b>	<b>-</b>
Deferred inflows of resources				
Unavailable revenue	155,048	-	-	-
<b>Total deferred inflows of resources</b>	<b>155,048</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances (deficits):				
Nonspendable	-	-	-	-
Restricted	7,640,477	4,572	776,928	382,912
Committed	-	-	-	-
Unassigned	(155,048)	-	-	-
<b>Total fund balances (deficits)</b>	<b>7,485,429</b>	<b>4,572</b>	<b>776,928</b>	<b>382,912</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 9,727,012</b>	<b>\$ 4,572</b>	<b>\$ 776,928</b>	<b>\$ 382,912</b>

Capital Projects					Permanent Fund	
Century 21 PI	Open Space Bond	Roofs	2016 Public Improvement Program	Roads	Farioly Library	Totals
\$ 1,599,237	\$ 2,030	\$ 395,860	\$ 1,753,892	\$ 548,492	\$ 1,740,741	\$ 17,686,929
-	-	-	-	-	-	407,671
-	-	-	-	112,619	-	4,727,404
-	-	-	-	-	-	513
-	-	-	-	-	-	97,122
-	-	-	-	713,875	-	1,322,566
<u>\$ 1,599,237</u>	<u>\$ 2,030</u>	<u>\$ 395,860</u>	<u>\$ 1,753,892</u>	<u>\$ 1,374,986</u>	<u>\$ 1,740,741</u>	<u>\$ 24,242,205</u>
\$ -	\$ 59,350	\$ -	\$ 156,809	\$ 30,724	\$ -	\$ 3,137,477
-	-	-	-	-	-	184,605
-	-	-	1,025,000	-	-	2,200,000
-	-	395,860	-	-	-	809,284
-	15,000	-	-	-	-	2,789,575
-	74,350	395,860	1,181,809	30,724	-	9,120,941
-	-	-	-	112,619	-	319,012
-	-	-	-	112,619	-	319,012
-	-	-	-	-	1,483,133	1,580,255
1,599,237	-	-	572,083	1,231,643	-	13,215,320
-	-	-	-	-	257,608	257,608
-	(72,320)	-	-	-	-	(250,931)
<u>1,599,237</u>	<u>(72,320)</u>	<u>-</u>	<u>572,083</u>	<u>1,231,643</u>	<u>1,740,741</u>	<u>14,802,252</u>
<u>\$ 1,599,237</u>	<u>\$ 2,030</u>	<u>\$ 395,860</u>	<u>\$ 1,753,892</u>	<u>\$ 1,374,986</u>	<u>\$ 1,740,741</u>	<u>\$ 24,242,205</u>

City of Danbury, Connecticut

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) -  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2019**

	Special Revenue			
	School Lunch Program	Community Development Block Grant	Metro North Parking Lease	Library Board Library Fund
<b>Revenues:</b>				
Federal and state governments	\$ 4,624,183	\$ 1,765,501	\$ -	\$ 2,052
Licenses and permits	-	-	-	-
Charges for services	1,131,909	-	23,153	39,902
Fines and penalties	-	-	-	16,447
Investment income	-	-	-	319
Contributions	-	-	-	5
<b>Total revenues</b>	<b>5,756,092</b>	<b>1,765,501</b>	<b>23,153</b>	<b>58,725</b>
<b>Expenditures:</b>				
General government	-	-	23,153	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	7,692
Health and welfare	-	106,207	-	-
Education	5,605,991	-	-	-
Principal payments	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>5,605,991</b>	<b>106,207</b>	<b>23,153</b>	<b>7,692</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>150,101</b>	<b>1,659,294</b>	<b>-</b>	<b>51,033</b>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Bond proceeds	-	-	-	-
Bond anticipation note proceeds	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total revenue and other financing sources (uses) over (under) expenditures</b>	<b>150,101</b>	<b>1,659,294</b>	<b>-</b>	<b>51,033</b>
Fund balances (deficits), beginning	397,155	(1,576,998)	-	120,197
Fund balances (deficits), ending	\$ 547,256	\$ 82,296	\$ -	\$ 171,230

Special Revenue

Animal Control	LOCIP	Airport Projects	State & Fed. School Projects
\$ -	\$ 179,183	\$ 208,385	\$ 28,650,708
13,519	-	-	-
2,961	-	-	-
-	-	-	-
4,963	-	-	-
-	-	-	-
<u>21,443</u>	<u>179,183</u>	<u>208,385</u>	<u>28,650,708</u>
-	-	-	-
294,682	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	28,650,708
-	-	-	-
-	-	-	-
13,962	191,403	113,765	-
<u>308,644</u>	<u>191,403</u>	<u>113,765</u>	<u>28,650,708</u>
(287,201)	(12,220)	94,620	-
307,000	-	1,983	-
(15,000)	-	-	-
-	-	-	-
-	-	-	-
<u>292,000</u>	<u>-</u>	<u>1,983</u>	<u>-</u>
4,799	(12,220)	96,603	-
<u>283,154</u>	<u>(11,343)</u>	<u>(89,533)</u>	<u>8,785</u>
<u>\$ 287,953</u>	<u>\$ (23,563)</u>	<u>\$ 7,070</u>	<u>\$ 8,785</u>

(Continued)

City of Danbury, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) -  
 Nonmajor Governmental Funds (Continued)  
 For the Year Ended June 30, 2019

	Capital Projects			
	City Projects	Soldier Monument Park	Head Start Bond	Public Safety Bond
<b>Revenues:</b>				
Federal and state governments	\$ 22,676	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	-	-	-	-
Contributions	-	-	-	-
<b>Total revenues</b>	<b>22,676</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenditures:</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	2,469,864	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Education	-	-	-	-
Principal payments	2,350,000	-	-	-
Interest and other charges	98,772	-	-	-
Capital outlay	4,991,071	-	-	-
<b>Total expenditures</b>	<b>9,909,707</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(9,887,031)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other financing sources (uses):</b>				
Transfers in	6,687,613	-	-	-
Transfers out	(618,904)	-	-	-
Bond proceeds	4,296,415	-	-	-
Bond anticipation note proceeds	1,825,000	-	-	-
<b>Total other financing sources (uses)</b>	<b>12,190,124</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total revenue and other financing sources (uses) over (under) expenditures</b>	<b>2,303,093</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances (deficits), beginning	5,182,336	4,572	776,928	382,912
Fund balances (deficits), ending	\$ 7,485,429	\$ 4,572	\$ 776,928	\$ 382,912

Capital Projects					Permanent Fund	
Century 21 PI	Open Space Bond	Roofs	2016 Public Improvement Program	Roads	Farioly Library	Totals
\$ -	\$ -	\$ 856,818	\$ -	\$ -	\$ -	\$ 36,309,506
-	-	-	-	-	-	13,519
-	-	-	-	-	-	1,197,925
-	-	-	-	-	-	16,447
-	-	-	-	-	68,792	74,074
-	-	-	-	-	-	5
-	-	856,818	-	-	68,792	37,611,476
-	-	-	-	-	-	23,153
-	-	-	-	-	-	294,682
-	-	-	-	-	-	2,469,864
-	-	-	-	-	-	7,692
-	-	-	-	-	-	106,207
-	-	-	-	-	-	34,256,699
-	-	-	500,000	-	-	2,850,000
-	13,004	-	52,364	3,352	-	167,492
-	294,838	-	2,176,169	429,855	-	8,211,063
-	307,842	-	2,728,533	433,207	-	48,386,852
-	(307,842)	856,818	(2,728,533)	(433,207)	68,792	(10,775,376)
-	-	43,182	-	-	-	7,039,778
-	(59,301)	(900,000)	(990,000)	(205,080)	-	(2,788,285)
-	2,000,000	-	4,250,000	-	-	10,546,415
-	-	-	675,000	1,000,000	-	3,500,000
-	1,940,699	(856,818)	3,935,000	794,920	-	18,297,908
-	1,632,857	-	1,206,467	361,713	68,792	7,522,532
1,599,237	(1,705,177)	-	(634,384)	869,930	1,671,949	7,279,720
\$ 1,599,237	\$ (72,320)	\$ -	\$ 572,083	\$ 1,231,643	\$ 1,740,741	\$ 14,802,252

City of Danbury, Connecticut

Schedule of Revenues and Expenditures  
 Budget and Actual - Animal Control Fund - Unaudited  
 For the Year Ended June 30, 2019

	Budgeted		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Town clerk fees	\$ 13,100	\$ 13,100	\$ 13,519	419
City contribution	292,000	292,000	292,000	-
Charges for services	1,900	1,900	2,960	1,060
Investment earnings	3,000	3,000	4,963	1,963
<b>Total revenues</b>	<b>310,000</b>	<b>310,000</b>	<b>313,442</b>	<b>3,442</b>
Expenditures	295,000	295,000	308,643	(13,643)
Other financing sources -	15,000	158,753	-	(158,753)
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ 30,000</b>	<b>\$ 173,753</b>	<b>\$ 4,799</b>	<b>\$ (168,954)</b>

**Internal Service Funds**

## **Internal Service Funds**

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

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

**Risk Management Fund** – is used to account for the City's and Boards Of Education self-insured medical, dental and pharmaceutical claims and the City's general insurance.

City of Danbury, Connecticut

Combining Statement of Net Position  
Internal Service Funds  
June 30, 2019

	Workers' Compensation	Risk Management	Total
<b>Assets</b>			
Current assets:			
Cash	\$ 2,647,261	\$ 13,802,889	\$ 16,450,150
Accounts receivable and other	178,961	30,905	209,866
Prepaid item	2,704	334,500	337,204
Due from general fund	871	4,762	5,633
<b>Total assets</b>	<b>2,829,797</b>	<b>14,173,056</b>	<b>17,002,853</b>
<b>Liabilities</b>			
Accounts payable	177,971	2,455	180,426
Due to other funds	-	41,509	41,509
Accrued claims and judgments	2,651,826	5,192,490	7,844,316
<b>Total liabilities</b>	<b>2,829,797</b>	<b>5,236,454</b>	<b>8,066,251</b>
Net position:			
Committed	-	8,936,602	8,936,602
<b>Total net position</b>	<b>\$ -</b>	<b>\$ 8,936,602</b>	<b>\$ 8,936,602</b>

**City of Danbury, Connecticut**

**Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
Internal Service Funds  
For the Year Ended June 30, 2019**

	Workers' Compensation	Risk Management	Total
Operating revenues:			
Charges for services	\$ 2,962,880	\$ 18,897,055	\$ 21,859,935
<b>Total operating revenues</b>	<u>2,962,880</u>	<u>18,897,055</u>	<u>21,859,935</u>
Operating expenses:			
Claims	2,962,880	18,124,299	21,087,179
<b>Total operating expenses</b>	<u>2,962,880</u>	<u>18,124,299</u>	<u>21,087,179</u>
<b>Change in operating income</b>	-	772,756	772,756
Fund net position, beginning	-	8,163,846	8,163,846
Fund net position, ending	<u>\$ -</u>	<u>\$ 8,936,602</u>	<u>\$ 8,936,602</u>

City of Danbury, Connecticut

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2019

	Workers' Compensation	Risk Management	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 2,939,033	\$ 18,879,551	\$ 21,818,584
Payments to suppliers/claims paid	(2,995,406)	(17,372,429)	(20,367,835)
<b>Net cash (used in) provided by operating activities</b>	<b>(56,373)</b>	<b>1,507,122</b>	<b>1,450,749</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(56,373)</b>	<b>1,507,122</b>	<b>1,450,749</b>
Cash and cash equivalents, beginning	2,703,634	12,295,767	14,999,401
Cash and cash equivalents, ending	<u>\$ 2,647,261</u>	<u>\$ 13,802,889</u>	<u>\$ 16,450,150</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	\$ -	\$ 772,756	\$ 772,756
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Changes in assets and liabilities:			
(Increase) in due from other funds	(683)	(275)	(958)
(Increase) decrease in prepaid items	(62)	7,923	7,861
(Increase) in accounts receivable	(23,101)	(17,228)	(40,329)
Decrease in due to other funds	-	4,928	4,928
Increase (decrease) in accrued expenses and accounts payable	(32,527)	739,018	706,491
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (56,373)</b>	<b>\$ 1,507,122</b>	<b>\$ 1,450,749</b>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Quadricentennial** - to account for funds collected for the Quadricentennial celebration.

