

Final Official Statement Dated July 1, 2020

New Issue: Book-Entry Only

**RATINGS: Moody's Investors Service, Inc.: Aa1 / MIG 1
S&P Global Ratings: AA+ / SP-1+
Fitch Ratings: AAA / F1+**

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



City of Danbury, Connecticut **\$12,000,000** **General Obligation Bonds, Issue of 2020, Series B**

Dated: Date of Delivery

**Due: Serially on July 15, 2021-2030,
as detailed inside this front cover.**

The Bonds will bear interest payable January 15, 2021 and semiannually thereafter on July 15 and January 15 in each year until maturity or earlier redemption. The Bonds are issuable only as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "Book-Entry-Only Transfer System" herein.

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

FHN FINANCIAL CAPITAL MARKETS

\$18,000,000 **General Obligation Bond Anticipation Notes**

Dated: July 16, 2020

Due: July 15, 2021

The Notes will be issued in book-entry-only form and will bear interest at such rate or rates per annum as are specified by the successful bidder or bidders as set forth on the inside front cover, in accordance with the Notice of Sale dated June 25, 2020. The Notes, when issued, will be registered in the name of Cede & Co., as Noteowner and nominee for DTC, New York, New York. See "Book-Entry-Only Transfer System" herein. The Notes are NOT subject to redemption.

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

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

The Bonds and the Notes are offered for delivery when, as and if issued, subject to the approving opinion of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut and certain other conditions. It is expected that delivery of the Bonds and the Notes in book-entry-only form will be made to DTC on or about July 16, 2020.

City of Danbury, Connecticut
\$12,000,000
General Obligation Bonds, Issue of 2020, Series B

Dated: *Date of Delivery*

Due: *Serially on July 15,*

Year	Principal	Coupon	Yield	CUSIP	Year	Principal	Coupon	Yield	CUSIP
2021	\$ 1,200,000	5.000%	0.250%	235866DW7	2026	\$ 1,200,000	5.000%	0.530%	235866EB2
2022	1,200,000	5.000%	0.290%	235866DX5	2027*	1,200,000	3.000%	0.840%	235866EC0
2023	1,200,000	5.000%	0.300%	235866DY3	2028*	1,200,000	3.000%	0.900%	235866ED8
2024	1,200,000	5.000%	0.350%	235866DZ0	2029*	1,200,000	2.000%	1.200%	235866EE6
2025	1,200,000	5.000%	0.400%	235866EA4	2030*	1,200,000	2.000%	1.400%	235866EF3

** Priced assuming redemption on July 15, 2026; however any such redemption is at the option of the City.*

FHN FINANCIAL CAPITAL MARKETS

\$18,000,000
General Obligation Bond Anticipation Notes

Dated: **July 16, 2020**

Rate: **2.00%**

Yield: **0.33%**

Due: **July 15, 2021**

CUSIP: **235866EG1**

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

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

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

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

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

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

Morgan Stanley & Co. LLC., an underwriter of the Notes, has entered into a distribution agreement with its affiliate, Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Notes.

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Bond Issue Summary

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

Date of Sale:	Tuesday, July 2, 2020, 11:30 A.M. (E.S.T.).
Location of Sale:	Office of Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460.
Issuer:	City of Danbury, Connecticut (the "City").
Issue:	\$12,000,000 General Obligation Bonds, Issue of 2020, Series B (the "Bonds").
Dated Date:	Date of Delivery.
Interest Due:	January 15, 2021 and semiannually thereafter on July 15 and January 15 in each year until maturity or earlier redemption.
Principal Due:	July 15 in each of the years 2021 through 2030, as detailed in this Official Statement.
Purpose and Authority:	A portion of the Bond proceeds are being issued to permanently finance a portion of bond anticipation notes maturing on July 16, 2020, which were issued for various general purpose and school projects, and the remaining Bond proceeds will provide new money for various general purpose, school, sewer and water projects.
Redemption:	The Bonds are subject to redemption prior to maturity.
Security and Remedies:	The Bonds will be general obligations of the City, and the City will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
Credit Rating:	The Bonds have been rated "Aa1" from Moody's Investors Service, "AA+" from S&P Global Ratings, and "AAA" from Fitch Ratings.
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date.
Bond Insurance:	The City does not expect to direct purchase a credit enhancement facility.
Bank Qualification:	The Bonds shall NOT be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, the City will provide or cause to be provided: (i) certain annual financial information and operating data, including audited financial statements; (ii) timely notice of the occurrence of certain events within 10 business days of the occurrence of such events; and (iii) timely notice of its failure to provide such annual financial information, pursuant to a Continuing Disclosure Agreement to be executed by the City substantially in the form attached as Appendix D to this Official Statement.
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, 23 rd Floor Hartford, Connecticut 06103.
Municipal Advisor:	Phoenix Advisors, LLC, of Milford, Connecticut. Telephone (203) 878-4945.
Legal Opinion:	Robinson & Cole LLP, of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about July 16, 2020, against payment in federal funds.
Issuer Official:	Questions concerning the City and the Official Statement should be addressed to David W. St. Hilaire, Director of Finance, City of Danbury, 155 Deer Hill Avenue, Danbury, Connecticut 06810. Telephone (203) 797-4652.

Note Issue Summary

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

Date of Sale:	Tuesday, July 2, 2020, 11:00 A.M. (E.S.T.).
Location of Sale:	Office of Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460.
Issuer:	City of Danbury, Connecticut (the "City").
Issue:	\$18,000,000 General Obligation Bond Anticipation Notes (the "Notes").
Dated Date:	July 16, 2020.
Interest Due:	At maturity: July 15, 2021.
Principal Due:	At maturity: July 15, 2021.
Purpose and Authority:	Proceeds of the Notes are being issued to refund a portion of bond anticipation notes maturing on July 16, 2020 and the balance of the Note proceeds will provide new money for various general purpose and school projects.
Redemption:	The Notes are <u>NOT</u> subject to redemption prior to maturity.
Security and Remedies:	The Notes will be general obligations of the City, and the City will pledge its full faith and credit to the payment of principal of and interest on the Notes when due.
Credit Rating:	The Notes have been rated "MIG 1" from Moody's Investors Service, "SP-1+" from S&P Global Ratings, and "F1+" from Fitch Ratings.
Basis of Award:	Lowest Net Interest Cost (NIC), as of the dated date.
Bank Qualification:	The Notes shall NOT be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, the City will provide or cause to be provided: (i) certain annual financial information and operating data, including audited financial statements; (ii) timely notice of the occurrence of certain events within 10 business days of the occurrence of such events; and (iii) timely notice of its failure to provide such annual financial information, pursuant to a Continuing Disclosure Agreement to be executed by the City substantially in the form attached as Appendix E to this Official Statement.
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	U.S. Bank National Association, Goodwin Square, 225 Asylum Street, 23 rd Floor Hartford, Connecticut 06103.
Municipal Advisor:	Phoenix Advisors, LLC, of Milford, Connecticut. Telephone (203) 878-4945.
Legal Opinion:	Robinson & Cole LLP, of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about July 16, 2020, against payment in federal funds.
Issuer Official:	Questions concerning the City and the Official Statement should be addressed to David W. St. Hilaire, Director of Finance, City of Danbury, 155 Deer Hill Avenue, Danbury, Connecticut 06810. Telephone (203) 797-4652.

I. Bond and Note Information

Introduction

This Official Statement, including the cover page, inside cover page and appendices, is provided for the purpose of presenting certain information relating to the City of Danbury, Connecticut (the "City"), in connection with the original issuance and sale of \$12,000,000 General Obligation Bonds, Issue of 2020, Series B (the "Bonds") and \$18,000,000 General Obligation Bond Anticipation Notes (the "Notes") of the City.

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

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

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

Global Health Emergency Risk

The outbreak of COVID-19, a respiratory virus caused by a new strain of coronavirus, has been declared a Public Health Emergency of International Concern by the World Health Organization. On March 13, 2020, in response to the COVID-19 outbreak, the President of the United States declared a national emergency. The spread of the virus has affected travel, commerce and financial markets globally, and is expected to affect global, national and State economic growth. Financial markets in the United States and throughout the world have seen a significant increase in volatility attributed to COVID-19 concerns, including significant declines in the stock and bond markets.

In the State of Connecticut, the Governor declared a state of emergency on March 10, 2020 as a result of the COVID-19 outbreak. The Governor has issued numerous Executive Orders prohibiting certain activities in an attempt to slow the spread of COVID-19, including cancellation of all public-school classes for all students, restrictions on the number of people who can attend gatherings of all types, reduction and suspension of activity at State offices, agencies and facilities, limiting restaurants to take-out and delivery service only, and the closure of all non-essential businesses.

On April 1, 2020, the Governor issued Executive Order No. 7S entitled "Protection of Public Health and Safety During COVID-19 Pandemic and Response – Safe Stores, Relief for Policyholders, Taxpayers, and Tenants", which was subsequently amended by Executive Order No. 7W issued April 9, 2020 (as amended, "Executive Order No. 7S"). Section 6 of Executive Order No. 7S established two programs, a "Deferment Program" and a "Low Interest Rate Program". The Deferment Program, for the period April 1, 2020 through and including July 1, 2020, offers eligible taxpayers, businesses, nonprofits, and residents a deferment by three (3) months of any taxes on real property, personal property or motor vehicles, or municipal water, sewer and electric rates, charges or assessments for such tax, rate, charge, or assessment from the time it became due and payable. Eligible taxpayers, businesses, nonprofits, and residents are those that attest to or document significant economic impact by COVID-19, and/or those that document they are providing relief to those significantly affected by the COVID-19 pandemic. The Low Interest Rate Program provides a three percent (3%) per annum interest rate to all taxpayers on the delinquent portion of the principal of any taxes on real property, personal property or motor vehicles, or municipal water, sewer and electric rates, charges or assessments, or part thereof, for three (3) months from the time when it became due and payable until the same is paid, for any such tax, rate, charge, or assessment due and payable from April 1, 2020 through and including July 1, 2020, unless such delinquent portion is subject to interest and penalties at less than three percent (3%) per annum. On April 7, 2020, the City Council of the City approved a resolution adopting the "Deferment Program" pursuant to Executive Order No. 7S.

Financial institutions and mortgage servicers that hold property tax payments in escrow on behalf of a borrower shall continue to remit property taxes to the municipality, so long as the borrower remains current on their mortgage or is in a forbearance or deferment program, irrespective of the borrower's eligibility for or participation in the Deferment Program or the Low Interest Rate Program.

Additional Executive Orders may be issued from time to time. The State has a dedicated website providing up-to-date information concerning the State's actions in response to the COVID-19 virus, including the Executive Orders, at: [CT.Gov/coronavirus](https://www.ct.gov/coronavirus). Neither the City nor any of the other parties involved with the issuance of the Bonds and Notes have reviewed the information provided by the State on this website and such parties take no responsibility for the accuracy thereof.

The potential impact of the national and State response to COVID-19 to date, and the continued spread of COVID-19 and the national and State response thereto, cannot be predicted at this time, but could have a materially adverse effect on the economies of the State and its municipalities, including the City, and the City's finances, credit ratings and ability to pay the debt service on the Bonds and Notes in the future.

Municipal Advisor

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

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

Description of the Bonds

The Bonds will be dated the date of delivery and will mature in the years and in such amounts and shall bear interest at such rate of rates as set forth on the front cover of this Official Statement, payable on January 15, 2021 and semiannually thereafter on July 15 and January 15 in each year until maturity or optional redemption. Interest will be calculated on the basis of twelve 30-day months and a 360-day year. Interest is payable to the registered owner as of the close of business on the last business day of June and December, in each year, by check mailed to the registered owner; or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, and the City shall agree.

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Redemption Provisions

Bonds maturing on or before July 15, 2026 are not subject to redemption prior to maturity. The Bonds maturing July 15, 2027 and thereafter are subject to redemption prior to maturity, at the election of the City, on or after July 15, 2026 at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the City may determine, at the respective prices (expressed as a percentage of the principal amount of Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
July 15, 2026 and thereafter	100%

Notice of redemption shall be given by the City or its agent by mailing a copy of the redemption notice by first-class mail at least thirty (30) days prior to the date fixed for redemption to the registered owner as the same shall last appear on the registration books for the Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

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

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

Description of the Notes

The Notes will be dated July 16, 2020 and will be due and payable as to both principal and interest at maturity on July 15, 2021. The Notes will bear interest calculated on the basis of twelve 30-day months and a 360-day year at such rate or rates per annum as are specified by the successful bidder or bidders. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC, and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-Entry Only Transfer System”. The Notes are NOT subject to redemption prior to maturity.

Authorization and Purpose

The Bonds and the Notes are issued pursuant to Title 7 of the General Statutes of Connecticut Revision of 1958 as amended (the “Connecticut General Statutes”), the City Charter and ordinances adopted by the City Council of the City or approved by the voters of the City at referendum.

Proceeds of the Issue

Proceeds of the Bonds and the Notes will be used to refund the \$13,000,000 bond anticipation notes maturing on July 16, 2020 and to provide new money borrowing for the projects listed below:

Project	Authorized	Notes Due: 7/16/20	This Issue	
			Dated: 7/16/20 Due: 7/15/21	The Bonds
Gen. Public Imp. 16-17	\$ 3,000,000	\$ -	\$ -	\$ 250,000
Gen. Public Imp. 17-18	3,000,000	1,000,000	-	1,000,000
Gen. Public Imp. 18-19	3,000,000	750,000	-	1,028,585
Gen. Public Imp. 19-20	3,000,000	2,500,000	50,000	2,500,000
Gen. Public Imp. 20-21	3,000,000	-	1,000,000	-
SNAPP2020	38,700,000	-	5,000,000	-
Open Space	16,000,000	50,000	-	1,945,698
Danbury Road Bond 2020	20,000,000	2,350,000	2,150,000	2,350,000
2016 Vision Public Improvements	10,000,000	1,000,000	-	1,700,000
Vision 2020 Bond-Public Improvements	2,425,000	-	-	672,415
DHS 2020.....	53,500,000	3,300,000	3,300,000	-
Open Space - Danbury High School	2,900,000	300,000	-	303,302
SNAPP2020	23,300,000	-	5,000,000	-
Vision 2020 Bond-Schools	44,000,000	1,500,000	1,500,000	-
Vision 2020 Sewer upgrade	7,975,000	200,000	-	200,000
Vision 2020 Water System	550,000	50,000	-	50,000
Total.....	\$ 234,350,000	\$ 13,000,000	\$ 18,000,000	\$ 12,000,000

School Projects

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

Book-Entry-Only Transfer System

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

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

brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

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

Security and Remedies

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

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

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

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

Qualification for Financial Institutions

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

Availability of Continuing Information

The City prepares, in accordance with State law, annual independent audited financial statements and files such annual report with the State Office of Policy and Management on an annual basis.