**Deferred Compensation** - to account for revenue sharing funds received from the City's deferred compensation provider to offset expenses of administering the program. Beginning in 2018, the deferred compensation program no longer included revenue sharing. The revenue balance was distributed to plan participants in September 2019.

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City of Danbury, Connecticut

Statement of Net Position - Pension and OPEB Trust Funds  
June 30, 2019

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police
<b>Assets</b>				
Cash and cash equivalents	\$ 1,867,223	\$ 89,872	\$ 91,804	\$ 760,448
Investments, at fair value:				
Common stock	12,168,220	142,969	193,070	4,289,185
Debt securities	3,837,082	45,083	60,882	1,352,536
Equity and fixed income mutual funds	50,890,016	597,927	807,459	17,938,260
Private hedge fund	42,436,119	498,599	673,322	14,958,339
<b>Total investments</b>	<b>109,331,437</b>	<b>1,284,578</b>	<b>1,734,733</b>	<b>38,538,320</b>
Accrued interest and dividends	87,326	1,501	1,732	30,777
Prepays	-	-	-	-
<b>Total assets</b>	<b>111,285,986</b>	<b>1,375,951</b>	<b>1,828,269</b>	<b>39,329,545</b>
<b>Liabilities</b>				
Accrued expenses and management fees	71,165	4,360	4,223	23,517
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<b>71,165</b>	<b>4,360</b>	<b>4,223</b>	<b>23,517</b>
Net position, restricted for pension and OPEB benefits and other purposes	\$ 111,214,821	\$ 1,371,591	\$ 1,824,046	\$ 39,306,028

Post-1967 Fire	Post-1983 Police	Post-2011 Fire	OPEB	Total
\$ 1,160,936	\$ 540,872	\$ 16,993	\$ 8,708,628	\$ 13,236,776
8,378,139	4,769,936	84,489	-	30,026,008
2,641,932	1,504,134	26,643	-	9,468,292
35,039,112	19,948,860	353,351	-	125,574,985
29,218,382	16,634,937	294,653	-	104,714,351
75,277,565	42,857,867	759,136	-	269,783,636
59,774	34,276	717	16,743	232,846
-	-	-	11,954	11,954
76,498,275	43,433,015	776,846	8,737,325	283,265,212
42,695	25,089	1,646	18,976	191,671
-	-	-	1,094	1,094
42,695	25,089	1,646	20,070	192,765
\$ 76,455,580	\$ 43,407,926	\$ 775,200	\$ 8,717,255	\$ 283,072,447

City of Danbury, Connecticut

Statement of Net Position - Private Purpose Trust Fund  
June 30, 2019

Phoebe M.  
Harrison

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**Assets**

Cash and cash equivalents

\$ 1,287

**Total assets**

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1,287

Net position held in trust

\$ 1,287

City of Danbury, Connecticut

Statement of Net Position - Agency Funds  
June 30, 2019

	Street Openings	School Activities	Danbury High School Scholarship	Downtown Special Services District	Security Lease Account	Danbury Permits Fund	Danbury Tech Learning Ctr Senior	Danbury Housing Partnership	Sandy	Quadricennial	Deferred Comp.	Total
<b>Assets</b>												
Cash and cash equivalents	\$ 409,116	\$ 1,104,795	\$ 520,288	\$ 134,106	\$ 19,366	\$ 1,236,977	\$ 14,044	\$ 7,816	\$ 19,235	\$ 1,807	\$ 112,479	\$ 3,580,029
<b>Total assets</b>	<b>409,116</b>	<b>1,104,795</b>	<b>520,288</b>	<b>134,106</b>	<b>19,366</b>	<b>1,236,977</b>	<b>14,044</b>	<b>7,816</b>	<b>19,235</b>	<b>1,807</b>	<b>112,479</b>	<b>3,580,029</b>
<b>Liabilities</b>												
Other liabilities	409,116	1,104,795	520,288	134,106	19,366	1,236,977	14,044	7,816	19,235	1,807	112,479	3,580,029
<b>Total liabilities</b>	<b>409,116</b>	<b>1,104,795</b>	<b>520,288</b>	<b>134,106</b>	<b>19,366</b>	<b>1,236,977</b>	<b>14,044</b>	<b>7,816</b>	<b>19,235</b>	<b>1,807</b>	<b>112,479</b>	<b>3,580,029</b>
Net position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

City of Danbury, Connecticut

Statement of Changes in Net Position - Pension and OPEB Trust Funds  
For the Year Ended June 30, 2019

	General Employees	Pre-1967 Police	Pre-1967 Fire	Post-1967 Police
Additions:				
Contributions:				
Employer	\$ 4,788,000	\$ 753,000	\$ 510,000	\$ 1,090,000
Plan members	254,313	-	-	-
<b>Total contributions</b>	<b>5,042,313</b>	<b>753,000</b>	<b>510,000</b>	<b>1,090,000</b>
Investment income:				
Net appreciation in fair value of investments	1,524,372	16,042	24,988	455,268
Interest and dividends	3,283,350	47,448	57,494	1,155,235
	4,807,722	63,490	82,482	1,610,503
Less investment expenses:				
Investment management fees	448,815	21,545	21,900	132,269
<b>Net investment income</b>	<b>4,358,907</b>	<b>41,945</b>	<b>60,582</b>	<b>1,478,234</b>
Deductions:				
Benefits	8,207,775	1,039,185	789,742	4,876,440
<b>Change in net position</b>	<b>1,193,445</b>	<b>(244,240)</b>	<b>(219,160)</b>	<b>(2,308,206)</b>
Net position, restricted for pension and OPEB benefits and other purposes:				
Beginning of year	110,021,376	1,615,831	2,043,206	41,614,234
End of year	\$ 111,214,821	\$ 1,371,591	\$ 1,824,046	\$ 39,306,028

Post-1967 Fire	Post-1983 Police	Post-2011 Fire	OPEB	Total
\$ 2,778,268	\$ 3,143,018	\$ 68,959	\$ 22,381,520	\$ 35,512,765
437,018	560,727	112,504	-	1,364,562
3,215,286	3,703,745	181,463	22,381,520	36,877,327
1,057,484	749,725	24,278	180,359	4,032,516
2,257,393	1,306,900	25,412	(2,413)	8,130,819
3,314,877	2,056,625	49,690	177,946	12,163,335
238,340	139,281	16,507	10,681	1,029,338
3,076,537	1,917,344	33,183	167,265	11,133,997
5,632,050	1,825,657	1	19,870,840	42,241,690
659,773	3,795,432	214,645	2,677,945	5,769,634
75,795,807	39,612,494	560,555	6,039,310	277,302,813
\$ 76,455,580	\$ 43,407,926	\$ 775,200	\$ 8,717,255	\$ 283,072,447

City of Danbury, Connecticut

Statement of Changes in Net Position - Private Purpose Trust Fund  
For the Year Ended June 30, 2019

	Phoebe M. Harrison
<hr/>	
Additions:	
Investment earnings:	
Net depreciation of fair value in investments	\$ (97)
<b>Additions</b>	<u>(97)</u>
<b>Change in net position</b>	(97)
Net position held in trust:	
Beginning of year	<u>1,384</u>
End of year	<u>\$ 1,287</u>

**City of Danbury, Connecticut**

**Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2019**

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<b>Street Openings</b>				
Assets				
Cash	\$ 554,278	\$ 227,148	\$ 372,310	\$ 409,116
Liabilities				
Amounts held for others	\$ 554,278	\$ 227,148	\$ 372,310	\$ 409,116
<b>School Activities</b>				
Assets				
Cash	\$ 1,075,623	\$ 1,878,009	\$ 1,844,292	\$ 1,109,340
Liabilities				
Amounts held for others	\$ 1,075,623	\$ 1,878,009	\$ 1,844,292	\$ 1,109,340
<b>Danbury High School Scholarship</b>				
Assets				
Cash	\$ 505,926	\$ 67,096	\$ 52,734	\$ 520,288
Liabilities				
Amounts held for others	\$ 505,926	\$ 67,096	\$ 52,734	\$ 520,288
<b>Downtown Special Services</b>				
Assets				
Cash	\$ 226,826	\$ 248,437	\$ 341,157	\$ 134,106
Liabilities				
Amounts held for others	\$ 226,826	\$ 248,437	\$ 341,157	\$ 134,106
<b>Security Lease Account</b>				
Assets				
Cash	\$ 18,328	\$ 13,638	\$ 12,600	\$ 19,366
Liabilities				
Amounts held for others	\$ 18,328	\$ 13,638	\$ 12,600	\$ 19,366
<b>Danbury Permits</b>				
Assets				
Cash	\$ 1,273,461	\$ 107,557	\$ 144,041	\$ 1,236,977
Liabilities				
Amounts held for others	\$ 1,273,461	\$ 107,557	\$ 144,041	\$ 1,236,977

(Continued)