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

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

Ratings

The Bonds were rated as follows: "Aa1" from Moody's Investors Service, "AA+" from S&P Global Ratings ("S&P"), and "AAA" from Fitch Ratings, respectively. The Notes received ratings of "MIG 1" from Moody's Investors Service, "SP-1+" from S&P Global Ratings, and "F1+" from Fitch Ratings, respectively.

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

Bond Insurance

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

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II. The Issuer



Connecticut

Description of the Municipality

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

According to the U.S. Bureau of Census, American Community Survey (2014-2018) (“ACS”), Danbury has a median household income of \$71,672. Danbury is diversely populated with a FY 2020 estimated population of 84,891. The City’s residents represent more than 60 different nationalities and the students entering Danbury public schools speak over 45 different languages. Danbury is a hub for retail shopping. The Danbury Fair Mall remains the largest mall in New England and newer shopping centers have attracted tenants such as Home Depot, Best Buy, Lowes and Wal-Mart.

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

Form of Government

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

Principal Municipal Officials

Office	Name	Manner of Selection	Term	Years of Service	Employment Last Five Years
Mayor.....	Mark D. Boughton	Elected	12/19-11/21	18	Mayor
Treasurer.....	Daniel P. Jowdy	Elected	12/19-11/21	16	Funeral Director
Council.....	21 members	Elected	12/19-11/21	Various	Various
Director of Finance.....	David W. St. Hilaire	Appointed ¹	Indefinite	13	Director of Finance
		Civil Service			
Tax Collector.....	Scott Ferguson	Appointed ¹	Indefinite	14	Manager, Taxes
		Civil Service			
Assessor (Acting).....	David W. St. Hilaire ³	Appointed ¹	Indefinite	--	Director of Finance
Superintendent of Schools....	Dr. Sal Pascarella	Appointed ²	Contract	13	Superintendent
Corporation Counsel.....	Robert J. Yamin	Appointed ¹	Indefinite	18	Attorney

¹ Appointed by the Mayor.

² Appointed by the Board of Education.

³ New Tax Assessor to be appointed in July 2020.

Municipal Services

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

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

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

Since September of 2018, the Department has been Tier 3 Accredited by the State of Connecticut Police Officer Standards and Training Council (POSTC). This is the highest level of accreditation that can be achieved from POSTC, and certifies that our department’s policies, facilities, and management practices meet or exceed industry standards.

We recently completed the implementation of an automated scheduling system for greater efficiency and accountability. We have selected a vendor and secured funding for body cameras, and continue on various initiatives to improve officer health and wellness. This includes peer support and the availability of immediate mental health services. We are in the process of instituting an effective Chaplaincy program. We are also in the midst of a renovation of our police gym, thanks to very generous donations from a local civic organization and a local business. We had another successful recruitment campaign and will be hiring new officers in 2020 to fill vacancies.

Externally, we ran two more successful Citizens Police Academies. We hosted and co-sponsored an event at police headquarters in August 2019 that drew nearly 500 parents and children, who received backpacks and other back-to-school supplies. Thanks to a small federal grant, during the summer of 2019 we assigned extra foot patrols in the downtown area to address some concerns of residents and business owners.

The City had another relatively successful year with the crime rate in 2019, including significant reduction in almost every category. We will continue to work with other City departments, our residential and business communities in an effort to continue the trend.

Danbury Fire Department and EMS

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

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

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

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

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

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

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

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

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

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

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

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

Parks and Recreation

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

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

- *Bear Mountain Park* (140 acres): mostly undeveloped, passive recreation with a conservational outlook, Ranger Cottage and parking with many diverse hiking trails.
- *Blind Brook Playground* (.5 acres): playground.
- *Danbury Dog Park, Miry Brook Rd.* Off leash park for small and large dogs.
- *Danbury Green* (1 acre): benches, walkway and band shell.
- *Elmwood Park* (2 acres): park benches for passive recreation and a fountain.
- *Farrington Property* (192 acres): hiking trails.
- *Hatter's Community Park* (32 acres): bowling alley, Park & Recreation Office, 3 softball fields, banquet hall, open air Pavilion and playground.
- *Highland Playground* (8 acres): playground and spray-park.
- *John Perry Field* (3 acres): all-purpose field turf surface, located in Rogers Park, used for football, soccer, lacrosse (boys & girls) and field hockey, located in Rogers Park.
- *Joseph Sauer Memorial Park* (2 acres): park for the elderly and a basketball court.
- *Kennedy Park* (1 acre): park benches for passive recreation.
- *Lake Candlewood Park* (11 acres): swimming, picnicking, volleyball court, motorized boating and boat ramp.

- *Lake Kenosia Park* (25 acres): picnicking, Spray Park, non-motorized boating, four soccer fields and playground.
- *Mill Plain Swamp* (34 acres): no facilities.
- *Mill Ridge*, West Side Middle School Academy, all-purpose field turf playing surface, soccer and rugby.
- *Old Quarry Nature Center* (40 acres): trails, bird watching and natural scenery.
- *Richter Park* (230 acres): 18-hole golf course, pro shop, restaurant, playhouse, basketball court, fishing, hiking trail, two tennis courts and winter recreation. (Richter Park Drive).
- *Rogers Park* (56 acres): 8 tennis courts/lights, handball/paddleball court, 4 softball fields, 6 baseball fields, 1 all-purpose turf field, and 6 volleyball courts.
- *Rogers Park Playground* (1 acre) and spray park.
- *Rogers Park Pond* (7 acres): interpretative trails, outdoor fitness park and footbridge.
- *Rowan Street Playground* (3 acres): playground.
- *Stephen A. Kaplanis Field* (5.5 acres): all-purpose field turf surface used for football, soccer, lacrosse (boys & girls) and field hockey.
- *Still River Greenway* (35 acres): hiking trails, education station, boat launch, bird sanctuary and footbridge.
- *Tom West Park* (.5 acres): playground.
- *Wiedel Meadows*- Passive Recreational.
- Tarrywile Park is a passive recreational area. It consists of 722 acres split into two distinct sections by Brushy Hill Road. It has several buildings on the property. The following are most noteworthy:
 - *Mansion* - 3 stories, built in late 1897 which contains 18 rooms that have been renovated for use as a Community Center.
 - *Castle* - 3 stories, built in 1897 from natural quarry stone and its use is undetermined as it currently undergoing a large renovation project.
 - *Carriage House* - park residence.
 - *Farm House* - park residence.
 - *Dairy Barns* - Red Barn is an environmental education center with a renovated silo. The milking parlor was recently renovated.
 - *Gate House* - park residence.
 - *Greenhouse* - used by Danbury High School “Green Room Program” for at risk students.
 - *School building* - used as a pre-school.

Danbury Public Library

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

- Hours: The library is open a total of 51 hours per week, Monday – Sunday, from September through May, and 44 hours per week, Monday – Saturday, during the summer.
- E-books and Streaming Services: The library provides access, with a valid Danbury Library card, to a growing collection of downloadable and streaming eBooks, audiobooks, music, movies, and television shows. Downloadable content can be accessed through an e-reader, smart phone, tablet or personal computer. The library currently offers Overdrive and RB Digital for e-books and audiobooks; Hoopla for music, movies, audiobooks e-books, comics and television shows; Freegal for music; Kanopy for film; and Tumblebooks for e-books for children,
- Audio-Video Department: A 4,200 square foot area holds more than 20,000 non-print items including: DVDs, compact discs, books on CD, Playaways (books on MP3), and Blu-ray discs.
- Personal computers for the public use: Access to word processing, spreadsheet programs, the Internet and a variety of on-line databases is available for public use on 94 computers. Free high-speed wireless Internet access is available in the library, as well as on the library plaza.
- Library Technology Center: A 4,300 square foot computer lab with 23 workstations can be used by the public for Internet access, word processing, on-line access to the library catalog, resume and typing programs and multilingual access to the Internet. Library staff members offer introductory as well as specialized Internet and computer classes to the public on a regular basis in English or Spanish. The technology center also lends out iPads, Kindles, Rokus, Chromebooks, and WiFi hotspots to Danbury residents.
- Language Center: There are 12 computers in the Language Center Computer Lab installed with state-of-the-art interactive ELLIS English Learning software, and a bi-lingual instructor is available at various times during the week to assist new students. There are various print and non-print materials that teach reading comprehension, pronunciation and vocabulary are available for self-study. The Language Center also carries materials on learning languages other than English. Access to an online language learning database is

available in the library or remotely from a home computer. The language center also offers talk time conversational ESL classes.

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

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

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

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

Solid Waste - Recycling

The City of Danbury is a member of the Housatonic Resources Recovery Authority (“HRRRA”), and that membership has no sunset date. As a member of the HRRRA, Danbury’s solid waste and recycling contracts are managed by the HRRRA as part of a regional authority. The HRRRA negotiates the tip fees on behalf of its members. The 2020 calendar year tipping fee is \$93.75 per ton while 2021’s fee has not been set. HRRRA’s services are funded through a program fee that is collected as part of the tip fees which is paid by the private haulers. The haulers charge the residents of the City of Danbury (their customers) directly for collection services. The City of Danbury has no financial obligation to the HRRRA. The City of Danbury signed a full solid waste and recycling system agreement (contract) with HRRRA that runs through June 2029. The HRRRA negotiated the ten-year contract with Oak Ridge Waste & Recycling (operators of the City’s transfer station). There are approximately thirty independent haulers registered to collect solid waste in the City. There is no municipal garbage collection.

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

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

Enterprise Funds
Sewer Fund

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

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

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

The historical sewer rate increases for the last five years are as follows:

<i>Fiscal Year Ending</i>	<i>Annual % Increase/Decrease</i>
June 30, 2021	3.00%
June 30, 2020 ¹	3.50%
June 30, 2019	2.95%
June 30, 2018	0.00%
June 30, 2017	2.95%

¹ As of July 1, 2019, sewer consumption is billed at at 95% of water instead of 90%, as applicable.

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

Water Fund

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

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

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

Metered and non-metered rates provide funds for the operation, maintenance, and debt service of the water system. The historical water rate changes for the last five years are as follows:

<i>Fiscal Year Ending</i>	<i>Annual % Change</i>
June 30, 2021	3.00%
June 30, 2020	(1.50%)
June 30, 2019	2.75%
June 30, 2018	0.00%
June 30, 2017	2.95%

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

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Employee Relations and Collective Bargaining

Municipal Employees

Fiscal Year Ended June 30	2020	2019	2018	2017	2016
General Government.....	554	551	551	552	550
Board of Education.....	1,834	1,750	1,725	1,686	1,617
Total.....	2,388	2,301	2,276	2,238	2,167

Employee Bargaining Organizations

Board of Education Groups	Number of Employees	Current Contract Expiration Date
Non-Bargaining Employees.....	58	N/A
DSAA - School Administrators.....	45	6/30/2022
NEA Teachers.....	965	6/30/2020 ²
Local 677 Teamsters Custodians.....	74	6/30/2022
CSEA Paraprofessionals.....	473	6/30/2022
School Nurses Association.....	29	6/30/2020 ²
Local 677 Teamsters School Lunch.....	76	6/30/2021
Danbury Association of School Secretaries.....	86	6/30/2021
Safety Advocates.....	28	6/30/2021
Total.....	1,834	
City Groups		
Danbury Police Union, Hat City Local, CACP. ¹	154	6/30/2021
UPSEIU (formerly DMEA) Municipal Employees.....	96	6/30/2020 ²
Local 677 Teamsters.....	109	6/30/2020 ²
Local 801 AFL CIO Firefighters.....	118	6/30/2020 ²
Non-Bargaining Employees.....	77	N/A
Total.....	554	

¹ Includes two canine control officers.

² In negotiations or in the process of beginning negotiations.

Source: City of Danbury, Finance Department.

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

Educational Services

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

School Facilities

School	Grades	Date Opened (Add. or Ren.)	Type of Construction	Number of Classrooms	Enrollment 10/1/19	Rated Capacity
Great Plain.....	PK - 5	1963	Brick	21	305	379
Hayestown.....	PK - 5	1955	Brick	26	473	448
King Street Primary	PK - 2	1977	Brick	22	444	488
King Street Intermediate	3 - 5	1964	Brick	31	391	322
Magnet.....	K - 4	2006	Brick	18	365	390
Mill Ridge Primary	PK - 2	1974	Brick	22	378	396
Morris Street.....	PK - 5	1892	Brick	24	334	379
		1963	(Addition)			
		1980	(Add. & Ren.)			
Park Avenue.....	PK - 5	1951	Brick	22	635	402
		2015	(Addition)			
Pembroke.....	PK - 5	1970	Brick	23	361	425
Ellsworth Avenue	PK - 5	1952	Brick	19	496	356
Shelter Rock.....	PK - 5	1963	Brick	22	528	405
		1973	(Addition)			
		2015	(Addition)			
South Street.....	PK - 5	1935	Brick	19	390	339
		1980	(Add. & Ren.)			
Stadley Rough.....	PK - 5	1971	Brick	21	532	494
		2015	(Addition)			
Broadview M.S.	6 - 8	1967	Brick	39	989	1,012
Rogers Pk. M.S.	6 - 8	1972	Brick	42	1,049	1,012
Westside M.S.	6 - 8	1957	Brick	36	691	600
Danbury H.S.	9 - 12	1964	Brick	117	3,292	2,442
Alternative Center.....	9 - 12	1977	Brick	11	85	100
Total.....				535	11,738¹	10,389

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

Source: Danbury Board of Education

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School Enrollment

Year	Pre-K - 5	Historical			Other	Total
		6-8	9-12			
2010-2011	5,199	2,201	2,981	346	10,727	
2011-2012	5,277	2,232	2,981	335	10,825	
2012-2013	5,348	2,272	2,944	354	10,918	
2013-2014	5,302	2,293	2,960	214	10,769	
2014-2015	5,516	2,416	2,993	*	10,925	
2015-2016	5,613	2,472	3,035	*	11,120	
2016-2017	5,423	2,539	3,095	*	11,057	
2017-2018	5,447	2,453	3,201	*	11,101	
2018-2019	5,732	2,601	3,199	*	11,532	
2019-2020	5,789	2,737	3,402	-	11,928	
<i>* Head Start number no longer in BOE count</i>						
		Projected ¹				
2020-2021 ²	5,905	2,792	3,470	-	12,167	
2021-2022	6,023	2,848	3,539	-	12,410	
2022-2023	6,143	2,905	3,610	-	12,658	

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

² Total represents all students reported by the district, including students placed in schools outside of the district. Therefore, the sum of school-level counts may be less than the total district enrollment.

Source: EdSight CT State Data Portal | <http://edsight.ct.gov/SASPortal/main.do> (Danbury School District)

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

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III. Economic and Demographic Information

Population and Density

Year	Actual		
	Population ¹	% Increase	Density ²
2018 ³	84,479	4.4%	1,920
2010	80,893	8.1%	1,838
2000	74,848	14.1%	1,701
1990	65,585	8.5%	1,491
1980	60,470	18.4%	1,374
1970	51,066	-	1,161

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

² Per square mile: 44.0 square miles.

³ American Community Survey 2014-2018.

Age Distribution of the Population

Age	City of Danbury		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years	5,293	6.3%	186,188	5.2%
5 to 9 years	5,030	6.0	206,536	5.7
10 to 14 years	4,682	5.5	225,831	6.3
15 to 19 years	5,465	6.5	249,777	6.9
20 to 24 years	6,368	7.5	245,849	6.8
25 to 34 years	12,353	14.6	439,239	12.2
35 to 44 years	12,433	14.7	433,401	12.1
45 to 54 years	11,419	13.5	535,611	14.9
55 to 59 years	5,488	6.5	266,501	7.4
60 to 64 years	4,450	5.3	229,788	6.4
65 to 74 years	6,595	7.8	318,515	8.9
75 to 84 years	3,313	3.9	167,133	4.6
85 years and over	1,590	1.9	90,109	2.5
Total.....	84,479	100.0%	3,594,478	100.0%

Median Age (Years) 2018..... 37.8 40.8

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

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

Source: American Community Survey 2014-2018

Income Distribution

Family Income	City of Danbury		State of Connecticut	
	Families	Percent	Families	Percent
\$ 0 - \$ 9,999.....	664	3.4%	26,021	2.9%
10,000 - 14,999.....	481	2.4	16,472	1.8
15,000 - 24,999.....	993	5.0	38,804	4.3
25,000 - 34,999.....	1,359	6.9	50,215	5.6
35,000 - 49,999.....	2,365	12.0	80,042	9.0
50,000 - 74,999.....	3,226	16.4	127,676	14.3
75,000 - 99,999.....	2,937	14.9	118,848	13.3
100,000 - 149,999.....	3,671	18.6	186,154	20.8
150,000 - 199,999.....	1,873	9.5	105,285	11.8
200,000 and over.....	2,127	10.8	143,423	16.1
Total.....	19,696	100.0%	892,940	100.0%

Source: American Community Survey 2014-2018

Income Levels

	City of Danbury	State of Connecticut
Per Capita Income, 2018	\$ 34,512	\$ 43,056
Median Family Income, 2018	\$ 81,125	\$ 97,310
Median Household Income, 2018	\$ 71,672	\$ 76,106

Source: American Community Survey 2014-2018

Educational Attainment Population 25 years and over

	City of Danbury		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	6,332	11.0%	101,068	4.1%
9th to 12th grade.....	3,545	6.2	134,758	5.4
High School graduate.....	16,595	28.8	670,519	27.1
Some college, no degree.....	9,033	15.7	416,267	16.8
Associate's degree	3,539	6.1	190,869	7.7
Bachelor's degree.....	10,766	18.7	538,924	21.7
Graduate or professional degree.....	7,831	13.6	426,303	17.2
Total.....	57,641	100.0%	2,478,708	100.0%
Total high school graduate or higher (%).....	82.9%			90.5%
Total Bachelor's degree or higher (%).....	32.3%			38.9%

Source: American Community Survey 2014-2018

Major Employers As of April 2020

Name	Business	Approximate Number of Employees¹
Western CT Health Network (Danbury Hospital)....	Hospital (excluding affiliates)	2,665
Boehringer-Ingelheim Pharmaceuticals. ²	Pharmaceuticals	2,500
Danbury School Systems.....	Education	1,834
Cartus (formerly Cedant Mobility).....	Relocation firm	1,255
IQVIA Holdings - Data Processing.....	Pharmaceutical Service Consulting	1,000
Western CT State University.....	Education	578
City of Danbury.....	Government	554
UTC B. F. Goodrich.....	Aerospace	531
Praxair, Inc.....	Industrial Gases	479
Pitney Bowes.....	Mailing Machines	300

¹ Does not include part-time employees

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

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

Employment by Industry

Sector	City of Danbury		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	102	0.2%	7,195	0.4%
Construction.....	4,602	10.0	107,331	5.9
Manufacturing.....	4,908	10.7	190,995	10.5
Wholesale trade.....	950	2.1	44,714	2.5
Retail trade.....	6,322	13.8	191,939	10.6
Transportation warehousing, and utilities.....	1,695	3.7	72,806	4.0
Information.....	700	1.5	41,839	2.3
Finance, insurance, real estate, and leasing.....	3,006	6.6	164,607	9.1
Professional, scientific, management, administrative, and waste management.....	5,802	12.7	207,632	11.5
Education, health and social services.....	9,986	21.8	479,677	26.5
Arts, entertainment, recreation, accommodation and food services.....	4,078	8.9	150,852	8.3
Other services (except public admin.).....	2,763	6.0	83,686	4.6
Public Administration.....	927	2.0	67,172	3.7
Total Labor Force, Employed.....	45,841	100%	1,810,445	100.0%

Source: American Community Survey 2014-2018

Employment Data By Place of Residence

Period	City of Danbury		Percentage Unemployed		
	Employed	Unemployed	City of Danbury	Danbury Labor Market	State of Connecticut
April 2020	39,488	3,333	7.8	7.8	8.0
Annual Average					
2019.....	46,055	1,499	3.2	3.1	3.7
2018.....	45,621	1,609	3.4	3.4	4.1
2017.....	46,042	1,871	3.9	3.9	4.7
2016.....	45,113	2,046	4.3	4.4	5.3
2015.....	44,782	2,160	4.6	4.5	5.6
2014.....	43,746	2,471	5.4	5.3	6.7
2013.....	42,539	2,826	6.2	6.3	7.9
2012.....	43,255	3,169	6.8	6.7	8.3
2011.....	41,519	3,323	7.4	7.2	8.8
2010.....	41,394	3,495	7.8	7.6	9.0

Source: State of Connecticut, Department of Labor.

Age Distribution of Housing

Year Built	City of Danbury		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	6,824	21.0%	337,795	22.3%
1940 to 1969.....	9,388	28.9	533,321	35.3
1970 to 1979.....	4,818	14.8	201,360	13.3
1980 to 1989.....	4,744	14.6	191,306	12.6
1990 to 1999.....	2,276	7.0	115,459	7.6
2000 or 2009.....	3,231	9.9	103,632	6.9
2010 or later.....	1,212	3.7	29,432	1.9
Total Housing Units.....	32,493	100.0%	1,512,305	100.0%

Source: American Community Survey 2014-2018

Housing Inventory

Housing Units	City of Danbury		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached.....	13,708	42.2%	892,608	59.0%
1-unit, attached.....	3,562	11.0	80,684	5.3
2 units.....	3,471	10.7	123,908	8.2
3 or 4 units.....	3,773	11.6	130,948	8.7
5 to 9 units.....	2,172	6.7	84,021	5.6
10 to 19 units.....	1,905	5.9	57,153	3.8
20 or more units.....	3,515	10.8	130,872	8.7
Mobile home.....	387	1.2	11,734	0.8
Boat, RV, van, etc.....	-	-	377	0.0
Total Inventory.....	32,493	100.0%	1,512,305	100.0%

Source: American Community Survey 2014-2018

Building Permits

Calendar Year Ending 12/31	Residential		Commercial		Industrial		Total	
	No.	Value	No.	Value	No.	Value	No.	Value
2019	1,026	\$ 43,432,477	193	\$ 52,901,766	11	\$ 1,500,000	1,230	\$ 97,834,243
2018	977	43,988,687	180	51,759,308	2	1,000,000	1,159	96,747,995
2017	1,036	55,776,275	200	29,432,456	2	500,000	1,238	85,708,731
2016	876	40,316,792	231	78,064,219	3	913,500	1,110	119,294,511
2015	900	115,268,512	241	51,735,137	5	1,646,000	1,146	168,649,649
2014	951	78,906,280	192	48,270,735	10	13,451,161	1,153	140,628,176
2013	967	42,944,615	219	145,532,615	11	16,709,942	1,197	205,187,172
2012	872	92,841,102	273	72,099,494	4	5,422,450	1,149	170,363,046
2011	829	30,801,215	235	45,597,554	11	4,619,000	1,075	81,017,769
2010	823	29,438,911	225	44,204,745	7	10,037,000	1,055	83,680,656

Source: Building Department, City of Danbury

Owner-Occupied Housing Values

Specified Owner-Occupied Units	City of Danbury		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	392	2.3%	21,254	2.3%
\$50,000 to \$99,000.....	466	2.7	29,211	3.2
\$100,000 to \$149,999.....	1,106	6.4	81,446	9.0
\$150,000 to \$199,000.....	1,638	9.5	139,715	15.4
\$200,000 to \$299,999.....	5,242	30.3	245,801	27.1
\$300,000 to \$499,999.....	7,078	40.9	240,706	26.5
\$500,000 to \$999,999.....	1,202	7.0	106,993	11.8
\$1,000,000 or more.....	170	1.0	42,008	4.6
Total.....	17,294	100.0%	907,134	100.0%
Median Value.....	\$296,600		\$272,700	

Source: American Community Survey 2014-2018

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IV. Tax Base Data

Property Tax

Assessments

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

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

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

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

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

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

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

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

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

Levy

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

Comparative Assessed Valuation

Grand List as of 10/1	Commercial/				Gross Taxable Grand List	Manufacturers' ¹		Annual Change
	Residential Real Property (%)	Industrial Real Property (%)	Personal Property (%)	Motor Vehicle (%)		Veterans Relief and Elderly	Net Taxable Grand List	
2019	58.2%	24.9%	9.3%	7.5%	\$ 8,164,522,665	\$ 269,298,903	\$ 7,895,223,762	0.70%
2018	58.3	25.4	9.1	7.3	8,092,694,648	252,075,186	7,840,619,462	1.38%
2017 ²	58.7	25.6	8.5	7.2	7,972,717,550	238,974,122	7,733,743,428	8.46%
2016	58.3	25.6	8.5	7.5	7,364,955,037	234,706,423	7,130,248,614	1.46%
2015	58.0	29.9	8.5	7.5	7,248,636,675	220,725,660	7,027,911,015	1.16%
2014	54.4	30.0	8.2	7.3	7,156,813,746	209,812,673	6,947,001,073	0.86%
2013	54.7	30.4	7.7	7.2	7,106,826,042	219,216,555	6,887,609,487	0.89%
2012 ²	54.7	30.6	7.7	7.0	7,059,377,127	232,270,525	6,827,106,602	-13.47%
2011	54.7	30.6	7.9	6.8	8,777,328,518	887,067,631	7,890,260,887	0.58%
2010 ³	61.4	26.7	6.4	5.5	8,717,670,101	872,588,119	7,845,081,982	-0.20%

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

² Revaluation.

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

Source: City of Danbury, City Assessor's Office

Exempt Property

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

	<u>Assessed Value</u>
U.S. Government.....	\$ 72,211,000
State of Connecticut.....	420,318,200
Miscellaneous.....	476,288,700
City of Danbury.....	549,643,200
Total Exempt Property.....	\$ 1,518,461,100
Percent Compared to Gross Grand List ¹	15.68%

¹ Based on a Gross Grand List October 1, 2019 of \$9,682,983,765.

Source: City of Danbury, Assessor's Office

Property Tax Levies and Collections

Grand List as of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Mill Rate	Original Annual Levy	Percent of Annual Levy Collected at end of Fiscal Year	Percent of Annual Levy Uncollected at end of Fiscal Year	Percent of Annual Levy Uncollected as of 6/30/20 ²
2019	2021	\$ 7,895,223,762	27.60	\$ 217,908,176		N/A	
2018	2020 ²	7,844,028,744	27.60	216,566,602	98.6%	1.4%	1.4%
2017 ¹	2019	7,736,728,568	27.60	213,356,078	98.9%	1.2%	0.5%
2016	2018	7,130,248,614	28.95	207,721,220	98.6%	1.4%	0.3%
2015	2017	7,027,911,015	28.68	203,262,683	98.4%	1.6%	0.3%
2014	2016	6,947,001,073	28.26	197,381,874	98.6%	1.5%	0.3%
2013	2015	6,887,609,487	27.60	190,536,165	98.1%	1.9%	0.3%
2012 ¹	2014	6,827,106,602	26.80	183,121,317	98.3%	1.7%	0.3%
2011	2013	7,890,260,887	22.45	177,032,636	98.5%	1.5%	0.3%
2010	2012	7,845,081,982	21.69	169,828,344	98.7%	1.3%	0.2%

¹ Revaluation.

² Subject to audit.

Source: City of Danbury, Tax Collector's Office

Property Taxes Receivable

As of June 30	Total ¹	Current Year
2020	\$4,999,853	\$2,988,619
2019	4,684,745	2,895,496
2018	4,469,186	2,710,842
2017	5,901,000	2,650,000
2016	4,949,051	2,528,036
2015	5,722,623	2,755,668
2014	6,177,235	3,038,395
2013	5,075,342	2,568,724
2012	4,683,195	2,168,012
2011	6,087,661	2,023,921

¹ Less allowance.