**City of Danbury, Connecticut**

**Statement of Changes in Assets and Liabilities (Continued)**

**Agency Funds**

**For the Year Ended June 30, 2019**

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<b>Sandy</b>				
Assets				
Cash	\$ 19,235	\$ -	\$ -	\$ 19,235
Liabilities				
Amounts held for others	\$ 19,235	\$ -	\$ -	\$ 19,235
<b>Quadracennial</b>				
Assets				
Cash	\$ 1,807	\$ -	\$ -	\$ 1,807
Liabilities				
Amounts held for others	\$ 1,807	\$ -	\$ -	\$ 1,807
<b>Deferred Comp</b>				
Assets				
Cash	\$ 101,988	\$ 10,491	\$ -	\$ 112,479
Liabilities				
Amounts held for others	\$ 101,988	\$ 10,491	\$ -	\$ 112,479
<b>Danbury Tech Learning Ctr Senior</b>				
Assets				
Cash	\$ 14,044	\$ -	\$ -	\$ 14,044
Liabilities				
Amounts held for others	\$ 14,044	\$ -	\$ -	\$ 14,044
<b>Danbury Housing Partnership</b>				
Assets				
Cash	\$ 7,816	\$ -	\$ -	\$ 7,816
Liabilities				
Amounts held for others	\$ 7,816	\$ -	\$ -	\$ 7,816
<b>Total Agency Funds</b>				
Assets				
Cash	\$ 3,799,332	\$ 2,552,376	\$ 2,767,134	\$ 3,584,574
Liabilities				
Amounts held for others	\$ 3,799,332	\$ 2,552,376	\$ 2,767,134	\$ 3,584,574

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



City of Danbury, Connecticut

Capital Assets Used in the Operation of Governmental Funds -  
Schedule by Category  
June 30, 2019

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Governmental Funds Capital Assets:	
Land	\$ 50,048,788
Easements	1,134,477
Land improvements	18,072,770
Buildings and improvements	345,975,847
Machinery and equipment	63,032,522
Infrastructure	167,084,894
Construction in progress	3,472,179
<b>Total governmental funds capital assets</b>	<b><u>\$ 648,821,477</u></b>

**City of Danbury, Connecticut**

**Capital Assets Used in the Operation of Governmental Funds -  
Schedule by Function and Activity  
June 30, 2019**

	Land	Easements	Land Improvements	Buildings and Improvements	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General Government	\$ 12,933,600	\$ -	\$ 82,531	\$ 25,936,893	\$ 9,561,792	\$ 23,000	\$ 502,069	\$ 49,039,885
Public Safety	7,457,129	215,527	49,013	42,882,646	21,471,619	4,120,002	509,342	76,705,278
Public Works	19,700	-	344,233	2,725,945	12,839,769	161,785,102	1,505,468	179,220,217
Health/Welfare	821,100	-	-	3,964,568	240,016	-	-	5,025,684
Education	5,431,900	-	7,357,666	253,518,865	15,802,529	42,970	111,934	282,265,864
Culture/Recreation	23,385,359	918,950	10,239,327	16,946,930	3,116,797	1,113,820	843,366	56,564,549
<b>Total</b>	<b>\$ 50,048,788</b>	<b>\$ 1,134,477</b>	<b>\$ 18,072,770</b>	<b>\$ 345,975,847</b>	<b>\$ 63,032,522</b>	<b>\$ 167,084,894</b>	<b>\$ 3,472,179</b>	<b>\$ 648,821,477</b>

**City of Danbury, Connecticut**

**Capital Assets Used in the Operation of Governmental Funds -  
 Schedule of Changes by Function and Activity  
 For the Year Ended June 30, 2019**

	Governmental Funds					Governmental Funds
	Capital Assets			Transfers	Transfers In	Capital Assets
	July 1, 2018	Additions	Deletions	Out of CIP	From CIP	June 30, 2019
General Government	\$ 48,998,205	\$ 430,858	\$ (389,178)	\$ -	\$ -	\$ 49,039,885
Public Safety	76,660,044	474,391	(429,157)	(45,427)	45,427	76,705,278
Public Works	173,346,701	6,007,614	(134,098)	(743,631)	743,631	179,220,217
Health/Welfare	5,004,315	21,369	-	-	-	5,025,684
Education	276,183,677	6,116,972	(34,785)	(49,714,209)	49,714,209	282,265,864
Culture/Recreation	55,272,954	1,537,407	(245,812)	(48,370)	48,370	56,564,549
<b>Total</b>	<b>\$ 635,465,896</b>	<b>\$ 14,588,611</b>	<b>\$ (1,233,030)</b>	<b>\$ (50,551,637)</b>	<b>\$ 50,551,637</b>	<b>\$ 648,821,477</b>

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**Other Schedules**



City of Danbury, Connecticut

Balance Sheet - By Account - General Fund  
June 30, 2019

	General	Continuing Education	Eliminations	Combined
<b>Assets</b>				
Cash and cash equivalents	\$ 23,298,867	\$ 2,866,723	\$ -	\$ 26,165,590
Investments	12,550,419	-	-	12,550,419
Receivables, net of allowances for collection losses:				
Property taxes	7,896,570	-	-	7,896,570
Accounts receivable	2,760,935	-	-	2,760,935
State and federal governments	72,777	-	-	72,777
Other assets	147,382	-	-	147,382
Loan receivable - Richter Park	1,790,983	-	-	1,790,983
Due from other funds	7,281,434	-	(1,308,673)	5,972,761
<b>Total assets</b>	<b>\$ 55,799,367</b>	<b>\$ 2,866,723</b>	<b>\$ (1,308,673)</b>	<b>\$ 57,357,417</b>
<b>Liabilities</b>				
Accounts payable	\$ 4,966,449	\$ 302,183	\$ -	\$ 5,268,632
Accrued wages	1,804,308	-	-	1,804,308
Due to other funds	1,473,495	1,308,673	(1,308,673)	1,473,495
Unearned revenue	106,327	-	-	106,327
<b>Total liabilities</b>	<b>8,350,579</b>	<b>1,610,856</b>	<b>(1,308,673)</b>	<b>8,652,762</b>
Deferred inflows of resources:				
Advanced tax collections	138,379	-	-	138,379
Unavailable revenue	6,898,158	-	-	6,898,158
<b>Total deferred inflows of resources</b>	<b>7,036,537</b>	<b>-</b>	<b>-</b>	<b>7,036,537</b>
Fund balances:				
Nonspendable	1,938,365	-	-	1,938,365
Assigned	13,419,964	1,255,867	-	14,675,831
Unassigned	25,053,922	-	-	25,053,922
<b>Total fund balances</b>	<b>40,412,251</b>	<b>1,255,867</b>	<b>-</b>	<b>41,668,118</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 55,799,367</b>	<b>\$ 2,866,723</b>	<b>\$ (1,308,673)</b>	<b>\$ 57,357,417</b>

City of Danbury, Connecticut

Schedule of Revenues, Expenditures and Changes in Fund Balance - By Account - General Fund  
For the Year Ended June 30, 2019

	General	Continuing Education	Combined
<b>Revenues:</b>			
Property taxes	\$ 215,093,015	\$ -	\$ 215,093,015
State and federal governments	41,471,339	-	41,471,339
Licenses and permits	4,163,255	-	4,163,255
Charges for services	5,014,806	1,842,549	6,857,355
Fines and penalties	377,021	-	377,021
Investment income	1,782,051	-	1,782,051
<b>Total revenues</b>	<b>267,901,487</b>	<b>1,842,549</b>	<b>269,744,036</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	12,016,917	-	12,016,917
Public safety	35,984,837	-	35,984,837
Public works	9,847,081	-	9,847,081
Health and welfare	1,940,901	-	1,940,901
Culture and recreation	2,417,160	-	2,417,160
Education	143,646,581	1,858,300	145,504,881
Pension and other employee benefits	38,913,258	-	38,913,258
<b>Debt Service:</b>			
Principal retirements	11,542,844	-	11,542,844
Interest and other charges	5,427,497	-	5,427,497
<b>Total expenditures</b>	<b>262,597,076</b>	<b>1,858,300</b>	<b>264,455,376</b>
<b>Revenues over (under) expenditures</b>	<b>5,304,411</b>	<b>(15,751)</b>	<b>5,288,660</b>
<b>Other financing sources (uses):</b>			
Issuance of capital leases	860,000	-	860,000
Transfers out	(6,090,054)	-	(6,090,054)
Premium on bonds	906,866	-	906,866
<b>Total other financing sources (uses)</b>	<b>(4,323,188)</b>	<b>-</b>	<b>(4,323,188)</b>
<b>Net change in fund balances</b>	<b>981,223</b>	<b>(15,751)</b>	<b>965,472</b>
Fund balances, beginning	39,431,028	1,271,618	40,702,646
Fund balances, ending	\$ 40,412,251	\$ 1,255,867	\$ 41,668,118

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City of Danbury, Connecticut

Schedule of Property Taxes Levied, Collected and Outstanding  
 General Fund  
 For the Year Ended June 30, 2019

Grand List Year	Taxes Receivable July 1, 2018	Current Levy	Lawful Corrections	Transfers to Suspense	Balance to be Collected
2017	\$ -	\$ 214,340,176	\$ 282,270	\$ -	\$ 214,622,446
2016	2,917,557	-	16,333	-	2,933,890
2015	998,889	-	(3,276)	-	995,613
2014	651,684	-	(8,725)	-	642,959
2013	579,053	-	(3,323)	-	575,730
2012	522,575	-	(7,923)	-	514,652
2011	452,237	-	(965)	-	451,272
2010	383,982	-	(1,268)	-	382,714
2009	390,970	-	(2,058)	(263,039)	125,873
2008	119,052	-	-	-	119,052
2007	117,450	-	-	-	117,450
2006	86,965	-	-	-	86,965
2005	69,074	-	-	-	69,074
2004	64,835	-	-	-	64,835
2003	67,151	-	-	-	67,151
	7,421,474	214,340,176	271,065	(263,039)	221,769,676
Less allowance:	(2,902,887)	-	(92,333)	-	(2,995,220)
	<u>\$ 4,518,587</u>	<u>\$ 214,340,176</u>	<u>\$ 178,732</u>	<u>\$ (263,039)</u>	<u>\$ 218,774,456</u>

Taxes	Interest	Lien Fees	Total	Taxes Receivable June 30, 2019
\$ 212,213,226	\$ 578,273	\$ 6,202	\$ 212,797,701	\$ 2,409,220
1,915,662	265,536	9,940	2,191,138	1,018,228
367,195	100,229	1,848	469,272	628,418
43,276	27,361	24	70,661	599,683
33,075	26,952	24	60,051	542,655
22,305	24,915	24	47,244	492,347
8,809	10,603	24	19,436	442,463
7,228	9,616	24	16,868	375,486
4,237	6,532	24	10,793	121,636
10	77	24	111	119,042
191	541	48	780	117,259
462	424	48	934	86,503
225	108	48	381	68,849
17	42	24	83	64,818
17	803	24	844	67,134
214,615,935	1,052,012	18,350	215,686,297	7,153,741
-	-	-	-	(2,995,220)
<u>\$ 214,615,935</u>	<u>\$ 1,052,012</u>	<u>\$ 18,350</u>	<u>\$ 215,686,297</u>	<u>\$ 4,158,521</u>