Source: Comprehensive Annual Financial Reports, City of Danbury, 2010 - 2019. Finance Department, 2020 (est).

Ten Largest Taxpayers

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List ¹
Danbury Mall Associates.....	Shopping Mall	\$ 270,240,100	3.42%
Eversource (CL&P, Yankee Gas).....	Public Utility	118,604,840	1.50
Boehringer Ingelheim.....	Research, Production	93,509,130	1.18
Algonquin Gas Transmission LLC.....	Natural Gas Pipeline	91,219,390	1.16
Crown Point Gardens.....	Apartments - 466 Units	66,540,400	0.84
Hawley, German Town Rd, New Town Rd.....	Shopping Center's, Land	64,985,600	0.82
601 W Abbey Woods LLC.....	Apartments -470 Units	63,699,800	0.81
ENTEGRIS.....	Research, Production	40,270,420	0.51
Kennedy Flats.....	Apartments - 374 units	38,824,400	0.49
Mankind Corp.....	Research, Production	38,619,640	0.49
Total.....		\$ 886,513,720	11.23%

¹ Based on a Net Taxable Grand List October 1, 2019 of \$7,895,223,762.

Source: Assessor's Office, City of Danbury

V. Debt Summary
Principal Amount of Bonded Indebtedness
As of July 16, 2020
(Pro Forma)

Date	Purpose	Rate %	Amount of		Fiscal Year of Maturity
			Original Issue	Outstanding	
09/30/10	Sewers - Clean Water Fund Loan ²	2.000	2,549,994	1,294,112	2030
12/15/11	Public Improvement Refunding	3.000 - 5.000	11,701,000	10,663,000	2026
12/15/11	Schools Refunding	3.000 - 5.000	1,563,000	1,547,000	2026
12/15/11	Sewer Refunding ²	3.000 - 5.000	228,000	178,000	2026
12/15/11	Sewer - Lateral Refunding ³	3.000 - 5.000	1,450,000	1,319,000	2026
12/15/11	Water Refunding ¹	3.000 - 5.000	1,283,000	1,228,000	2026
08/21/12	Public Improvement Refunding	2.000 - 4.000	12,383,000	11,770,000	2029
08/21/12	Schools Refunding	2.000 - 4.000	329,000	315,000	2028
08/21/12	Sewer - Lateral Refunding ³	2.000 - 4.000	1,232,000	1,174,000	2029
08/21/12	Sewer Refunding ²	2.000 - 4.000	449,000	425,000	2029
08/21/12	Water Refunding ¹	2.000 - 4.000	662,000	631,000	2029
01/31/13	Sewers - Clean Water Fund Loan ²	2.000	3,457,535	2,333,310	2033
05/06/14	Public Improvement Refunding	1.000 - 5.000	5,207,000	536,000	2022
05/06/14	Schools Refunding	1.000 - 5.000	1,410,000	153,000	2022
05/06/14	Sewer - Lateral Refunding ³	1.000 - 5.000	490,000	52,000	2022
05/06/14	Water Refunding ¹	1.000 - 5.000	3,793,000	374,000	2022
07/25/14	Public Improvement	2.000 - 4.000	2,000,000	1,400,000	2035
07/25/14	Schools	2.000 - 4.000	9,000,000	6,300,000	2035
07/23/15	Public Improvement	3.000 - 5.000	11,400,000	7,410,000	2036
07/23/15	Schools	3.000 - 5.000	6,600,000	4,290,000	2036
03/29/16	Public Improvement Refunding	2.500 - 4.000	12,394,000	12,394,000	2031
03/29/16	Schools Refunding	2.500 - 4.000	1,940,000	1,940,000	2031
03/29/16	Sewer - Lateral Refunding ³	2.500 - 4.000	28,000	28,000	2030
03/29/16	Sewer Refunding ²	2.500 - 4.000	183,000	183,000	2031
03/29/16	Water Refunding ¹	2.500 - 4.000	410,000	410,000	2031
07/21/16	Public Improvement	2.000 - 4.000	7,850,000	5,887,500	2037
07/21/16	Schools	2.000 - 4.000	3,000,000	2,250,000	2037
07/21/16	Sewer ²	2.000 - 4.000	4,750,000	3,562,500	2037
07/21/16	Water	2.000 - 4.000	400,000	300,000	2037
07/20/17	Public Improvement	2.000 - 5.000	3,050,000	2,591,000	2038
07/20/17	Schools	2.000 - 5.000	12,000,000	10,200,000	2038
07/20/17	Sewer ²	2.000 - 5.000	2,750,000	2,339,000	2038
07/20/17	Water	2.000 - 5.000	200,000	170,000	2038
09/21/17	Public Improvement Refunding	2.125-5.00	12,965,000	12,079,000	2030
09/21/17	Schools Refunding	2.125-5.00	1,938,000	1,835,000	2030
09/21/17	Sewer - Lateral Refunding ³	2.125-5.00	57,000	51,000	2029
09/21/17	Sewer Refunding ²	2.125-5.00	533,000	533,000	2030
09/21/17	Water Refunding ¹	2.125-5.00	297,000	297,000	2030
07/19/18	Public Improvement	3.000 - 5.000	10,546,415	9,145,000	2034
07/19/18	Schools	3.000 - 5.000	3,500,000	3,030,000	2034
07/19/18	Sewer ²	3.000 - 5.000	1,208,165	1,040,000	2034
07/19/18	Water ¹	3.000 - 5.000	245,420	205,000	2034
07/18/19	Public Improvement	2.000 - 5.000	3,850,000	3,465,000	2030
07/18/19	Schools	2.000 - 5.000	3,100,000	2,790,000	2030
07/18/19	Water ¹	2.000 - 5.000	50,000	45,000	2030
11/04/19	Sewer ²	2.125 - 5.000	50,000,000	50,000,000	2040
06/01/20	Public Improvement Refunding	4.000 - 5.000	5,177,000	5,067,000	2031
06/01/20	Schools Refunding	4.000 - 5.000	1,563,000	1,473,000	2031
06/01/20	Sewer - Lateral Refunding ³	4.000 - 5.000	19,000	19,000	2030
06/01/20	Sewer Refunding ²	4.000 - 5.000	271,000	271,000	2030
06/01/20	Water Refunding ¹	4.000 - 5.000	290,000	290,000	2030
Total Long Term Debt			\$ 221,752,529	\$ 187,282,422	
This Issue					
07/16/20	Public Improvement	2.000 - 5.000	\$ 11,446,698	\$ 11,446,698	2031
07/16/20	Schools	2.000 - 5.000	303,302	303,302	2031
07/16/20	Sewer ²	2.000 - 5.000	200,000	200,000	2031
07/16/20	Water ¹	2.000 - 5.000	50,000	50,000	2031
Total This Issue			\$ 12,000,000	\$ 12,000,000	
Grand Total			\$ 233,752,529	\$ 199,282,422	

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

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

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

**Short Term Debt
As of July 16, 2020
(Pro Forma)**

The Notes:

Dated: 7/16/20

Due: 7/15/21

Project	Authorized	
Gen. Public Imp. 19-20	\$ 3,000,000	\$ 50,000
Gen. Public Imp. 20-21	3,000,000	1,000,000
Various Capital Improvements	38,700,000	5,000,000
Danbury Road Bond 2020	20,000,000	2,150,000
DHS 2020	53,500,000	3,300,000
SNAPP2020	23,300,000	5,000,000
Vision 2020 Bond-Schools	43,151,637	1,500,000
Totals.....	\$ 184,651,637	\$ 18,000,000

Other Obligations

The City leases certain capital equipment. As of June 30, 2020, the outstanding principal amount owed under such capital leases obligations was \$7,286,814 (total payments of \$7,809,385 inclusive of principal and interest payments and interest subsidy for a \$11.5 million lease financed as a Qualified Energy Conservation Bond). In addition, in September 2019 the City entered into a Loan Agreement in the amount of \$1,800,000 with the United States Department of Housing and Urban Development. The loan matures in 2039. Please refer to the General Purpose Financial Statements, Note 8 for more information

**General Fund Annual Bonded Debt Maturity Schedule
As of July 16, 2020
(Pro Forma)**

Fiscal Year	Principal	Interest	Total	This Issue - Principal			Cummulative % Principal Retired
				Pub. Imp.	Schools	Total	
2021 ¹	\$ 431,000	\$ 2,438,798	\$ 2,869,798	\$ -	\$ -	\$ -	0.3%
2022	12,529,500	4,147,986	16,677,486	1,141,698	33,302	1,175,000	10.9
2023	11,902,500	3,592,086	15,494,586	1,145,000	30,000	1,175,000	20.9
2024	11,694,500	3,042,953	14,737,453	1,145,000	30,000	1,175,000	30.8
2025	11,186,500	2,558,133	13,744,633	1,145,000	30,000	1,175,000	40.3
2026	11,053,000	2,119,539	13,172,539	1,145,000	30,000	1,175,000	49.6
2027	10,702,500	1,692,623	12,395,123	1,145,000	30,000	1,175,000	58.8
2028	9,507,500	1,320,488	10,827,988	1,145,000	30,000	1,175,000	67.0
2029	8,416,500	1,040,132	9,456,632	1,145,000	30,000	1,175,000	74.3
2030	7,508,500	815,241	8,323,741	1,145,000	30,000	1,175,000	81.0
2031	5,589,500	626,431	6,215,931	1,145,000	30,000	1,175,000	86.2
2032	3,674,500	490,052	4,164,552	-	-	-	89.0
2033	3,674,500	382,304	4,056,804	-	-	-	91.8
2034	3,674,500	273,874	3,948,374	-	-	-	94.6
2035	2,744,500	175,431	2,919,931	-	-	-	96.7
2036	2,194,500	96,940	2,291,440	-	-	-	98.4
2037	1,294,500	42,918	1,337,418	-	-	-	99.4
2038	752,000	11,750	763,750	-	-	-	100.0
Total.....	\$ 118,530,500	\$ 24,867,678	\$ 143,398,178	\$ 11,446,698	\$ 303,302	\$ 11,750,000	

¹ Excludes \$11,967,750 in principal payments and \$2,140,959 interest payments made or coming due between July 1, 2020 and July 16, 2020.

Self-Supporting Debt Annual Bonded Maturity Schedule
As of July 16, 2020
(Pro Forma)

<i>Fiscal</i> Year	Principal	Interest	Total	<i>This Issue - Principal</i>			<i>Cummulative</i>
				Sewer	Water	Total	<i>% Principal</i> Retired
2021 ¹	\$ 3,022,385	\$ 2,208,890	\$ 5,231,274	\$ -	\$ -	\$ -	4.4%
2022	4,499,806	2,266,802	6,766,608	20,000	5,000	25,000	10.9
2023	4,287,848	2,067,061	6,354,908	20,000	5,000	25,000	17.2
2024	4,287,010	1,867,519	6,154,529	20,000	5,000	25,000	23.4
2025	4,291,299	1,673,550	5,964,848	20,000	5,000	25,000	29.7
2026	4,246,213	1,481,560	5,727,773	20,000	5,000	25,000	35.9
2027	4,233,257	1,290,426	5,523,683	20,000	5,000	25,000	42.1
2028	3,869,932	1,114,337	4,984,269	20,000	5,000	25,000	47.7
2029	3,642,744	968,233	4,610,978	20,000	5,000	25,000	53.0
2030	3,411,903	842,738	4,254,641	20,000	5,000	25,000	58.0
2031	3,266,670	746,241	4,012,911	20,000	5,000	25,000	62.8
2032	3,205,730	674,079	3,879,808	-	-	-	67.4
2033	3,122,124	601,539	3,723,663	-	-	-	71.9
2034	3,000,500	522,501	3,523,001	-	-	-	76.3
2035	2,905,500	441,288	3,346,788	-	-	-	80.5
2036	2,905,500	360,373	3,265,873	-	-	-	84.7
2037	2,905,500	273,208	3,178,708	-	-	-	88.9
2038	2,648,000	189,813	2,837,813	-	-	-	92.8
2039	2,500,000	112,500	2,612,500	-	-	-	96.4
2040	2,500,000	37,500	2,537,500	-	-	-	100.0
Total.....	\$ 68,751,922	\$ 19,740,154	\$ 88,492,076	\$ 200,000	\$ 50,000	\$ 250,000	

¹ Excludes \$1,482,250 in principal payments and \$251,419 interest payments made or coming due between July 1, 2020 and July 16, 2020.
Note: Long-Term capital leases and State of Connecticut Local Bridge Loans are not included.

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**Total General Obligation Debt
Annual Bonded Debt Maturity Schedule ¹
As of July 16, 2020
(Pro Forma)**

Fiscal Year	Principal	Interest	Total	Total Principal This Issue	Cummulative % Principal Retired
2021 ¹	\$ 3,453,385	\$ 4,647,688	\$ 8,101,072	\$ -	1.7
2022	17,029,306	6,414,788	23,444,094	1,200,000	10.9
2023	16,190,348	5,659,146	21,849,494	1,200,000	19.6
2024	15,981,510	4,910,472	20,891,982	1,200,000	28.2
2025	15,477,799	4,231,683	19,709,482	1,200,000	36.6
2026	15,299,213	3,601,100	18,900,313	1,200,000	44.9
2027	14,935,757	2,983,049	17,918,806	1,200,000	53.0
2028	13,377,432	2,434,825	15,812,257	1,200,000	60.3
2029	12,059,244	2,008,365	14,067,609	1,200,000	66.9
2030	10,920,403	1,657,979	12,578,381	1,200,000	73.0
2031	8,856,170	1,372,671	10,228,841	1,200,000	78.1
2032	6,880,230	1,164,130	8,044,360	-	81.5
2033	6,796,624	983,843	7,780,468	-	84.9
2034	6,675,000	796,375	7,471,375	-	88.3
2035	5,650,000	616,719	6,266,719	-	91.1
2036	5,100,000	457,313	5,557,313	-	93.7
2037	4,200,000	316,125	4,516,125	-	95.8
2038	3,400,000	201,563	3,601,563	-	97.5
2039	2,500,000	112,500	2,612,500	-	98.7
2040	2,500,000	37,500	2,537,500	-	100.0
Total.....	\$ 187,282,422	\$ 44,607,832	\$ 231,890,254	\$ 12,000,000	

¹ Excludes \$13,450,000 in principal payments and \$2,392,378 interest payments made or coming due between July 1, 2020
Note: Long-Term capital leases and State of Connecticut Local Bridge Loans are not included.