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**Statistical Section**

## ***Statistical Section***

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

### **Contents**

#### ***Financial Trends***

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

#### ***Revenue Capacity***

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

#### ***Debt Capacity***

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

#### ***Demographic and Economic Information***

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

#### ***Operating Information***

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

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

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**City of Danbury, Connecticut**

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

	Fiscal Year			
	2010	2011	2012	2013
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 144,512	\$ 145,411	\$ 147,295	\$ 151,177
Restricted	1,531	1,346	791	-
Unrestricted (deficits)	406	(2,641)	(5,363)	(12,681)
<b>Total governmental activities net position</b>	<b>\$ 146,449</b>	<b>\$ 144,116</b>	<b>\$ 142,723</b>	<b>\$ 138,496</b>
<b>Business-Type Activities</b>				
Net investment in capital assets	\$ 116,105	\$ 121,771	\$ 123,938	\$ 125,724
Unrestricted (deficits)	16,469	17,880	19,171	23,095
<b>Total business-type activities net position</b>	<b>\$ 132,574</b>	<b>\$ 139,651</b>	<b>\$ 143,109</b>	<b>\$ 148,819</b>
<b>Primary Government</b>				
Net investment in capital assets	\$ 260,617	\$ 267,182	\$ 271,233	\$ 276,901
Restricted	1,531	1,346	791	-
Unrestricted	16,875	15,239	13,808	10,414
<b>Total primary government net position</b>	<b>\$ 279,023</b>	<b>\$ 283,767</b>	<b>\$ 285,832</b>	<b>\$ 287,315</b>

Source: City CAFR.

Fiscal Year						
2014	2015	2016	2017	2018	2019	
\$ 164,322	\$ 200,189	\$ 180,034	\$ 186,700	\$ 213,826	\$ 215,348	
879	(536)	1,611	1,088	2,291	2,495	
(23,319)	(131,477)	(120,757)	(129,089)	(292,191)	(287,418)	
<b>\$ 141,882</b>	<b>\$ 68,176</b>	<b>\$ 60,888</b>	<b>\$ 58,699</b>	<b>\$ (76,074)</b>	<b>\$ (69,575)</b>	
\$ 125,106	\$ 124,155	\$ 127,056	\$ 122,874	\$ 124,270	\$ 124,462	
27,042	29,844	30,625	38,308	41,180	46,113	
<b>\$ 152,148</b>	<b>\$ 153,999</b>	<b>\$ 157,681</b>	<b>\$ 161,182</b>	<b>\$ 165,450</b>	<b>\$ 170,575</b>	
\$ 289,428	\$ 324,744	\$ 307,090	\$ 309,573	\$ 338,096	\$ 339,810	
879	(536)	1,611	1,088	2,291	2,495	
3,723	(101,633)	(90,132)	(90,781)	(251,011)	(241,305)	
<b>\$ 294,030</b>	<b>\$ 222,575</b>	<b>\$ 218,569</b>	<b>\$ 219,880</b>	<b>\$ 89,376</b>	<b>\$ 101,000</b>	

City of Danbury, Connecticut

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

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>Expenses:</b>					
Governmental activities:					
General Government	\$ 16,731,874	\$ 15,560,719	\$ 17,961,072	\$ 18,139,632	\$ 20,890,212
Public Safety	50,989,593	51,277,982	51,989,164	54,529,288	50,075,696
Public Works	15,466,697	12,542,786	18,237,392	17,048,668	20,223,960
Health and welfare	6,134,629	6,673,789	6,085,420	4,676,427	4,551,279
Culture and Recreation	4,543,054	5,265,959	4,559,420	4,432,671	4,952,292
Education	148,223,024	152,260,059	157,904,768	163,206,387	172,350,552
Other	-	-	-	-	-
Interest on long-term debt	4,981,825	4,034,874	5,068,939	3,467,604	3,194,296
<b>Total governmental activities expenses</b>	<b>247,070,696</b>	<b>247,616,168</b>	<b>261,806,175</b>	<b>265,500,677</b>	<b>276,238,287</b>
Business-type activities:					
Sewer	9,804,007	10,217,270	9,576,983	10,203,487	11,339,431
Water	7,256,572	7,227,801	7,547,425	7,683,056	7,743,465
Ambulance	-	2,160,183	2,405,558	2,630,147	2,788,996
<b>Total business-type activities expenses</b>	<b>17,060,579</b>	<b>19,605,254</b>	<b>19,529,966</b>	<b>20,516,690</b>	<b>21,871,892</b>
<b>Total primary government expenses</b>	<b>264,131,275</b>	<b>267,221,422</b>	<b>281,336,141</b>	<b>286,017,367</b>	<b>298,110,179</b>
<b>Program revenue:</b>					
Governmental activities:					
Charges for services:					
General Government	6,924,945	6,305,828	6,758,805	3,212,332	4,277,479
Public safety	4,984,991	2,155,953	1,662,355	5,845,209	5,854,283
Public works	35,493	-	335,333	232,650	245,866
Health and welfare	177,406	306,655	262,310	369,609	329,923
Culture and Recreation	535,290	587,821	244,814	243,015	266,013
Education	2,994,188	3,203,327	3,109,961	3,152,724	3,658,741
Other	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-
Operating grants and contributions:					
General Government	26,357	337,432	344,075	200,996	372,506
Public safety	51,506	24,417	40,829	-	-
Public works	4,229,397	2,000,690	814,078	584,941	2,330,055
Health and welfare	2,276,254	2,218,365	2,870,990	574,275	497,828
Culture and Recreation	10,315	25,880	77,574	16,419	10,733
Education	52,317,234	57,893,469	59,948,916	61,366,508	65,224,766
Capital grants and contributions:					
General government	1,280,153	298,393	-	7,494	-
Public safety	1,230,962	119,968	37,018	-	-
Public works	1,070,163	204,477	6,540,027	2,783,166	5,852,338
Health and welfare	595,157	659,717	884,114	483,821	431,623
Culture and recreation	-	-	-	-	-
Education	4,451	-	218,407	-	-
<b>Total governmental activities program revenue</b>	<b>78,744,262</b>	<b>76,342,392</b>	<b>84,149,606</b>	<b>79,073,159</b>	<b>89,352,154</b>

Source: City CAFR.

	Fiscal Year				
	2010	2011	2012	2013	2014
Business-type activities:					
Charges for services:					
Sewer	12,113,299	11,352,842	11,692,618	12,782,273	12,327,807
Water	7,757,354	8,842,620	7,795,700	9,200,182	8,964,237
Ambulance	-	2,839,726	2,761,382	3,249,288	2,893,050
Operating grants and contributions:					
Sewer	-	-	-	-	-
Water	-	-	-	-	-
Ambulance	-	-	-	-	-
Capital grants and contributions:					
Sewer	476,174	359,239	238,600	583,422	436,676
Water	403,578	826,885	246,230	748,560	546,299
Ambulance	-	-	-	-	-
<b>Total business-type activities program revenues</b>	<b>20,750,405</b>	<b>24,221,312</b>	<b>22,734,530</b>	<b>26,563,725</b>	<b>25,168,069</b>
<b>Total primary government program revenues</b>	<b>99,494,667</b>	<b>100,563,704</b>	<b>106,884,136</b>	<b>105,636,884</b>	<b>114,520,223</b>
Net (expense) revenue:					
Governmental activities	(168,326,434)	(171,273,776)	(177,656,569)	(186,427,518)	(186,886,133)
Business-type activities	3,689,826	4,616,058	3,204,564	6,047,035	3,296,177
<b>Total primary government net expense</b>	<b>(164,636,608)</b>	<b>(166,657,718)</b>	<b>(174,452,005)</b>	<b>(180,380,483)</b>	<b>(183,589,956)</b>
General revenues and other changes in net position:					
Governmental activities:					
Property taxes	154,691,223	162,128,659	168,129,234	176,148,559	183,283,690
Grants and contributions not restricted to specific programs	7,597,755	7,425,633	7,477,670	6,860,076	5,512,836
Investment earnings	399,378	199,345	410,250	105,309	197,943
Transfers and special items	-	(1,964,339)	245,814	364,665	-
Gain on disposal of capital assets	-	1,151,408	-	-	-
<b>Total governmental activities</b>	<b>162,688,356</b>	<b>168,940,706</b>	<b>176,262,968</b>	<b>183,478,609</b>	<b>188,994,469</b>
Business-type activities:					
Grants and contributions not restricted to specific programs	-	-	-	-	-
Investment earnings	598,687	496,851	500,123	17,547	13,317
Transfers and special items	-	1,964,339	(245,814)	(364,665)	18,983
<b>Total business-type activities</b>	<b>598,687</b>	<b>2,461,190</b>	<b>254,309</b>	<b>(347,118)</b>	<b>32,300</b>
<b>Total primary government</b>	<b>163,287,043</b>	<b>171,401,896</b>	<b>176,517,277</b>	<b>183,131,491</b>	<b>189,026,769</b>
Changes in net position:					
Governmental activities	(5,638,078)	(2,333,070)	(1,393,601)	(2,948,909)	2,108,336
Business-type activities	4,288,513	7,077,248	3,458,873	5,699,917	3,328,477
<b>Total primary government</b>	<b>\$ (1,349,565)</b>	<b>\$ 4,744,178</b>	<b>\$ 2,065,272</b>	<b>\$ 2,751,008</b>	<b>\$ 5,436,813</b>

(Continued)

City of Danbury, Connecticut

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

	Fiscal Year				
	2015	2016	2017	2018	2019
<b>Expenses:</b>					
Governmental activities:					
General Government	\$ 24,108,092	\$ 25,060,127	\$ 26,438,840	\$ 32,707,193	\$ 25,932,625
Public Safety	52,714,836	52,707,961	56,336,346	51,773,506	55,497,040
Public Works	24,344,364	23,083,845	27,308,780	23,883,226	33,755,037
Health and welfare	6,580,927	4,945,618	4,358,087	4,338,927	5,104,684
Culture and Recreation	3,512,076	3,706,591	5,203,798	4,066,254	5,148,973
Education	184,438,377	190,634,285	195,732,635	198,608,162	183,529,726
Other	-	-	-	-	-
Interest on long-term debt	1,830,478	5,410,032	5,427,233	5,967,529	4,000,165
<b>Total governmental activities expenses</b>	<b>297,529,150</b>	<b>305,548,459</b>	<b>320,805,719</b>	<b>321,344,797</b>	<b>312,968,250</b>
Business-type activities:					
Sewer	10,433,054	10,095,401	10,419,582	10,882,445	10,182,490
Water	8,085,988	9,763,129	8,960,760	8,839,002	8,954,540
Ambulance	2,923,927	3,521,206	3,387,360	3,460,446	3,421,843
<b>Total business-type activities expenses</b>	<b>21,442,969</b>	<b>23,379,736</b>	<b>22,767,702</b>	<b>23,181,893</b>	<b>22,558,873</b>
<b>Total primary government expenses</b>	<b>318,972,119</b>	<b>328,928,195</b>	<b>343,573,421</b>	<b>344,526,690</b>	<b>335,527,123</b>
<b>Program revenue:</b>					
Governmental activities:					
Charges for services:					
General Government	3,565,479	4,621,715	3,344,234	3,408,619	3,639,250
Public safety	4,278,270	4,637,869	2,545,449	2,524,211	3,229,306
Public works	452,660	422,720	2,145,775	1,751,560	3,100,081
Health and welfare	400,127	386,469	318,277	280,103	519,773
Culture and Recreation	224,400	305,942	295,271	292,107	909,080
Education	3,656,198	5,632,568	3,671,927	3,056,936	2,883,573
Other	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-
Operating grants and contributions:					
General Government	-	4,010	-	-	-
Public safety	542,121	186,946	565,417	522,693	235,223
Public works	4,673,957	2,616,007	1,435,016	1,999,084	2,908,012
Health and welfare	469,021	475,207	-	-	44,457
Culture and Recreation	7,296	4,784	2,823	2,325	2,052
Education	71,719,271	70,058,627	83,662,245	78,575,001	68,080,756
Capital grants and contributions:					
General government	-	-	-	-	-
Public safety	-	-	25,000	-	-
Public works	2,238,441	5,021,764	-	4,444,330	1,276,010
Health and welfare	947,682	263,209	537,762	468,942	1,765,501
Culture and recreation	-	199,000	-	-	-
Education	14,404,734	-	7,889,642	19,767,814	9,359,050
<b>Total governmental activities program revenue</b>	<b>107,579,657</b>	<b>94,836,837</b>	<b>106,438,838</b>	<b>117,093,725</b>	<b>97,952,124</b>

Source: City CAFR.

	Fiscal Year				
	2015	2016	2017	2018	2019
Business-type activities:					
Charges for services:					
Sewer	\$ 11,529,646	\$ 11,503,815	\$ 12,981,024	\$ 13,144,793	\$ 13,653,839
Water	8,995,954	9,138,626	9,358,209	9,389,695	9,867,536
Ambulance	3,572,495	3,574,681	3,374,412	3,437,412	3,538,530
Operating grants and contributions:					
Sewer	48,038	73,869	-	-	-
Water	-	-	-	-	-
Ambulance	-	-	-	-	-
Capital grants and contributions:					
Sewer	200,820	325,560	17,300	667,700	-
Water	242,095	657,059	393,230	460,050	-
Ambulance	-	-	-	-	-
<b>Total business-type activities program revenues</b>	<b>24,589,048</b>	<b>25,273,610</b>	<b>26,124,175</b>	<b>27,099,650</b>	<b>27,059,905</b>
<b>Total primary government program revenues</b>	<b>132,168,705</b>	<b>120,110,447</b>	<b>132,563,013</b>	<b>144,193,375</b>	<b>125,012,029</b>
Net (expense) revenue:					
Governmental activities	(189,949,493)	(210,711,622)	(214,366,768)	(204,251,072)	(215,016,126)
Business-type activities	3,146,079	3,350,005	3,356,473	3,917,757	4,501,032
<b>Total primary government net expense</b>	<b>(186,803,414)</b>	<b>(207,361,617)</b>	<b>(211,010,295)</b>	<b>(200,333,315)</b>	<b>(210,515,094)</b>
General revenues and other changes in net position:					
Governmental activities:					
Property taxes	190,022,731	198,306,105	204,597,277	208,127,811	215,170,422
Grants and contributions not restricted to specific programs	5,501,381	4,860,263	6,977,429	5,996,528	4,488,657
Investment earnings	121,400	257,221	602,756	1,195,874	1,856,134
Transfers and special items	925,000	-	-	-	-
Gain on disposal of capital assets	-	-	-	-	-
<b>Total governmental activities</b>	<b>196,570,512</b>	<b>203,423,589</b>	<b>212,177,462</b>	<b>215,320,213</b>	<b>221,515,213</b>
Business-type activities:					
Grants and contributions not restricted to specific programs	4,889	(138,032)	-	237	6,060
Investment earnings	24,501	69,607	145,115	350,681	617,659
Transfers and special items	(925,000)	-	-	-	-
<b>Total business-type activities</b>	<b>(895,610)</b>	<b>(68,425)</b>	<b>145,115</b>	<b>350,918</b>	<b>623,719</b>
<b>Total primary government</b>	<b>195,674,902</b>	<b>203,355,164</b>	<b>212,322,577</b>	<b>215,671,131</b>	<b>222,138,932</b>
Changes in net position:					
Governmental activities	6,621,019	(7,288,033)	(2,189,306)	11,069,141	6,499,087
Business-type activities	2,250,469	3,281,580	3,501,588	4,268,675	5,124,751
<b>Total primary government</b>	<b>\$ 8,871,488</b>	<b>\$ (4,006,453)</b>	<b>\$ 1,312,282</b>	<b>\$ 15,337,816</b>	<b>\$ 11,623,838</b>

**City of Danbury, Connecticut**

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

Function / Program	Fiscal Year			
	2010	2011	2012	2013
<b>Governmental activities:</b>				
General Government	\$ 8,231,455	\$ 6,941,653	\$ 7,102,880	\$ 3,420,822
Public safety	6,267,459	2,300,338	1,740,202	5,845,209
Public works	5,335,053	2,205,167	7,689,438	3,600,757
Health and welfare	3,048,817	3,184,737	4,017,414	1,427,705
Culture and recreation	545,605	613,701	322,388	259,434
Education	55,315,873	61,096,796	63,277,284	64,519,232
<b>Total governmental activities</b>	<b>78,744,262</b>	<b>76,342,392</b>	<b>84,149,606</b>	<b>79,073,159</b>
<b>Business-type activities:</b>				
Water	8,160,932	9,669,505	8,041,930	9,948,742
Sewer	12,589,473	11,712,081	11,931,218	13,365,695
Ambulance	-	2,839,726	2,761,382	3,249,288
<b>Total business-type activities</b>	<b>20,750,405</b>	<b>24,221,312</b>	<b>22,734,530</b>	<b>26,563,725</b>
<b>Total government</b>	<b>\$ 99,494,667</b>	<b>\$ 100,563,704</b>	<b>\$ 106,884,136</b>	<b>\$ 105,636,884</b>

Source: City CAFR.

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 4,649,985	\$ 3,565,479	\$ 4,625,725	\$ 3,344,234	\$ 3,408,619	\$ <b>3,639,250</b>
5,854,283	4,820,391	4,824,815	3,135,866	3,046,904	<b>3,464,529</b>
8,428,259	7,365,058	8,060,491	3,580,791	8,194,974	<b>7,284,103</b>
1,259,374	1,816,830	1,124,885	856,039	749,045	<b>2,329,731</b>
276,746	231,696	509,726	298,094	294,432	<b>911,132</b>
68,883,507	89,780,203	75,691,195	95,223,927	101,399,751	<b>80,323,379</b>
89,352,154	107,579,657	94,836,837	106,438,951	117,093,725	<b>97,952,124</b>
9,510,836	9,238,049	9,795,685	9,751,439	9,849,745	<b>9,867,536</b>
12,764,483	11,778,504	13,359,375	12,998,324	13,812,493	<b>13,653,839</b>
2,893,050	3,572,495	3,574,681	3,374,416	3,437,412	<b>3,538,530</b>
25,168,369	24,589,048	26,729,741	26,124,179	27,099,650	<b>27,059,905</b>
<b>\$ 114,520,523</b>	<b>\$ 132,168,705</b>	<b>\$ 121,566,578</b>	<b>\$ 132,563,130</b>	<b>\$ 144,193,375</b>	<b>\$ 125,012,029</b>

**City of Danbury, Connecticut**

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

	Fiscal Year			
	2010	2011	2012	2013
<b>General Fund:</b>				
Nonspendable	\$ -	\$ 77,934	\$ 597,231	\$ 564,758
Restricted	-	-	-	-
Committed	-	515,990	709,030	909,216
Assigned	-	6,136,974	4,845,847	4,833,247
Unassigned	-	21,462,697	22,140,748	22,157,381
Reserved/designated	4,153,536	-	-	-
Unreserved/undesignated	21,250,848	-	-	-
<b>Total General Fund</b>	<b>\$ 25,404,384</b>	<b>\$ 28,193,595</b>	<b>\$ 28,292,856</b>	<b>\$ 28,464,602</b>
<b>All Other Governmental Funds:</b>				
Nonspendable	\$ -	\$ 1,546,569	\$ 1,545,104	\$ 1,733,074
Restricted	-	1,346,288	790,706	1,277,469
Committed	-	13,750,780	13,395,650	15,985,993
Assigned	-	90,380	108,912	122,023
Unassigned	-	(5,695,230)	(9,626,807)	(17,931,769)
Reserved	6,669,414	-	-	-
Unreserved, reported in:				
Special revenue funds	(190,068)	-	-	-
Capital projects funds	(10,391,909)	-	-	-
Permanent fund	159,187	-	-	-
<b>Total all other government funds</b>	<b>\$ (3,753,376)</b>	<b>\$ 11,038,787</b>	<b>\$ 6,213,565</b>	<b>\$ 1,186,790</b>

Note: GASB 54 was implemented in fiscal year 2011.