Overlapping/Underlying Debt

The City has neither overlapping nor underlying debt.

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

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Debt Statement
As of July 16, 2020
(Pro Forma)

Long-Term Debt:

Public Improvement (Includes this issue).....	\$ 93,854,198
Schools (Includes this issue).....	36,426,302
Sewers (Includes this issue).....	65,001,922
Water (Includes this issue).....	<u>4,000,000</u>
Total Long-Term Debt ¹	199,282,422

Short-Term Debt:

Bond Anticipation Notes (This Issue: Due July 15, 2021).....	<u>18,000,000</u>
Total Direct Debt	217,282,422
Less: Self-Supporting Sewer Debt	(65,001,922)
Self-Supporting Water Debt	<u>(4,000,000)</u>
Total Net Direct Debt	148,280,500
Plus: Overlapping/Underlying Debt.....	<u>-</u>
Total Overall Net Debt	<u>\$ 148,280,500</u>

¹ Excludes \$7,286,814 in capital leases (including \$11.5 million in principal and interest payments for a Qualified Energy Conservation Bond lease) and a Loan Agreement for \$1,800,000 with the United States Department of Housing and Urban Development, as of June 30, 2020.

Current Debt Ratios
As of July 16, 2020
(Pro Forma)

Population (2018) ¹	84,479
Net Taxable Grand List (10/1/19).....	\$ 7,895,223,762
Estimated Full Value	\$11,278,891,089
Equalized Net Taxable Grand List (10/1/17) ²	\$11,055,197,340
Income per Capita (2018) ¹	\$ 34,512

	Total Direct Debt:	Total Net Direct Debt:	Total Overall Net Debt:
	\$217,282,422	\$148,280,500	\$148,280,500
Per Capita.....	\$2,572.03	\$1,755.24	\$1,755.24
Ratio to Net Taxable Grand List.....	2.75%	1.88%	1.88%
Ratio to Estimated Full Value.....	1.93%	1.31%	1.31%
Ratio to Equalized Net Taxable Grand List.....	1.97%	1.34%	1.34%
Debt per Capita to Income per Capita (2018).....	7.45%	5.09%	5.09%

¹ United States Census Bureau: American Community Survey, 2014-2018.

² State of Connecticut, Office of Policy and Management.

Bond Authorization Procedure

The issuance of bonds is authorized pursuant to ordinances passed by the City Council by affirmative vote of at least two-thirds (2/3) of all members of the Council. No bonds may be issued for a term longer than the estimated life of the improvement for which they are issued and, in no event, for a term longer than twenty years. Whenever the City Council votes to issue bonds in a principal amount in excess of \$3,000,000, the ordinance authorizing such issue must be submitted for approval or disapproval of the electors at the next municipal election or at a special City meeting called by the Mayor. Refunding bonds are issued pursuant to a resolution adopted by an affirmative vote of a majority of the City Council as provided in Section 7-370c of the Connecticut General Statutes.

Temporary Financing

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

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

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

Clean Water Fund Program

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

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

Amortization of each loan is required to begin one year from the earlier of the project completion date specified in the Loan Agreement, or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are payable 1) in equal monthly installments commencing one month after the scheduled completion date, or 2) in a single annual installment representing 1/20 of total principal and accrued interest thereon not later than one year from the project completion date specified in the Loan Agreement, and thereafter in monthly installments. Loans made under loan agreements entered into prior to July 1, 1989 are repayable in annual installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty. The City currently has CWF debt outstanding of \$3,627,422 as of July 16, 2020.

Limitation of Indebtedness

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

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

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

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

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Statement of Debt Limitation
As of July 16, 2020
(Pro Forma)

Total Tax Collections (including interest and lien fees):

For the year ended June 30, 2019..... \$ 209,305,618

Reimbursement For Revenue Loss On:

Tax Relief for Elderly..... 4,119

BASE..... \$ 209,309,737

Debt Limitation:	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension
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
Total Debt Limitation	<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>
Indebtedness:					
Outstanding Debt: ^{1, 2}					
Bonds Payable ³	\$ 82,407,500	\$ 36,123,000	\$ 62,158,922	\$ 2,390,000	\$ -
Bonds – This Issue.....	11,446,698	303,302	200,000	-	-
Notes – This Issue.....	8,200,000	9,800,000	-	-	-
Authorized But Unissued.....	39,095,961	21,193,198	63,575,000 ⁶	-	-
Total Indebtedness ⁴	141,150,159	67,419,500	125,933,922	2,390,000	-
Less School Construction Grants ⁵	-	-	-	-	-
Total Net Indebtedness For Debt Limitation Calculation	<u>\$ 141,150,159</u>	<u>\$ 67,419,500</u>	<u>\$ 125,933,922</u>	<u>\$ 2,390,000</u>	<u>\$ -</u>
DEBT LIMITATION IN EXCESS OF INDEBTEDNESS					
	<u>\$ 329,796,749</u>	<u>\$ 874,474,317</u>	<u>\$ 658,977,592</u>	<u>\$ 677,866,645</u>	<u>\$ 627,929,211</u>

¹ Water debt is excludable from the calculation of debt limitation as allowed by Connecticut General Statutes. Excluded from above is \$3,950,000 of outstanding water bonds, \$50,000 of water bonds of this issue and \$150,000 of authorized but unissued water debt.

² Sewer assessment debt is excludable from the calculation of debt limitation as allowed by Connecticut General Statutes. Excluded from above is \$2,643,000 of outstanding sewer assessment bonds.

³ Includes Clean Water Fund Permanent Loan Obligations.

⁴ Excludes \$7,286,814 in capital leases (including \$11.5 million in principal and interest payments for a Qualified Energy Conservation Bond lease) and a Loan Agreement for \$1,800,000 with the United States Department of Housing and Urban Development, as of June 30, 2020.

⁵ See "School Projects" herein.

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

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

**Debt Authorized but Unissued
As of July 16, 2020
(Pro Forma)**

Project	Authorized	Debt Previously Issued	Grants (actual and estimated) ⁴	Notes Due: 7/16/20	This Issue:		City Paydowns	Debt Authorized but Unissued ³			
					Dated: 7/16/20 Due: 7/15/21	The Bonds		General Purpose	Schools	Sewers	Water
Gen. Public Imp. 15-16	3,000,000	2,800,000	-	-	-	-	-	200,000	-	-	-
Gen. Public Imp. 16-17	3,000,000	2,250,000	-	-	-	250,000	-	500,000	-	-	-
Gen. Public Imp. 17-18	3,000,000	800,000	-	1,000,000	-	1,000,000	-	1,200,000	-	-	-
Gen. Public Imp. 18-19	3,000,000	1,971,415	-	750,000	-	1,028,585	-	-	-	-	-
Gen. Public Imp. 19-20	3,000,000	-	-	2,500,000	50,000	2,500,000	-	450,000	-	-	-
Gen. Public Imp. 20-21	3,000,000	-	-	-	1,000,000	-	-	2,000,000	-	-	-
SNAPP2020	38,700,000	-	-	-	5,000,000	-	-	33,700,000	-	-	-
Open Space	16,000,000	15,214,141	-	50,000	-	1,945,698	35,859	(1,195,698)	-	-	-
Danbury Road Bond 2020	20,000,000	15,485,926	-	2,350,000	2,150,000	2,350,000	-	14,074	-	-	-
2016 Vision Public Improvements	10,000,000	6,025,000	-	1,000,000	-	1,700,000	-	2,275,000	-	-	-
Vision 2020 Bond-Public Improvements	2,425,000	1,800,000	-	-	-	672,415	-	(47,415)	-	-	-
DHS 2020	53,500,000	16,750,000	33,316,506	3,300,000	3,300,000	-	-	-	133,494	6	-
Open Space - Danbury High School	2,900,000	1,280,000	-	300,000	-	303,302	21,000	-	1,295,698	-	-
SNAPP2020	23,300,000	-	-	-	5,000,000	-	-	-	18,300,000	-	-
Vision 2020 Bond-Schools	44,000,000	19,000,000	21,985,994	1,500,000	1,500,000	-	50,000	-	1,464,006	5	-
2016 Sewer (WWTP Upgrade)	10,000,000	10,000,000	-	-	-	-	-	-	-	-	-
Waste Water Treatment Plant Upgrade	102,600,000	40,000,000	-	-	-	-	-	-	-	62,600,000	-
Vision 2020 Sewer upgrade	7,975,000	6,800,000	-	200,000	-	200,000	-	-	-	975,000	-
Vision 2020 Water System	550,000	350,000	-	50,000	-	50,000	-	-	-	-	150,000
Grand Total	\$ 349,950,000	\$ 140,526,482	\$ 55,302,500	\$ 13,000,000	\$ 18,000,000	\$ 12,000,000	\$ 106,859	\$ 39,095,961	\$ 21,193,198	\$ 63,575,000	\$ 150,000

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

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

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

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

⁵ The City expects to receive approximately \$22 million in State of Connecticut School Building Grants for this project. This number represents the amount authorized but unissued, net of grants received to date.

⁶ The City expects to receive approximately \$33.3 million in State of Connecticut School Building Grants for this project. This number represents the amount authorized but unissued, net of grants received to date.

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

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

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Net Long-Term Debt ¹	Ratio of Net Long-Term Debt to Assessed Value (%)	Ratio of Net Long-Term Debt to Estimated Full Value (%)	Population ²	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt per Capita to Per Capita Income ³
2019	\$ 7,733,743,428	\$ 11,048,204,897	\$ 137,392,833	1.78%	1.24%	84,479	\$ 1,626	4.71%
2018	7,130,248,614	10,186,069,449	133,509,677	1.87%	1.31%	84,479	1,580	4.58%
2017	7,027,911,015	10,039,872,879	131,335,878	1.87%	1.31%	84,479	1,555	4.50%
2016	6,947,001,073	9,924,287,247	131,366,254	1.89%	1.32%	84,479	1,555	4.51%
2015	6,887,609,487	9,839,442,124	124,087,349	1.80%	1.26%	84,479	1,469	4.26%

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

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

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

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

Fiscal Year Ended 6/30	Principal	Interest	Total	Total General Fund Expenditures	Ratio of General Fund Debt Service To Total General Fund Expenditures %
2020	\$ 11,998,998	\$ 5,076,554	\$ 17,075,552	\$ 261,500,000	6.53%
2019	11,542,844	5,354,056	16,896,900	270,545,430	6.25%
2018	11,625,876	5,008,319	16,634,195	296,411,188	5.61%
2017	10,880,376	4,877,819	15,758,195	272,732,380	5.78%
2016	10,400,095	5,288,527	15,688,622	276,051,234	5.68%
2015	9,529,250	4,974,937	14,504,187	251,641,312	5.76%
2014	11,506,110	5,595,000	17,101,110	250,613,705	6.82%
2013	10,937,570	6,004,475	16,942,045	248,119,894	6.83%
2012	10,181,600	5,610,243	15,791,843	242,822,322	6.50%
2011	8,413,350	5,011,121	13,424,471	216,313,085	6.21%

Source: City of Danbury Audit Reports 2011-2019.

2020 provided by Finance Director (estimated).

**Six Year Capital Improvement Program
Fiscal Year 2021 through Fiscal Year 2026**

Proposed Projects	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	Total
Airport	\$ 241,000	\$ 74,000	\$ 4,575,901	\$ -	\$ 560,000	\$ 7,883,800	\$ 13,334,701
Ambulance	-	300,000	265,000	180,000	185,000	280,000	1,210,000
Animal Control.....	-	15,000	-	-	-	-	15,000
Civil Preparation.....	225,000	-	-	-	-	-	225,000
Construction Services.....	820,000	775,000	525,000	430,000	-	-	2,550,000
Corporation Counsel.....	60,000	-	-	-	-	-	60,000
Danbury Museum & Historicæ	40,000	-	-	-	-	-	40,000
Engineering	15,475,000	7,660,000	7,125,000	8,250,000	6,140,000	6,690,000	51,340,000
Equipment Maintenance	-	100,000	150,000	170,000	100,000	250,000	770,000
Finance	-	-	-	-	-	-	-
Fire	1,500,749	1,670,967	405,000	1,600,000	200,000	920,000	6,296,716
Forestry.....	50,000	405,000	441,000	75,000	75,000	75,000	1,121,000
Health & Human Svc	-	-	-	-	-	-	-
Highway	2,900,000	6,110,000	5,450,000	6,162,000	6,682,000	1,441,000	28,745,000
Information Technology.....	1,192,835	1,108,200	858,285	408,200	198,200	140,456	3,906,176
Office of Proj. Excellence....	-	-	-	-	-	-	-
Park Maintenance.....	-	711,000	711,000	650,000	655,000	370,000	3,097,000
Planning.....	150,000	500,000	-	-	-	-	650,000
Police.....	586,750	350,000	25,000	25,000	25,000	25,000	1,036,750
Public Buildings	710,000	2,805,000	3,674,000	442,170	1,935,000	-	9,566,170
Public Buildings (BOE)	1,599,391	3,301,622	2,955,073	16,294,349	23,362,535	23,589,510	71,102,480
Recreation	-	-	90,000	-	-	-	90,000
Solid Waste/Recycle	85,000	100,000	150,000	-	-	-	335,000
Richter Park	-	-	-	-	-	-	-
Tarrywile Park	80,000	190,000	450,000	310,000	50,000	260,000	1,340,000
Sewer	100,000	3,180,350	7,406,300	8,103,450	6,085,950	5,538,200	30,414,250
Water	430,000	18,993,600	11,769,400	9,000,050	5,702,950	2,179,000	48,075,000
SNAPP 2020 Bond Projects..	62,000,000	-	-	-	-	-	62,000,000
Total	\$ 88,245,725	\$ 48,349,739	\$ 47,025,959	\$ 52,100,219	\$ 51,956,635	\$ 49,641,966	\$ 337,320,243

Proposed Funding	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	Total
User Charges ¹	\$ 425,025	\$ 17,881,993	\$ 15,349,643	\$ 13,457,628	\$ 9,325,823	\$ 6,373,945	\$ 62,814,055
Pay As You Go.....	5,465,000	5,815,000	6,165,000	6,500,000	6,500,000	6,500,000	36,945,000
Notes/Bonds /Leases	71,031,109	9,758,767	7,840,262	10,431,062	11,574,838	8,204,075	118,840,113
St./Fed. Grants/Other	11,324,591	14,893,979	17,671,054	21,711,529	24,555,975	28,563,946	118,721,075
Total	\$ 88,245,725	\$ 48,349,739	\$ 47,025,959	\$ 52,100,219	\$ 51,956,635	\$ 49,641,966	\$ 337,320,243

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

Source: CIP Approved by Planning Commission.

VI. Financial Information

Fiscal Year

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

Basis of Accounting

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

Budget Procedure*

The City uses the following budgetary sequence and time schedule:

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

Investment Policy

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

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

The Connecticut General Statutes, Section 7-400 and 7-402 govern eligible investments for Connecticut municipalities. Please refer to the Notes to the Financial Statements, Note 4 regarding the City's cash and cash equivalent investments at June 30, 2019.

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

Audit

The City, pursuant to the provisions of Chapter 111 of the Connecticut General Statutes (Sec. 7-391 through 397) is required to undergo an annual audit by an independent public accountant. The auditor, appointed by the City Council is required to conduct the audit under the standards adopted by the Secretary of the Office of Policy and Management by regulation and approved by the Auditor of Public Accounts. For the fiscal year ended June 30, 2019, the financial statements of the City were audited by RSM US LLP.

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

** The City's Fiscal Year 2020-21 budget has been adopted pursuant to the procedures set forth in Executive Order 71.*

Liability Insurance

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Coverage has not been materially reduced, nor have settled claims exceeded commercial coverage in any of the last three years. The City self-insures up to certain levels of risk based on an evaluation of the City's financial capability to assume risk and prevailing market conditions for commercial insurance. The City is completely self-insured for all heart/hypertension liability. The City is self-insured for the first \$500,000 per claim and maintains an aggregate stop loss on these worker's compensation claims of \$4 million. For medical insurance, the City and Board of Education ("BOE") have worked together to switch from being fully insured to self-insured as of July 1, 2013. The City and BOE remain self-insured for dental and prescription programs.

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

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

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

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

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

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

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

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

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

Pension Plans

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

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

Departments. City and employee contributions are made pursuant to City Charter and Union contracts. Administrative fees are paid through the plans. The City's pension plans do not, however, issue stand-alone financial reports.

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

As of its July 1, 2017 valuation, the City reduced the interest rate assumption from 7.25% to 7.125% for all plans. The collective funding for all pension plans is 77.2% based upon each plan's most recent valuation of July 1, 2018. The individual funding status as of most recent valuations are as follows:

	General Employees	Pre - 1967 Police	Pre - 1967 Fire	Post - 1967 Police
Total Pension Liability	\$ 154,483,797	\$ 4,927,230	\$ 5,207,217	\$ 54,536,758
Plan Fiduciary Net Position	111,214,821	1,371,591	1,824,046	39,306,028
Total Net Pension Liability	<u>\$ 43,268,976</u>	<u>\$ 3,555,639</u>	<u>\$ 3,383,171</u>	<u>\$ 15,230,730</u>
Plan Fiduciary Net Position as a % of the Total Pension Liability	71.99%	27.84%	35.03%	72.07%

	Post - 1967 Fire	Post - 1983 Police	Post - 2011 Fire
Total Pension Liability	\$ 99,323,536	\$ 65,099,809	\$ 839,045
Plan Fiduciary Net Position	76,455,580	43,407,926	775,200
Total Net Pension Liability	<u>\$ 22,867,956</u>	<u>\$ 21,691,883</u>	<u>\$ 63,845</u>
Plan Fiduciary Net Position as a % of the Total Pension Liability	76.98%	66.68%	92.39%

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

The following presents the net pension liability of the City's plans, calculated using the discount rate of 7.25% as well as what the City's pension plan net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25% or 1- percentage-point higher 8.25%) than the current rate:

	1% Decrease 6.125%	Current Discount Rate 7.125%	1% Increase 8.125%
General Employees	\$ 61,161,416	\$ 43,268,976	\$ 28,153,627
Pre-1967 Police	2,771,050	3,555,639	3,357,973
Pre- 1967 Fire	3,681,915	3,383,171	3,115,106
Post-1967 Police	20,260,388	15,230,730	10,938,589
Post-1967 Fire	35,136,327	22,867,956	12,700,529
Post -1983 Police	31,079,979	21,691,883	14,033,410
Post-2011 Fire	258,739	63,845	(89,314)

Schedule of Employer Contributions

General Employees

	2020 ¹	2019	2018	2017	2016
Actuarially Determined Contribution.....	\$ 4,814,000	\$ 4,788,000	\$ 4,787,000	\$ 4,709,000	\$ 3,846,000
Contributions in Relation to the Actuarially Determined Contribution.....	4,814,000	4,788,000	4,787,000	4,709,000	3,846,000
Contribution Deficiency (Excess).....	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of ADC.....	100.00%	100.00%	100.00%	100.00%	100.00%
Covered Payroll.....	\$ 24,804,505	\$ 25,474,227	\$ 26,008,073	\$ 26,357,000	\$ 25,589,651
Contributions as a Percentage of Covered Payroll.....	19.41%	18.80%	18.41%	17.87%	15.03%

¹ Budgeted amounts.

Pre-1967 Police

	2020 ¹	2019	2018	2017	2016
Actuarially Determined Contribution.....	\$ 760,000	\$ 760,000	\$ 721,000	\$ 721,000	\$ 655,000
Contributions in Relation to the Actuarially Determined Contribution.....	760,000	753,000	721,000	721,000	655,000
Contribution Deficiency (Excess).....	\$ -	\$ 7,000	\$ -	\$ -	\$ -
Contributions as a Percentage of ADC.....	100.00%	99.08%	100.00%	100.00%	100.00%
Covered Payroll.....	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered Payroll.....	N/A	N/A	N/A	N/A	N/A

¹ Budgeted amounts.

Pre-1967 Fire

	2020 ¹	2019	2018	2017	2016
Actuarially Determined Contribution.....	\$ 563,000	\$ 563,000	\$ 481,000	\$ 468,000	\$ 415,000
Contributions in Relation to the Actuarially Determined Contribution.....	563,000	510,000	481,000	468,000	415,000
Contribution Deficiency (Excess).....	\$ -	\$ 53,000	\$ -	\$ -	\$ -
Contributions as a Percentage of ADC.....	100.00%	90.59%	100.00%	100.00%	100.00%
Covered Payroll.....	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered Payroll.....	N/A	N/A	N/A	N/A	N/A

¹ Budgeted amounts.

Post-1967 Police

	2020 ¹	2019	2018	2017	2016
Actuarially Determined Contribution.....	\$ 1,208,000	\$ 1,205,000	\$ 965,000	\$ 843,000	\$ 1,152,000
Contributions in Relation to the Actuarially Determined Contribution.....	1,208,000	1,090,000	965,000	843,000	1,152,000
Contribution Deficiency (Excess).....	\$ -	\$ 115,000	\$ -	\$ -	\$ -
Contributions as a Percentage of ADC.....	100.00%	90.46%	100.00%	100.00%	100.00%
Covered Payroll.....	\$ 379,251	\$ 389,680	\$ 735,257	\$ 715,579	\$ 1,172,000
Contributions as a Percentage of Covered Payroll.....	318.52%	279.72%	131.25%	117.81%	98.29%

¹ Budgeted amounts.

Post-1967 Fire

	2020 ¹	2019	2018	2017	2016
Actuarially Determined Contribution.....	\$ 2,658,000	\$ 2,628,000	\$ 2,598,000	\$ 2,531,000	\$ 2,493,000
Contributions in Relation to the Actuarially Determined Contribution.....	2,658,000	2,778,268	2,670,000	2,531,172	3,327,082
Contribution Deficiency (Excess).....	\$ -	\$ (150,268)	\$ (72,000)	\$ (172)	\$ (834,082)
Contributions as a Percentage of ADC.....	100.00%	105.72%	102.77%	100.01%	133.46%
Covered Payroll.....	\$ 7,284,735	\$ 7,485,065	\$ 8,229,441	\$ 8,067,582	\$ 8,715,000
Contributions as a Percentage of Covered Payroll.....	36.49%	37.12%	32.44%	31.37%	38.18%

¹ Budgeted amounts.

**Schedule of Employer Contributions
(continued)**

Post -1983 Police

	<u>2020¹</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially Determined Contribution.....	\$ 3,143,000	\$ 3,106,000	\$ 2,998,000	\$ 2,455,000	\$ 2,417,000
Contributions in Relation to the Actuarially Determined Contribution.....	3,143,000	3,143,018	2,999,782	2,457,933	2,385,261
Contribution Deficiency (Excess).....	\$ -	\$ (37,018)	\$ (1,782)	\$ (2,933)	\$ 31,739
Contributions as a Percentage of ADC.....	100.00%	101.19%	100.06%	100.12%	98.69%
Covered Payroll.....	\$ 10,887,281	\$ 11,186,681	\$ 10,841,838	\$ 10,551,667	\$ 10,554,000
Contributions as a Percentage of Covered Payroll.....	28.87%	28.10%	27.67%	23.29%	22.60%

¹ Budgeted amounts.

Post-2011 Fire

	<u>2020¹</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially Determined Contribution.....	\$ 74,000	\$ 76,000	\$ 64,000	\$ 43,000	\$ 42,000
Contributions in Relation to the Actuarially Determined Contribution.....	74,000	68,959	80,568	45,539	64,490
Contribution Deficiency (Excess).....	\$ -	\$ 7,041	\$ (16,568)	\$ (2,539)	\$ (22,490)
Contributions as a Percentage of ADC.....	100.00%	90.74%	125.89%	105.90%	153.55%
Covered Payroll.....	\$ 1,369,457	\$ 1,407,117	\$ 902,638	\$ 878,480	\$ 771,941
Contributions as a Percentage of Covered Payroll.....	5.40%	4.90%	8.93%	5.18%	8.35%

¹ Budgeted amounts.

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

Other Post-Employment Benefits (OPEB)

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

The implementation schedule required the City to implement the provisions of this GASB Statement and recognize the liability on its financial statements in the fiscal year ending 2010. In the fiscal year ending June 30, 2008, the City adopted an ordinance for the establishment of an Other Post-employment Benefit (OPEB) Trust and appointed members to the Board. The City set up a \$1.2 million fund balance reserve for fiscal year ending 2011, made additional contributions of \$7.3 million through fiscal year ending 2019 and budgeted \$3.0 million for fiscal year ending 2020. An OPEB funding policy was approved in May 2014 to gradually reduce the funding gap each year until the ARC is fully funded. The goal is to fund the liability by at least 50% within 30 years which should include increases of 5% over the annual pay-as-you-go funding levels. The most recent valuation of July 1, 2018 estimates the City's total (BOE and City) Unfunded Accrued Liability (UAL) to be approximately \$170.1 million with a fiscal year 2020 ADEC of \$16.4 million. The net budget impact of the ADEC is \$10.0 million, since the City is already contributing towards retiree health benefits.

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

	General Government Employees	Board of Education Employees
Total OPEB Liability		
Service Cost.....	\$ 4,853,190	\$ 989,684
Changes in Assumptions.....	(2,100,711)	(3,626,426)
Differences Between Expected and Actual and Actual Experience.....	(34,769,087)	9,275,183
Interest.....	13,140,437	616,172
Contributions - Employer.....	(9,119,163)	(804,217)
Contributions - TRB Subsidy.....	-	(130,076)
Net Investment Income.....	(162,509)	(2,870)
Benefit Payments, Including Refunds of Member Contributions.....	-	-
Net Change in Total OPEB Liability.....	(28,157,843)	6,317,450
Total OPEB Liability - Beginning.....	214,484,506	15,246,604
Total OPEB Liability - Ending.....	<u>\$ 186,326,663</u>	<u>\$ 21,564,054</u>

City Plan

	2020¹	2019	2018	2017
Actuarially Determined Contribution.....	\$ 14,966,000	\$ 17,669,000	\$ 17,518,000	\$ 21,915,000
Contributions in Relation to the Actuarially Determined Contribution.....	11,843,000	9,119,163	10,558,546	8,537,932
Contribution Deficiency (Excess).....	\$ 3,123,000	\$ 8,549,837	\$ 6,959,454	\$ 13,377,068
Contributions as a Percentage of ADC.....	79.13%	51.61%	60.27%	38.96%
Covered Payroll.....	\$ 38,509,815	\$ 37,533,933	\$ 65,657,660	\$ 63,993,821
Contributions as a Percentage of Covered Payroll.....	30.75%	24.30%	16.08%	13.34%

¹ Budgeted amounts.

Board of Education Plan

	2020¹	2019	2018	2017
Actuarially Determined Contribution.....	\$ 1,434,000	\$ 1,219,000	\$ 1,197,000	\$ 2,670,000
Contributions in Relation to the Actuarially Determined Contribution.....	1,199,000	804,217	909,734	1,006,040
Contribution Deficiency (Excess).....	\$ 235,000	\$ 414,783	\$ 287,266	\$ 1,663,960
Contributions as a Percentage of ADC.....	83.61%	65.97%	76.00%	37.68%
Covered Payroll.....	\$ 89,656,282	\$ 87,384,240	\$ 87,280,878	\$ 85,069,082
Contributions as a Percentage of Covered Payroll.....	1.34%	0.92%	1.04%	1.18%

¹ Budgeted amounts.