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 42,062	\$ 4,357,152	\$ 52,415	\$ 1,412,874	\$ 1,360,911	\$ 1,938,365
-	11,375	-	-	-	-
295,320	-	-	-	-	-
4,654,591	4,005,403	4,290,436	10,245,139	15,058,012	14,675,831
23,862,349	23,065,200	28,646,378	24,426,384	24,283,723	25,053,922
-	-	-	-	-	-
-	-	-	-	-	-
<b>\$ 28,854,322</b>	<b>\$ 31,439,130</b>	<b>\$ 32,989,229</b>	<b>\$ 36,084,397</b>	<b>\$ 40,702,646</b>	<b>\$ 41,668,118</b>
\$ 1,554,278	\$ 1,534,375	\$ 1,536,375	\$ 1,552,914	\$ 1,576,130	\$ 1,580,255
1,001,015	836,092	7,770,387	9,710,411	12,378,861	13,215,320
4,412,521	7,777,122	44,516,612	193,393	188,816	448,036
(4,055,768)	(15,577,059)	(60,193,383)	173,834	775,967	1,785,078
-	-	-	(10,221,727)	(17,093,809)	(7,971,741)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<b>\$ 2,912,046</b>	<b>\$ (5,429,470)</b>	<b>\$ (6,370,009)</b>	<b>\$ 1,408,825</b>	<b>\$ (2,174,035)</b>	<b>\$ 9,056,948</b>

**City of Danbury, Connecticut**

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

	Fiscal Year			
	2010	2011	2012	2013
<b>Revenues:</b>				
Property taxes, interest and liens, net	\$ 154,994,853	\$ 162,068,724	\$ 168,088,383	\$ 175,594,707
Intergovernmental	74,234,415	71,682,473	75,461,328	72,378,403
Licenses and permits	2,482,279	3,276,294	3,654,189	4,766,037
Charges for services	11,366,970	7,166,540	7,333,880	7,037,638
Fines and penalties	1,350,435	1,433,856	1,385,509	1,251,864
Interest and dividends	399,378	199,345	410,250	105,309
Contributions	452,629	682,894	1,080,738	51,720
<b>Total revenues</b>	<b>245,280,959</b>	<b>246,510,126</b>	<b>257,414,277</b>	<b>261,185,678</b>
<b>Expenditures:</b>				
General Government	11,909,178	9,789,978	9,483,182	9,800,063
Public safety	31,903,678	29,948,769	30,012,488	31,263,714
Public works	9,681,536	9,043,532	12,902,841	9,329,736
Health and welfare	5,523,773	5,174,304	5,111,086	3,624,121
Culture and Recreation	3,117,477	2,931,754	2,652,403	2,525,767
Education	144,554,555	147,159,602	153,438,299	156,031,358
Pension and Other Employee Benefits	22,541,813	25,755,047	26,447,785	30,220,696
Capital outlay	12,408,898	14,647,171	15,864,404	18,588,662
<b>Debt service:</b>				
Principal	8,671,800	8,413,350	10,181,600	10,937,570
Interest and other charges	5,159,630	5,011,122	5,610,243	6,004,475
<b>Total expenditures</b>	<b>255,472,338</b>	<b>257,874,629</b>	<b>271,704,331</b>	<b>278,326,162</b>
<b>Excess of revenues (under) expenditures</b>	<b>(10,191,379)</b>	<b>(11,364,503)</b>	<b>(14,290,054)</b>	<b>(17,140,484)</b>
<b>Other financing sources (uses):</b>				
Transfers in	919,361	1,208,452	1,404,242	1,688,362
Transfers out	(919,361)	(3,066,904)	(1,158,428)	(1,323,697)
Issuance of long-term debt	18,393,000	21,705,000	17,552,320	10,961,846
Issuance of bond anticipation notes	18,370,983	12,407,555	-	-
Issuance of refunding bond	32,684,000	-	13,264,000	12,712,000
Repayment of bond anticipation notes	(15,271,762)	(18,370,983)	(12,407,555)	-
Payment to refunded bond escrow agent	(37,696,163)	-	(15,101,113)	(13,725,286)
Premium (discount) on long-term debt	6,656,563	831,290	3,510,677	1,946,216
Lease Financing	1,467,444	12,157,717	2,500,000	-
Proceeds from sale of property	-	2,073,700	-	26,014
<b>Total other financing sources (uses)</b>	<b>24,604,065</b>	<b>28,945,827</b>	<b>9,564,143</b>	<b>12,285,455</b>
<b>Net changes in fund balance</b>	<b>\$ 14,412,686</b>	<b>\$ 17,581,324</b>	<b>\$ (4,725,911)</b>	<b>\$ (4,855,029)</b>
Debt service as a percentage of noncapital expenditures(excluding BAN rollovers)	6.0%	5.8%	6.6%	7.0%

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 181,696,534	\$ 188,467,780	\$ 196,683,257	\$ 203,508,587	\$ 209,305,618	\$ <b>215,093,015</b>
78,939,815	98,925,509	79,756,331	102,817,527	117,023,090	<b>84,778,582</b>
6,102,708	5,873,504	6,240,747	3,743,349	3,509,251	<b>4,176,774</b>
7,721,610	6,455,785	9,354,000	8,354,431	7,779,205	<b>8,290,640</b>
1,231,133	1,687,742	1,568,929	223,266	311,151	<b>393,468</b>
197,943	121,400	257,968	602,521	1,195,732	<b>1,856,129</b>
45,260	40,038	221,970	74,077	252,116	<b>121,094</b>
<b>275,935,003</b>	<b>301,571,758</b>	<b>294,083,202</b>	<b>319,323,758</b>	<b>339,376,163</b>	<b>314,709,702</b>
10,450,782	10,050,284	9,997,664	10,583,302	11,243,065	<b>12,266,033</b>
33,066,081	34,931,764	35,753,545	35,857,394	35,008,019	<b>36,476,446</b>
9,215,428	9,858,741	10,085,564	10,561,062	10,619,547	<b>13,451,085</b>
3,184,621	4,667,955	3,038,086	2,502,716	2,635,212	<b>2,548,112</b>
2,533,961	2,667,445	2,808,407	3,092,925	2,296,922	<b>2,647,336</b>
164,110,112	172,025,027	176,311,134	187,553,903	190,503,086	<b>179,761,580</b>
28,941,783	31,009,316	32,684,253	35,377,176	36,431,949	<b>38,913,258</b>
40,064,928	20,432,122	23,726,203	28,856,641	40,867,241	<b>14,627,149</b>
11,191,096	9,529,250	10,200,095	10,052,376	8,847,876	<b>11,392,844</b>
5,538,964	5,535,876	5,597,946	5,389,589	6,432,696	<b>6,242,685</b>
<b>308,297,756</b>	<b>300,707,780</b>	<b>310,202,897</b>	<b>329,827,084</b>	<b>344,885,613</b>	<b>318,326,528</b>
(32,362,753)	863,978	(16,119,695)	(10,503,326)	(5,509,450)	<b>(3,616,826)</b>
3,772,000	7,288,616	6,260,031	5,916,071	6,111,410	<b>8,970,805</b>
(3,772,000)	(6,363,616)	(6,260,031)	(5,916,071)	(6,111,410)	<b>(8,970,805)</b>
-	250,000	14,000,000	10,850,000	5,000,000	<b>14,046,415</b>
10,750,000	7,900,000	-	8,550,000	-	-
6,617,000	3,253,129	14,334,000	-	14,903,000	-
-	-	-	-	-	-
(7,278,085)	-	(15,862,071)	-	(17,140,101)	-
1,291,152	502,810	2,983,165	1,977,328	3,690,356	<b>906,866</b>
2,160,000	750,000	2,010,198	-	91,584	<b>860,000</b>
-	-	-	-	-	-
<b>13,540,067</b>	<b>13,580,939</b>	<b>17,465,292</b>	<b>21,377,328</b>	<b>6,544,839</b>	<b>15,813,281</b>
\$ (18,822,686)	\$ 14,444,917	\$ 1,345,597	\$ 10,874,002	\$ 1,035,389	\$ <b>12,196,455</b>
6.7%	5.7%	8.0%	6.6%	6.7%	5.8%

City of Danbury, Connecticut

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

Fiscal Year	Real Estate	Motor Vehicle	Personal Property	Total
2010	\$ 136,584,472	\$ 12,121,931	\$ 8,381,956	\$ 157,088,359
2011	145,682,176	11,413,329	8,241,554	165,337,059
2012	150,443,539	11,001,314	8,183,228	169,628,081
2013	156,026,389	12,140,985	8,696,551	176,863,925
2014	158,215,681	11,604,487	12,834,372	182,654,540
2015	164,236,418	16,015,378	10,283,484	190,535,280
2016	169,548,420	16,784,497	11,047,998	197,380,915
2017	173,330,130	18,204,237	11,728,316	203,262,683
2018	176,077,053	18,684,226	12,959,941	207,721,220
<b>2019</b>	<b>182,464,173</b>	<b>18,175,683</b>	<b>13,700,320</b>	<b>214,340,176</b>
Change 2010-2019	25%	33%	39%	27%

Source: City records.

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**City of Danbury, Connecticut**

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

Fiscal Year	Real Property			Personal Property	Motor Vehicle	Exemptions	Tax Exempt Real Property
	Residential	Commercial	Industrial & Land				
2010	\$ 5,575,388,700	\$ 1,674,007,300	\$ 444,078,300	\$ 536,218,350	\$ 440,615,700	\$ 1,432,828,737	\$ 1,432,149,830
2011	5,603,758,400	1,681,748,200	444,837,000	551,271,380	437,633,299	888,997,101	1,459,079,340
2012	5,622,924,300	1,662,078,100	441,753,900	535,429,920	455,281,381	900,048,489	1,479,813,080
2013 (2)	5,645,163,700	1,622,177,800	465,564,800	564,055,800	480,366,418	914,457,411	1,492,203,120
2014	4,115,062,600	1,399,143,900	506,423,900	556,766,090	481,980,637	232,270,525	1,256,206,200
2015	4,132,043,100	1,433,764,400	496,878,400	544,288,658	499,851,484	219,216,555	1,286,335,200
2016	4,182,562,500	1,410,058,300	495,392,700	553,850,155	514,960,091	209,812,673	1,421,951,600
2017	4,234,742,900	1,402,605,400	485,037,900	595,958,910	528,944,785	220,725,660	1,426,783,900
2018	4,295,480,000	1,402,764,400	486,072,000	627,477,614	553,161,023	234,706,423	1,428,603,200
<b>2019</b>	<b>4,680,460,600</b>	<b>1,541,577,700</b>	<b>502,573,400</b>	<b>676,921,120</b>	<b>571,184,730</b>	<b>238,974,122</b>	<b>1,490,857,800</b>

**Source:** City Records

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

- (1) The General Statutes of Connecticut §12-62a establishes as uniform assessment percentage of 70% of the actual assessed value.
- (2) State Mandated Citywide Property Revaluation required every 5 years, for the Grand List dates 10/1/07, 10/1/12, and 10/1/17 which becomes effective for the following fiscal year.