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% Decrease (4.73%)	Current Discount Rate (5.73%)	1% Increase (6.73%)
Town Plan Net OPEB Liability.....	\$ 214,891,907	\$ 186,326,663	\$ 163,191,237

	1% Decrease (2.51%)	Current Discount Rate (3.51%)	1% Increase (4.51%)
BOE Net OPEB Liability.....	\$ 23,962,782	\$ 21,564,054	\$ 19,507,196

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 (6.0% decreasing to 3.6%)	Healthcare Cost Trend Rates (7.0% decreasing to 4.6%)	1% Increase (8.0% decreasing to 5.6%)
General Gov. Plan Net OPEB Liability.....	\$ 160,296,557	\$ 186,326,663	\$ 219,083,011
BOE Net OPEB Liability.....	\$ 19,134,072	\$ 21,564,054	\$ 24,450,506

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

	Budget ¹	Projected ¹	Actual	Actual	Actual	Actual
	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016
Revenues						
Property taxes.....	\$ 217,930,000	\$ 217,208,442	\$ 215,093,015	\$ 209,305,618	\$ 203,508,587	\$ 196,683,257
State and federal governments.....	30,311,390	30,312,705	41,471,339	62,381,831	59,633,635	47,213,313
Licenses and permits.....	4,140,795	3,818,000	4,163,255	3,494,955	3,728,908	3,775,368
Charges for services.....	1,542,402	1,495,000	6,857,355	5,670,919	6,177,499	8,796,204
Fines and penalties.....	1,529,900	1,102,580	377,021	296,040	203,799	1,568,929
Investment income.....	1,440,173	1,187,310	1,782,051	1,195,134	597,792	230,372
Other.....	-	-	-	-	-	-
Contributions.....	-	-	-	-	-	-
Total Revenues.....	\$ 256,894,660	\$ 255,124,037	\$ 269,744,036	\$ 282,344,497	\$ 273,850,220	\$ 258,267,443
Other Financing Sources						
Refunding Bond Proceeds.....	\$ -	\$ -	\$ -	\$ 14,903,000	\$ -	\$ 14,334,000
Premium on Bonds.....	-	904,505	906,866	3,690,356	1,977,328	2,983,165
Proceeds from Sale of Assets.....	-	-	-	-	-	-
Issuance of Capital Leases.....	-	-	860,000	91,584	-	2,010,198
Operating Transfers In.....	505,340	3,429,180	-	-	-	6,167
Total Revenues and Other Financing Sources.....	\$ 257,400,000	\$ 259,457,722	\$ 271,510,902	\$ 301,029,437	\$ 275,827,548	\$ 277,600,973
Expenditures						
General Government.....	\$ 10,838,411	\$ 10,215,000	\$ 12,016,917	\$ 11,205,788	\$ 10,049,384	\$ 9,532,956
Public Safety.....	38,456,594	36,950,000	35,984,837	34,532,494	35,214,368	34,844,916
Public Works.....	10,734,503	10,175,000	9,847,081	9,756,591	9,951,731	9,581,993
Health and Welfare.....	2,432,095	2,200,000	1,940,901	2,055,065	2,050,300	2,048,343
Culture and Recreation.....	2,938,019	2,430,000	2,417,160	2,276,744	2,775,925	2,782,720
Education.....	136,108,575	136,108,575	145,504,881	160,710,267	156,759,419	144,825,555
Pension and Other Employee Benefits.....	39,105,548	39,964,324	38,913,258	36,431,949	35,377,176	32,684,190
Other.....	333,000	-	-	-	-	-
Debt Service.....	17,184,333	17,075,552	16,970,341	16,634,195	15,758,195	15,688,622
Capital Outlay.....	-	-	860,000	91,584	-	2,127,004
Total Expenditures.....	\$ 258,131,078	\$ 255,118,451	\$ 264,455,376	\$ 273,694,677	\$ 267,936,498	\$ 254,116,299
Other Financing Uses						
Payment to Refunding Agent.....	\$ -	\$ -	\$ -	\$ 17,140,101	\$ -	\$ 15,862,071
Operating Transfers Out.....	3,868,922	4,969,271	6,090,054	5,576,410	4,795,882	6,072,864
Total Expenditures and Other Financing Uses.....	\$ 262,000,000	\$ 260,087,722	\$ 270,545,430	\$ 296,411,188	\$ 272,732,380	\$ 276,051,234
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources.....						
	(4,600,000)	(630,000)	965,472	4,618,249	3,095,168	1,549,739
Beginning Fund Balance.....	41,038,118	41,668,118	40,702,646	36,084,397	32,989,229	31,439,490
Ending Fund Balance.....	N/A	\$ 41,038,118	\$ 41,668,118	\$ 40,702,646	\$ 36,084,397	\$ 32,989,229

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

Analysis of General Fund Equity

	Budget	Projected	Actual	Actual	Actual	Actual
	6/30/2021 ¹	6/30/2020 ¹	6/30/2019	6/30/2018	6/30/2017	6/30/2016
Nonspendable.....	N/A	\$ 1,823,365	\$ 1,938,365	\$ 1,360,911	\$ 1,412,874	\$ 52,415
Restricted.....	N/A	-	-	-	-	-
Committed.....	N/A	-	-	-	-	-
Assigned.....	N/A	16,675,831	14,675,831	15,058,012	10,245,139	4,290,436
Unassigned.....	N/A	22,538,922	25,053,922	24,283,723	24,426,384	28,646,378
Total Fund Balance.....	N/A	\$ 41,038,118	\$ 41,668,118	\$ 40,702,646	\$ 36,084,397	\$ 32,989,229

¹ Subject to audit.

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

Connecticut General Statutes Section 4-66l, as amended (“Section 4-66l”), creates certain disincentives on increasing adopted budget expenditures for municipalities in Connecticut. Beginning in fiscal year 2018, the Office of Policy and Management (“OPM”) must reduce the amount of the municipal revenue sharing grant for those municipalities whose increase in its adopted budget expenditures, with certain exceptions, exceeds the previous fiscal year by 2.5% or more or the rate of inflation, whichever is greater (the “expenditure cap”). The reduction to the municipal revenue sharing grant will generally equal 50 cents for every dollar by which the municipality’s adopted budget exceeds the expenditure cap. A municipality whose population increased from the previous fiscal year, as determined by OPM, may increase its adopted budget expenditures over the expenditure cap by an amount proportionate to its population growth. Section 4-66l requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the expenditure cap, and if so, the amount by which the expenditure cap was exceeded.

Under Section 4-66l, municipal spending does not include expenditures: (i) for debt service, special education, or costs to implement court orders or arbitration awards; (ii) associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; (iii) for any municipal revenue sharing grant the municipality disburses to a district; or (iv) budgeting for an audited deficit, non-recurring grants, capital expenditures or payments on unfunded pension liabilities.

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VII. Legal and Other Information

Litigation

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

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

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

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

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

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

The Grasso Companies, LLC v. City of Danbury and Alcaide Inc. This CT Superior Court case was filed in March 2020 and is a challenge to a road paving bid awarded to another firm. The suit claims discriminatory and improper award procedures and seeks injunctive relief against award of the projects. These types of challenges are difficult to win and based on the City's proper award procedures, we do not believe that the plaintiff would prevail. We also cannot quantify an amount of damages or loss except to say that the most likely remedy would be the court ordered re-award of the paving projects, leaving possible lost profits and related costs. In no event do we expect high or problematic costs or losses.

Tax Appeals. There had been a total of approximately 58 commercial property tax appeals that were brought against the City from the October 1, 2017 Grand List. About 20 of these have been withdrawn and another 26 have been resolved with minimal impact to the grand list. Several others have since also been withdrawn leaving only a handful. Only about 12 appeals have been filed with the Superior Court for the October 1, 2018 Grand List - with only approximately 8 remaining open. At this time, and as is customary, the City is processing, litigating, and/or negotiating these appeals and assessing their proposed impact. Until said review is complete, City officials cannot state, with certainty, whether there will be a material financial impact in the event the appellants are successful. The

City's recent history with tax appeals, however, suggest and lead it to expect or believe that many of these matters will either: settle, be tried successfully, and/or result in assessment adjustment(s). Therefore, at this time, City officials cannot quantify an impact.

Tax Matters

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

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

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

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

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

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

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

Original Issue Discount

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

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

Internal Revenue Service Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service is studying whether the stated interest portion of the payment at maturity on a short-term debt obligation (such as the Notes), that matures not more than one year from the date of issue, bears a stated fixed rate of interest and is described in section 103(a) of the Code, is (i) qualified stated interest that is excluded from the stated redemption price at maturity of the obligation (within the meaning of section 1273 of the Code) but is excluded from gross income pursuant to section 103(a) of the Code, or (ii) is not qualified stated interest and, therefore, is included by the taxpayer in the stated redemption price at maturity of the obligation, creating or increasing (as to that taxpayer) original issue discount on the obligation that is excluded from gross income pursuant to Section 103 of the Code. Notice 94-84 states that until the Internal Revenue Service provides further guidance with respect to tax-exempt short-term debt obligations, a taxpayer holding such obligations may treat the stated interest payable at maturity either as qualified stated interest or as included in the stated redemption price at maturity of the obligation. However, the taxpayer must treat the amounts to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Prospective purchasers of the Notes should consult their own tax advisors with respect to the federal, state and local income tax consequences of ownership of and of the election between the choices of treatment of the stated interest payable at maturity on the Notes.

Original Issue Premium

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

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

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Transcript and Documents Furnished at Delivery

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

1. Signature and No Litigation Certificates stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds and the Notes or the levy or collection of taxes to pay them.
2. Certificates on behalf of the City, signed by the Mayor, the Treasurer, and the Director of Finance which will be dated the date of delivery and attached to a signed copy of the Preliminary Official Statement, and which will certify, to the best of said officials' knowledge and belief, at the time bids were accepted on the Bonds and the Notes the description and statements in the Preliminary Official Statement relating to the City and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the City from that set forth in or contemplated by the Preliminary Official Statement.
3. Receipts for the purchase price of the Bonds and the Notes.
4. The approving opinions of Robinson & Cole LLP, Bond Counsel.
5. Executed continuing disclosure agreements for the Bonds and the Notes in substantially the forms attached hereto as Appendices D and E, respectively.

The City of Danbury has prepared an Official Statement for the Bonds and the Notes, which is dated July 1, 2020. The City deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(1), but it is subject to revision or amendment. The City will make available to the winning purchaser of the Bonds twenty five (25) copies of the Official Statement at the City's expense, and to each winning purchaser of the Notes ten (10) copies. The copies of the Official Statement will be made available to the winning purchasers within seven business days of the bid opening. If the City's Municipal Advisor, Phoenix Advisors, LLC, is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds and the Notes are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

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

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Concluding Statement

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

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

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

CITY OF DANBURY, CONNECTICUT

/s/ Mark D. Boughton

Mark D. Boughton, Mayor

/s/ Daniel P. Jowdy

Daniel P. Jowdy, Treasurer

/s/ David W. St. Hilaire

David W. St. Hilaire, Director of Finance

Dated as of July 1, 2020

Appendix A

2019 General Purpose Financial Statements (Excerpted from the City's Comprehensive Annual Financial Report)

The following includes the General Purpose Financial Statements of the City of Danbury, Connecticut for the fiscal year ended June 30, 2019. The supplemental data and letter of transmittal, which were a part of that report, have not been reproduced herein. A copy of the complete report is available upon request from Matthew Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, 53 River Street, Suite #1, Milford, Connecticut. Telephone (203) 878-4945.

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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
Total assets	494,169	197,654	691,823	498,690	194,785	693,475
Deferred outflows of resources	23,188	386	23,574	12,371	488	12,859
Total deferred outflows of resources	23,188	386	23,574	12,371	488	12,859
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
Total liabilities	540,716	27,465	568,181	574,680	29,823	604,503
Deferred Inflows of Resources	46,215	-	46,215	12,455	-	12,455
Total deferred inflows of resources	46,215	-	46,215	12,455	-	12,455
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)
Total net position (deficit)	\$ (69,574)	\$ 170,575	\$ 101,001	\$ (76,074)	\$ 165,450	\$ 89,376

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
Revenues						
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
Total revenues	319,468	27,684	347,152	332,415	27,449	359,864
Expenses						
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
Total expenses	312,968	22,559	335,527	321,346	23,181	344,527
Change in net position (deficit)	6,500	5,125	11,625	11,069	4,268	15,337
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
Total	\$ 373,407,767	\$ 150,313,979	\$ 523,721,746	\$ 374,613,685	\$ 151,425,421	\$ 526,039,106

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
Total	\$ 156,957,248	\$ 25,291,752	\$ 182,249,000	\$ 169,827,677	\$ 26,422,215	\$ 196,249,892

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
Assets			
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
Total assets	494,169,136	197,654,463	691,823,599
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
Total deferred outflows of resources	23,187,696	385,990	23,573,686
Liabilities			
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
Total liabilities	540,716,028	27,465,143	568,181,171
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
Total deferred inflows of resources	46,215,178	-	46,215,178
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)
Total net position (deficit)	\$ (69,574,374)	\$ 170,575,310	\$ 101,000,936

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
Primary government:				
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)	-	-	-
Total governmental activities	(312,968,250)	14,281,063	71,270,500	12,400,561
Business-type activities:				
Water	(8,954,540)	9,867,536	-	-
Sewer	(10,182,490)	13,653,839	-	-
Ambulance	(3,421,843)	3,538,530	-	-
Total business-type activities	(22,558,873)	27,059,905	-	-
Total primary government	(335,527,123)	41,340,968	71,270,500	12,400,561
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	-
Total component units	\$ (4,612,145)	\$ 3,547,642	\$ 472,928	\$ 184,841

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
Assets						
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
Total assets	\$ 57,357,417	\$ 11,661,923	\$ 3,565,588	\$ 13,843,559	\$ 24,242,205	\$ 110,670,692
Liabilities						
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
Total liabilities	8,652,762	9,834,263	4,083,651	10,609,495	9,120,941	42,301,112
Deferred inflows of resources:						
Unavailable revenues	7,036,537	42,582	3,246,383	7,000,000	319,012	17,644,514
Total deferred inflows of resources	7,036,537	42,582	3,246,383	7,000,000	319,012	17,644,514
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
Total fund balances (deficits)	41,668,118	1,785,078	(3,764,446)	(3,765,936)	14,802,252	50,725,066
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 57,357,417	\$ 11,661,923	\$ 3,565,588	\$ 13,843,559	\$ 24,242,205	