Total Taxable Assessed Value	Percent Growth	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value (1)
\$ 7,237,479,613	100.00%	20.96	\$ 10,339,256,590	70.00%
7,830,251,178	7.57%	21.69	11,186,073,111	70.00%
7,817,419,112	-0.16%	22.45	11,167,741,589	70.00%
7,862,871,107	0.58%	26.80	11,232,673,010	70.00%
6,827,106,602	-15.17%	27.60	9,753,009,431	70.00%
6,887,609,487	0.88%	28.26	9,839,442,124	70.00%
6,947,011,073	0.86%	28.68	9,924,301,533	70.00%
7,026,564,235	1.13%	28.95	10,037,948,907	70.00%
7,130,248,614	1.45%	27.60	10,186,069,449	70.00%
<b>7,733,743,428</b>	<b>7.80%</b>	<b>27.60</b>	<b>11,048,204,897</b>	<b>70.00%</b>

**City of Danbury, Connecticut**

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

Taxpayer	2019			2010		
	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed
	Value <sup>1</sup>		Value	Value		Value
Danbury Mall Associates	\$ 270,240,100	1	3.49%	\$ 225,871,500	1	3.16%
Eversource (CL&P , Yankee Gas)	111,301,280	2	1.44%	49,598,360	5	0.69%
Algonquin Gas Transmission LLC	98,827,120	3	1.28%	-	N/A	N/A
Boehringer Ingelheim	94,149,580	4	1.22%	58,975,930	2	0.83%
Crown Point Gardens	66,540,400	5	0.86%	-	N/A	N/A
BRT Reserve LLC	63,699,800	6	0.82%	-	N/A	N/A
Kennedy Flats	38,824,400	7	0.50%	-	N/A	N/A
Mankind Corp	37,977,880	8	0.49%	-	N/A	N/A
ENTEGRIS	36,569,070	9	0.47%	-	N/A	N/A
Danbury DHC LLC & ME AV LLC	34,647,000	10	0.45%	-	N/A	N/A
Gera Danbury LLC	-	-	-	56,182,950	3	0.79%
Melvyn, Mary & Seymour Powers and Danbury Industrial Corp & MMP Realty	-	-	-	44,229,140	6	0.62%
Hawley, Ervie, Germantown Plaza Assoc. & Germantown Medical Center	-	-	-	33,374,470	9	0.47%
Urstadt & Biddle Properties	-	-	-	30,654,530	10	0.43%
Building 45 Eagle LLC	-	-	-	41,276,980	8	0.58%
Avalonbay Communities, Inc.	-	-	-	55,041,360	4	0.77%
WCI Communities, Inc.	-	-	-	43,299,000	7	0.61%
<b>Total</b>	<b>\$ 852,776,630</b>		<b>11.02%</b>	<b>\$ 638,504,220</b>		<b>8.95%</b>

Source: Tax Assessor Records

**City of Danbury, Connecticut**

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

Fiscal Year Ended June 30	Grand List Year	Original Taxes Levied for the Tax Year	Adjustments	Adjusted Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
					Amount	Percentage of Levy		Amount	Percentage of Levy
2010	2008	\$ 155,630,690	\$ (369,831)	\$ 155,260,859	\$ 153,187,028	98.66%	\$ 1,751,596	\$ 154,938,624	99.79%
2011	2009	164,232,064	(1,910,979)	162,321,085	160,297,165	98.75%	1,870,329	162,167,494	99.91%
2012	2010	169,828,344	(1,557,215)	168,271,129	166,103,116	98.71%	1,955,656	168,058,772	99.87%
2013	2011	177,032,636	(745,705)	176,286,931	173,718,207	98.54%	2,233,941	175,952,148	99.81%
2014	2012	183,121,317	(647,552)	182,473,765	179,435,370	98.33%	2,826,439	182,261,809	99.88%
2015	2013	190,536,165	(747,795)	189,788,370	186,199,217	98.11%	2,681,260	188,880,477	99.52%
2016	2014	197,381,874	(2,499,883)	194,881,991	192,048,424	98.55%	2,026,857	194,075,281	99.59%
2017	2015	203,262,683	(2,699,797)	200,562,886	197,288,365	98.37%	2,552,319	199,840,684	99.64%
2018	2016	207,721,220	166,710	207,887,930	204,970,373	98.60%	1,915,662	206,886,035	99.52%
<b>2019</b>	<b>2017</b>	<b>214,340,176</b>	<b>336,712</b>	<b>214,676,888</b>	<b>212,213,226</b>	<b>98.85%</b>	<b>-</b>	<b>212,213,226</b>	<b>98.85%</b>

**Source:** City of Danbury Tax Records

**City of Danbury, Connecticut**

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

Fiscal Year	Net Bonded Debt	Capital Leases	Governmental Activities			Unamortized Premium	Ratio of Net Bonded Debt to Est. Actual Taxable Value	Debt Per Capita
			Bond Anticipation	Notes	Notes Payable			
2010	\$ 114,147,700	\$ 5,473,861	\$ 18,370,983	\$ 1,094,000	\$ 6,522,098	0.92%	\$ 1,411	
2011	127,439,350	16,682,857	12,407,555	1,022,000	6,618,065	1.02%	1,566	
2012	134,136,419	18,225,659	-	950,000	9,380,834	1.07%	1,632	
2013	134,366,695	16,073,173	-	878,000	10,476,881	1.33%	1,622	
2014	122,616,599	16,447,722	10,750,000	806,000	10,388,690	1.21%	1,465	
2015	124,087,349	14,739,984	7,900,000	734,000	9,918,874	1.21%	1,481	
2016	131,366,254	14,076,365	9,850,000	662,000	11,231,221	1.27%	1,552	
2017	131,335,878	11,238,334	13,550,000	590,000	11,330,564	1.25%	1,545	
2018	133,509,677	9,081,592	6,350,000	518,000	13,525,078	1.25%	1,566	
<b>2019</b>	<b>136,013,248</b>	<b>8,172,441</b>	<b>6,500,000</b>	<b>444,000</b>	<b>12,195,346</b>	<b>1.23%</b>	<b>1,554</b>	

**Note:** The City has no revenue bonds.

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

<sup>1</sup> Notes Payable issued under the Clean Water Program thru the State of Connecticut, final maturity date January 31, 2032

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

Business-Type  
Activities

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CWF <sup>(1)</sup> Notes Payable	General Obligation Bonds	Unamortized Premium	Total Primary Government	Percentage of Personal Income	Total Debt Per Capita <sup>(2)</sup>
\$ 10,294,388	\$ 26,772,300	\$ 1,055,227	\$ 183,730,557	7.33%	\$ 2,271
7,583,140	25,790,650	829,273	198,372,890	7.75%	2,438
8,190,813	23,608,581	1,066,812	195,559,118	7.72%	2,380
5,755,638	22,228,305	1,194,959	190,973,651	7.48%	2,306
5,271,613	19,393,401	1,507,108	187,181,133	7.27%	2,237
5,009,539	17,012,651	1,281,981	180,684,378	6.87%	2,157
4,744,051	15,106,746	1,111,682	188,148,320	7.08%	2,222
4,473,205	18,319,122	868,280	191,705,383	7.06%	2,256
4,196,892	19,025,323	732,986	186,939,448	6.87%	2,193
<b>3,915,002</b>	<b>18,376,750</b>	<b>560,224</b>	<b>186,177,011</b>	<b>6.49%</b>	<b>2,127</b>

**City of Danbury, Connecticut**

**Direct Governmental Activities Debt  
For the Year Ended June 30, 2019  
(Unaudited)**

Governmental Unit	Debt Outstanding
General obligation debt	\$ 136,013,248
Capital leases	8,172,441
Bond Anticipation Notes	6,500,000
Notes Payable	444,000
Unamortized Premium	<u>12,195,346</u>
<b>Total direct debt</b>	<b><u><u>\$ 163,325,035</u></u></b>

\*No overlapping debt.

**Sources:** City Records.

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

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

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**City of Danbury, Connecticut**

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

	2010	2011	2012	2013
Debt limit	\$ 1,094,883	\$ 1,144,174	\$ 1,184,927	\$ 1,238,585
Total net debt applicable to limit	235,606	219,285	219,658	260,392
Legal debt margin	859,277	924,889	965,269	978,193
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	<b>27.42%</b>	<b>23.71%</b>	<b>22.76%</b>	<b>26.62%</b>

	2014	2015	2016	2017	2018	2019
\$	1,278,159	\$ 1,337,604	\$ 1,389,353	\$ 1,426,945	\$ 1,465,172	\$ <b>1,465,168</b>
	213,991	291,711	241,673	257,128	234,853	<b>288,612</b>
	1,064,168	1,045,893	1,147,680	1,169,817	1,230,319	<b>1,176,556</b>
	20.11%	27.89%	21.06%	21.98%	19.09%	<b>24.53%</b>

**City of Danbury, Connecticut**

**Computation of Legal Debt Limitation  
June 30, 2019  
(Unaudited)**

Total Tax Collections (Including Interest and Lien Fees) for the Year Ended June 30, 2018	\$ 209,305,618
Reimbursement for Revenue Loss: Tax relief for elderly	<u>4,119</u>
Base	<u>\$ 209,309,737</u>
Debt Limit	<u><u>\$ 1,465,168,159</u></u>

Debt Limitation	General Purpose	Schools	Sewer & Water	Urban Renewal	Unfunded Pension Benefit Obligation
2-1/4 times base	\$ 470,946,908	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	941,893,817	-	-	-
3-3/4 times base	-	-	784,911,514	-	-
3-1/4 times base	-	-	-	680,256,645	-
3 times base	-	-	-	-	627,929,211
<b>Total debt limitation</b>	<u>470,946,908</u>	<u>941,893,817</u>	<u>784,911,514</u>	<u>680,256,645</u>	<u>627,929,211</u>
<b>Debt as Defined by Statute:</b>					
Bonds payable	97,136,535	38,876,713	22,291,752	444,000	-
Bond anticipation notes payable	5,700,000	14,800,000	3,000,000	-	-
Capital leases	907,021	7,265,419	-	-	-
Bonds authorized but not issued, issue dates not yet established	13,379,994	2,031,957	111,025,000	-	-
<b>Statutory Exemptions (1)</b>	-	-	(28,246,566)	-	-
<b>Total indebtedness</b>	<u>117,123,550</u>	<u>62,974,089</u>	<u>108,070,186</u>	<u>444,000</u>	<u>-</u>
<b>Debt limitation in excess of indebtedness</b>	<u><u>\$ 353,823,358</u></u>	<u><u>\$ 878,919,728</u></u>	<u><u>\$ 676,841,328</u></u>	<u><u>\$ 679,812,645</u></u>	<u><u>\$ 627,929,211</u></u>

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

(1) Excluded from above is \$5,087,566 outstanding water bonds payable and \$2,901,000 of outstanding sewer assessment bonds. Water assessment and sewer assessment debts are excludable from the calculation of debt limitation as allowed by Connecticut General Statutes.

Excluded from authorized but unissued is \$20,258,000 of other municipalities share.

**City of Danbury, Connecticut**

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

Fiscal Year Ended June 30	Population (1)	Personal Income (000s)	Personal (2) Income Per Capita	Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
2010	80,893	\$ 2,507,926	\$ 31,003	36.2	10,497	7.7%
2011	81,354	2,559,478	31,461	36.4	10,727	7.3%
2012	82,176	2,534,143	30,838	36.4	10,825	6.9%
2013	82,818	2,552,037	30,815	36.5	10,918	6.4%
2014	83,684	2,574,957	30,770	36.3	10,769	5.3%
2015	83,784	2,631,739	31,411	36.8	10,925	4.6%
2016	84,657	2,659,161	31,411	36.8	11,120	4.6%
2017 (5)	84,992	2,714,644	31,940	36.8	11,057	4.0%
2018 (6)	85,246	2,722,757	31,940	37.6	11,101	3.7%
<b>2019</b>	<b>87,543</b>	<b>2,868,259</b>	<b>32,764</b>	<b>37.6</b>	<b>11,532</b>	<b>3.2%</b>

**Sources:** City Records

(1) Source: U.S Census Bureau estimates - (2010-2016) <https://www.census.gov/quickfacts/fact/table/danburycityconnecticut/PST040217>

(2) US Census: (2013 - 2016) <https://www.census.gov/quickfacts/fact/table/danburycityconnecticut/PST040217>

(3) Official Statement 10/22/19 <https://3ezdec3429u12dn5003td6zh-wpengine.netdna-ssl.com/wp-content/uploads/2019/10/2019-GENERAL-OBLIGATION-BONDS-FINAL-OFFICAL-STATEMENT-DATED-10-22-19.pdf>

(3) Source: <http://www.city-data.com/city/Danbury-Connecticut.html>

(4) Unemployment Rate Data Source: <https://www1.ctdol.state.ct.us/lmi/laus/laustown.asp> (through June 2019). CT Department of Labor, By Town, Not Seasonally Adjusted.

(5) Danbury 2017 population source: <https://ctmirror.org/2017/06/14/danbury-now-hatless-finds-other-ways-to-grow/>

(6) Danbury 2018 population source <http://www.city-data.com/city/Danbury-Connecticut.html>

**City of Danbury, Connecticut**

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

Employer	2019 *			2010 (**)		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Western Ct Health Network - Danbury	2,665	1	5.57%	2,310	2	5.27%
Boehringer-Ingelheim Pharmaceuticals	2,500	2	5.23%	2,547	1	5.81%
Danbury School Systems	1,750	3	3.66%	1,551	3	3.54%
Cartus (formerly Cendant Mobility)	1,255	4	2.63%	1,364	4	3.11%
IQVIA Holdings – Data Processing	1,000	5	2.09%	-	N/A	N/A
Western CT State University	578	6	1.21%	595	5	1.36%
City of Danbury	551	7	1.15%	535	6	1.22%
UTC B. F. Goodrich	531	8	1.11%	501	7	1.14%
Praxair, Inc.	479	9	1.00%	383	9	0.87%
Pitney Bowes (Blue Crest)	300	10	0.63%	-	N/A	N/A
Bardeen Corporation	n/a	n/a	n/a	383	8	0.87%
Ethan Allen, Inc.	n/a	n/a	n/a	240	10	0.55%

**(\*\*\*) City of Danbury Employment thru 10/2019:** Labor Force: 47,806

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**City of Danbury, Connecticut**

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

Functions/Program	Fiscal Year				
	2019	2018	2017	2016	2015
<b>Governmental Services:</b>					
City Council	-	-	-	-	-
Mayor's Office	6	6	6	6	5
Office of Project Excellence	1	1	1	1	-
Legislative Assistant	1	1	1	1	1
Registrars/Jury Committee	2	2	2	2	2
Finance/Insurance	14	14	14	14	13
Info Technology	1	1	1	1	2
Assessments	7	7	7	7	7
Tax Collector	9	9	9	9	9
Purchasing	3	3	3	3	3
Corporation Counsel (Legal)	3	3	3	3	3
Town Clerk	6	6	6	6	6
Permit Coordination	5	5	5	5	5
Building/ Civil Prep	9	9	9	9	9
Planning	6	6	6	6	6
Public Bldgs. (Facilities Management)	13	15	15	15	15
Office of Business Advocacy	1	1	1	1	1
Human Resources	3	3	3	3	2
<b>Recreation:</b>					
General & Administrative	1	1	1	1	1
<b>Police:</b>					
Officers	156	156	156	156	156
Civilians	8	8	8	8	8
<b>Fire:</b>					
Firefighters and Officers	120	120	120	120	128
Civilians	2	2	2	2	2
<b>Public Works:</b>					
Administration	2	2	2	2	2
Equipment Maintenance	7	7	7	7	7
Park Maintenance	18	18	18	18	17
Forestry	4	4	4	4	4
Street Sweeping, Snow Removal	43	43	43	43	43
Traffic Control (Engineering)	3	3	3	3	3
Construction Services	3	3	3	3	3
<b>Water:</b>					
Administration	6	6	6	6	6
Transmission	21	21	21	21	21
Purification	12	12	12	12	12
<b>Other Programs/Functions:</b>					
UNIT	5	5	4	4	3
Engineering	7	7	7	7	7
Library	23	23	23	23	20
Health & Human Services, including Elderly Services	13	13	12	12	13
Social Services	2	2	2	2	2
Airport	5	5	5	5	5
<b>Total</b>	<b>551</b>	<b>553</b>	<b>551</b>	<b>551</b>	<b>553</b>

Source: City Records

Fiscal Year					
2014	2013	2012	2011	2010	
-	-	-	-	-	-
6	6	5	6	5	
-	-	-	-	-	
1	1	1	1	1	
2	2	2	2	2	
14	13	14	15	15	
5	5	4	4	5	
7	8	8	8	8	
9	9	9	10	10	
3	3	3	3	3	
3	3	3	3	3	
6	6	6	6	6	
5	5	5	5	5	
9	9	9	9	9	
6	6	6	6	6	
15	15	14	15	15	
1	1	1	-	-	
2	2	2	2	2	
1	2	2	2	2	
156	154	154	155	156	
9	10	10	10	10	
128	127	127	128	127	
2	2	2	2	2	
2	2	2	2	2	
7	7	7	7	7	
17	17	17	18	18	
4	4	4	4	4	
43	43	42	43	42	
3	3	3	3	3	
3	3	3	3	3	
7	7	7	7	7	
20	21	21	21	20	
12	10	10	10	11	
3	3	3	4	4	
7	8	10	8	9	
20	24	25	26	25	
13	16	15	17	17	
2	3	3	3	4	
5	5	5	5	5	
559	566	565	574	574	

**City of Danbury, Connecticut**

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

Function/Program	Fiscal Year			
	2010	2011	2012	2013
<b>Police:</b>				
Calls for service	57,521	56,154	54,963	58,304
Adult arrest	7,995	1,960	1,548	1,903
Juvenile arrest	263	345	269	255
Traffic citations	4,080	4,448	3,964	5,157
<b>Fire:</b>				
Total fire runs	3,454	3,426	4,352	4,465
Total rescue runs	4,310	4,765	5,060	4,772
<b>Building safety:</b>				
Total building permits	1,055	1,075	948	1,012
Total value all permits	\$ 83,680,656	\$ 81,017,769	\$ 156,234,998	\$ 190,248,335
Library, volumes in collection	122,316	123,463	121,584	121,511

**Source:** City Records

Fiscal Year					
2014	2015	2016	2017	2018	2019
51,830	60,031	52,669	53,299	53,031	<b>52,565</b>
1,047	1,363	1,727	1,161	1,668	<b>1,500</b>
130	176	248	111	214	<b>192</b>
5,914	5,178	6,035	6,208	6,352	<b>6,417</b>
4,093	4,140	4,568	4,603	3,183	<b>5,121</b>
5,344	4,887	5,628	5,969	5,969	<b>5,853</b>
1,153	1,101	1,168	1,238	1,187	<b>1,184</b>
\$ 140,628,176	\$ 164,374,257	\$ 115,164,683	\$ 85,708,731	\$ 75,229,090	<b>\$ 95,594,564</b>
116,247	115,450	110,070	110,000	108,009	<b>108,026</b>

**City of Danbury, Connecticut**

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

Function/Program	Calendar Year			
	2010	2011	2012	2013
<b>Police:</b>				
Stations	1	1	1	1
<b>Fire:</b>				
Fire Stations (Career)	5	5	5	5
Fire Stations (Volunteer)	12	12	12	12
Fire Training School				
<b>Public Works:</b>				
Buildings	5	6	6	6
Streets (Miles)	241	242	242	242
Street Lights	2,869	2,869	2,873	2,873
<b>Parks &amp; Recreation:</b>				
Acreage	1,326	1,573	1,607	1,607
Parks	13	15	15	15
Golf Course	1	1	1	1
Baseball/Softball Diamonds	15	19	19	19
Ice Skating Pond	-	-	1	1
Soccer/Football/Lacrosse Fields	8	8	8	8
Basketball Courts	23	21	21	21
Tennis Courts	16	16	16	16
Spray Park	2	2	2	2
Swimming pools	-	-	-	-
Volleyball Courts	6	6	6	6
Handball Courts	2	2	2	2
Parks with Playground Equipment	8	9	9	9
Picnic Shelters	1	1	1	1
Dog Park	-	-	-	-
Skateboard Park	-	-	-	-
Banquet Hall	1	1	1	1
Band Shell	1	1	1	1
<b>Public Buildings:</b>				
City Buildings	14	14	14	14
Schools	22	21	21	21
<b>Library:</b>				
Facilities	1	1	1	1
Volumes	122,316	123,463	121,584	121,511
<b>Water:*</b>				
Lakes				
Storage Capacity (MGPD)	2,484	2,792	2,792	2,792
Average Daily Consumption (MGPD)	6.30	6.00	5.90	6.00
Peak Consumption (MGPD)	8.40	8.40	8.40	7.70
<b>Wastewater:</b>				
Sanitary Sewers (miles)	164.00	165.00	166.00	166.00

Calendar Year						
2014	2015	2016	2017	2018	2019	
1	1	1	1	1	1	
5	5	5	5	5	5	
12	12	12	12	12	12	
		1	1	1	1	
6	6	6	6	6	6	
242	242	242	242	242	242	
2,873	2,873	2,880	2,880	2,880	2,925	
1,607	1,607	1,610	1,610	1,610	1,650	
15	17	19	19	19	21	
1	1	1	1	1	1	
19	19	19	19	19	19	
1	1	1	1	1	1	
8	8	9	9	9	9	
21	22	22	22	22	22	
16	16	16	16	16	16	
2	3	3	3	3	3	
-	-	-	-	-	-	
6	7	7	7	7	7	
2	2	2	2	2	2	
9	9	9	9	9	9	
1	1	1	1	1	1	
-	-	1	1	1	1	
-	-	1	1	1	1	
1	1	1	1	1	1	
1	1	1	1	1	1	
14	14	14	14	14	14	
21	21	21	22	22	22	
1	1	1	1	1	1	
116,247	115,450	110,070	110,000	108,009	108,026	
2,792	2,792	2,792	2,792	2,792	2,792	
6.00	6.10	6.24	5.62	5.49	5.85	
8.40	8.40	8.23	7.63	7.21	7.15	
166.00	166.00	166.00	166.00	166.00	166.00	

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