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
Revenues:						
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
Total revenues	269,744,036	2,407,647	451,351	4,495,192	37,611,476	314,709,702
Expenditures:						
Current:						
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
Debt service:						
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
Total expenditures	264,455,376	3,237,097	2,350,984	6,396,219	48,386,852	324,826,528
Excess (deficiency) of revenues over (under) expenditures	5,288,660	(829,450)	(1,899,633)	(1,901,027)	(10,775,376)	(10,116,826)
Other financing sources (uses):						
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
Total other financing sources (uses)	(4,323,188)	1,838,561	500,000	6,000,000	18,297,908	22,313,281
Net change in fund balances (deficits)	965,472	1,009,111	(1,399,633)	4,098,973	7,522,532	12,196,455
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**

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
Assets					
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	-
Total current assets	18,650,272	26,013,306	2,579,774	47,243,352	17,002,853
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	-
Total noncurrent assets	68,253,025	82,112,722	854,496	151,220,243	-
Total assets	86,903,297	108,126,028	3,434,270	198,463,595	17,002,853
Deferred outflows of resources:					
Deferred charges on refunding	167,303	218,687	-	385,990	-
Total deferred outflows of resources	167,303	218,687	-	385,990	-
Liabilities					
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	-
Total current liabilities	1,986,281	5,033,177	491,422	7,510,880	8,066,251
Noncurrent liabilities:					
Bonds and note payables (net of unamortized discount)	4,611,564	16,151,831	-	20,763,395	-
Total noncurrent liabilities	4,611,564	16,151,831	-	20,763,395	-
Total liabilities	6,597,845	21,185,008	491,422	28,274,275	8,066,251
				27,465,143	
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	-
Total net position	\$ 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 Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2019**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Ambulance	Totals	Internal Service Funds
Operating revenues:					
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	-
Total operating revenues	9,867,536	13,653,839	3,538,530	27,059,905	21,859,935
Operating expenses:					
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	-
Total operating expenses	8,769,332	9,941,634	3,421,843	22,132,809	21,087,179
Operating income	1,098,204	3,712,205	116,687	4,927,096	772,756
Nonoperating revenues (expenses):					
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)	-
Total nonoperating revenues (expenses)	39	195,835	1,776	197,650	-
Change in net position	1,098,248	3,908,040	118,463	5,124,746	772,756
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)	-
Net cash provided by operating activities	2,765,641	5,943,194	762,738	9,471,573	1,450,749
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)	-
Net cash used in capital and related financing activities	(1,741,050)	(4,371,910)	(3,409)	(6,116,369)	-
Cash flows from investing activities:					
Interest received on investments	179,192	436,691	1,776	617,659	-
Net cash provided by investing activities	179,192	436,691	1,776	617,659	-
Net increase in cash and cash equivalents	1,203,783	2,007,975	761,105	3,972,863	1,450,749
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
Net cash provided by operating activities	\$ 2,765,641	\$ 5,943,194	\$ 762,738	\$ 9,471,573	\$ 1,450,749
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
Assets			
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	-	-
Total investments	269,783,636	-	-
Accrued interest and dividends	232,846	-	-
Prepays	11,954	-	-
Total assets	283,265,212	1,287	3,584,574
Liabilities			
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	-
Total contributions	36,877,327	-
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	-
Net investment income	11,133,997	(97)
Deductions:		
Benefits	42,241,690	-
Change in net position	5,769,634	(97)
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

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

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

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

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

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

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

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

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>\$ (1,205,918)</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>\$ (705,151)</u>

City of Danbury, Connecticut

Notes to Financial Statements

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

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

(Increase) decrease of liability:	
Compensated absences	\$ (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

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

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

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
Governmental activities:					
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>
Business-type activities:					
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

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

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

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%	<u>1,453,585</u>
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.

City of Danbury, Connecticut

Notes to Financial Statements

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

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

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

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

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
Assets									
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
Total investments	109,331,437	1,284,578	1,734,733	38,538,320	75,277,565	42,857,867	759,136	-	269,783,636
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
Total assets	111,285,986	1,375,951	1,828,269	39,329,545	76,498,275	43,433,015	776,846	8,737,325	283,265,212
Liabilities									
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
Total liabilities	71,165	4,360	4,223	23,517	42,695	25,089	1,646	20,070	192,765
Net position- restricted for pension benefits and OPEB	\$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

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

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

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

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

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

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

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</u>	<u>1% Increase</u>
<u>Pre-1967 Police Pension Plan</u>	<u>6.125%</u>	<u>Discount Rate</u>	<u>7.125%</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

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

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

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:	Pre-1967 Fire Pension Plan
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

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
<hr/>	
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

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	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(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

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

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

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	\$ 99,323,536	\$ 76,455,580	\$ 22,867,956

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	\$ 2,049,071	\$ (1,581,608)

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

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

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

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

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

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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (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.

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

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

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

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.

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

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

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%)
General Government			
Net OPEB liability as of June 30, 2019	\$ 160,296,557	\$ 186,326,663	\$ 219,083,011
BOE			
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%
Net OPEB Liability - General Government			
OPEB Plan	\$ 214,891,907	\$ 186,326,663	\$ 163,191,237
Net OPEB Liability - BOE			
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.

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

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

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.

City of Danbury, Connecticut

Notes to Financial Statements

Note 13. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Coverage has not been materially reduced, nor have settled claims exceeded commercial coverage in any of the last three years. The City self-insures up to certain levels of risk based on an evaluation of the City's financial capability to assume risk and prevailing market conditions for commercial insurance. 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	-	-	-	-
Total nonspendable	1,938,365	-	-	-	1,580,255
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
Total restricted	-	-	-	-	13,215,320
Committed:					
Public works	-	-	48,057	-	-
Education	-	-	-	142,371	257,608
Total committed	-	-	48,057	142,371	257,608
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	-	-	-	-
Total assigned	14,675,831	1,785,078	-	-	-
Unassigned (deficit)	25,053,922	-	(3,812,503)	(3,908,307)	(250,931)
Total fund balance (deficit)	\$ 41,668,118	\$ 1,785,078	\$ (3,764,446)	\$ (3,765,936)	\$ 14,802,252

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

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

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
Changes in Net Pension Liability						
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)
Net change in total pension liability	4,980,607	(1,794,178)	3,503,398	8,367,288	3,671,984	806,179
Total pension liability, beginning	149,503,190	151,297,368	147,793,970	139,426,682	135,754,698	134,948,519
Total pension liability, ending (a)	154,483,797	149,503,190	151,297,368	147,793,970	139,426,682	135,754,698
Fiduciary net position:						
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)	-
Net change in plan fiduciary net position	1,193,445	6,017,946	5,226,842	(7,796,556)	(326,975)	7,295,000
Fiduciary net position, beginning	110,021,376	104,003,430	98,776,588	106,573,144	106,900,119	99,605,119
Fiduciary net position, ending (b)	111,214,821	110,021,376	104,003,430	98,776,588	106,573,144	106,900,119
Net pension liability, ending = (a) - (b)	\$ 43,268,976	\$ 39,481,814	\$ 47,293,938	\$ 49,017,382	\$ 32,853,538	\$ 28,854,579
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%
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					
Changes in Net Pension Liability						
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)
Net change in total pension liability	(379,276)	(635,031)	(1,247,928)	(364,296)	(684,772)	(733,604)
Total pension liability, beginning	5,306,506	5,941,537	7,189,465	7,553,761	8,238,533	8,972,137
Total pension liability, ending (a)	4,927,230	5,306,506	5,941,537	7,189,465	7,553,761	8,238,533
Fiduciary net position:						
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)	-
Net change in plan fiduciary net position	(244,240)	(165,584)	(219,860)	(634,000)	(500,007)	(148,091)
Fiduciary net position, beginning	1,615,831	1,781,415	2,001,275	2,635,275	3,135,282	3,283,373
Fiduciary net position, ending (b)	1,371,591	1,615,831	1,781,415	2,001,275	2,635,275	3,135,282
Net pension liability, ending = (a) - (b)	\$ 3,555,639	\$ 3,690,675	\$ 4,160,122	\$ 5,188,190	\$ 4,918,486	\$ 5,103,251
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%
Annual money-weighted rate of return, net of investment expense						
	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					
Changes in Net Pension Liability						
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)
Net change in total pension liability	282,468	(466,559)	(729,948)	(19,594)	(431,131)	(425,142)
Total pension liability, beginning	4,924,749	5,391,308	6,121,256	6,140,850	6,571,981	6,997,123
Total pension liability, ending (a)	5,207,217	4,924,749	5,391,308	6,121,256	6,140,850	6,571,981
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)	-
Net change in plan fiduciary net position	(221,250)	(169,668)	(156,493)	(511,196)	(363,987)	17,618
Fiduciary net position, beginning	2,045,296	2,214,964	2,371,457	2,882,653	3,246,640	3,229,022
Fiduciary net position, ending (b)	1,824,046	2,045,296	2,214,964	2,371,457	2,882,653	3,246,640
Net pension liability, ending = (a) - (b)	\$ 3,383,171	\$ 2,879,453	\$ 3,176,344	\$ 3,749,799	\$ 3,258,197	\$ 3,325,341
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%

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
	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)
Net change in total pension liability	(919,602)	(548,822)	(1,662,159)	(253,425)	(1,044,321)	247,741
Total pension liability, beginning	55,456,360	56,005,182	57,667,341	57,920,766	58,965,087	58,717,346
Total pension liability, ending (a)	54,536,758	55,456,360	56,005,182	57,667,341	57,920,766	58,965,087
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)	-
Net change in plan fiduciary net position	(2,306,425)	230,218	274,057	(4,556,211)	(1,603,465)	3,198,876
Fiduciary net position, beginning	41,612,453	41,382,235	41,108,178	45,664,389	47,267,854	44,068,978
Fiduciary net position, ending (b)	39,306,028	41,612,453	41,382,235	41,108,178	45,664,389	47,267,854
Net pension liability, ending = (a) - (b)	\$ 15,230,730	\$ 13,843,907	\$ 14,622,947	\$ 16,559,163	\$ 12,256,377	\$ 11,697,233
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%

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

City of Danbury, Connecticut

**Required Supplementary Information - Unaudited
Schedule of Changes in the City's Net Pension Liability and
Related Ratios and Schedule of Investment Returns - 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)
Net change in total pension liability	2,068,325	3,133,187	2,036,505	3,453,504	4,559,216	3,410,999
Total pension liability, beginning	97,255,211	94,122,024	92,085,519	88,632,015	84,072,799	80,661,800
Total pension liability, ending (a)	99,323,536	97,255,211	94,122,024	92,085,519	88,632,015	84,072,799
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)	-
Net change in plan fiduciary net position	659,774	4,652,703	4,755,964	(2,887,145)	690,560	7,412,740
Fiduciary net position, beginning	75,795,806	71,143,103	66,387,139	69,274,284	68,583,724	61,170,984
Fiduciary net position, ending (b)	76,455,580	75,795,806	71,143,103	66,387,139	69,274,284	68,583,724
Net pension liability, ending = (a) - (b)	\$ 22,867,956	\$ 21,459,405	\$ 22,978,921	\$ 25,698,380	\$ 19,357,731	\$ 15,489,075
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%
	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	4.10%	9.53%	9.84%	-2.94%	3.84%	14.78%

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

City of Danbury, Connecticut

**Required Supplementary Information - Unaudited
Schedule of Changes in the City's Net Pension Liability and
Related Ratios and Schedule of Investment Returns - 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					
Changes in Net Pension Liability						
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)
Net change in total pension liability	4,200,833	4,121,858	6,640,352	3,644,668	4,100,401	3,523,347
Total pension liability, beginning	60,898,976	56,777,118	50,136,766	46,492,098	42,391,697	38,868,350
Total pension liability, ending (a)	65,099,809	60,898,976	56,777,118	50,136,766	46,492,098	42,391,697
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)	-
Net change in plan fiduciary net position	3,795,435	5,189,662	4,514,399	804,035	2,523,842	4,868,143
Fiduciary net position, beginning	39,612,491	34,422,829	29,908,430	29,104,395	26,580,553	21,712,410
Fiduciary net position, ending (b)	43,407,926	39,612,491	34,422,829	29,908,430	29,104,395	26,580,553
Net pension liability, ending = (a) - (b)	\$ 21,691,883	\$ 21,286,485	\$ 22,354,289	\$ 20,228,336	\$ 17,387,703	\$ 15,811,144
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%

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
	Post-2011	Post-2011	Post-2011	Post-2011	Post-2011	Post-2011
	Fire	Fire	Fire	Fire	Fire	Fire
Changes in Net Pension Liability	Pension Plan	Pension Plan	Pension Plan	Pension Plan	Pension Plan	Pension Plan
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)	-	-
Net change in total pension liability	277,599	162,389	140,425	86,659	89,409	82,564
Total pension liability, beginning	561,446	399,057	258,632	171,973	82,564	-
Total pension liability, ending (a)	839,045	561,446	399,057	258,632	171,973	82,564
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)	-
Net change in plan fiduciary net position	214,646	185,689	130,100	96,795	112,132	35,838
Fiduciary net position, beginning	560,554	374,865	244,765	147,970	35,838	-
Fiduciary net position, ending (b)	775,200	560,554	374,865	244,765	147,970	35,838
Net pension liability, ending = (a) - (b)	\$ 63,845	\$ 892	\$ 24,192	\$ 13,867	\$ 24,003	\$ 46,726
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%
Annual money-weighted rate of return, net of investment expense						
	2019	2018	2017	2016	2015	2014
	7.03%	8.61%	6.69%	0.43%	0.01%	0.02%

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

City of Danbury, Connecticut

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

Schedule of Contributions - General Employees										
	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	\$ 10,551,867	\$ 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
Total	\$ 244,202,221	\$ 244,036,306	\$ 257,460,172	\$ 188,625,334	\$ 174,346,320
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***

	Schedule of Contributions - OPEB Plan					
	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
Schedule of Investment Returns - OPEB Plan						
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)
Net change in total OPEB liability	(25,495,334)	6,320,320	3,570,438	885,221	(23,001,326)	3,154,364
Total pension liability, beginning	220,375,636	15,394,784	216,805,198	14,509,563	239,806,524	11,355,199
Total OPEB liability, ending (a)	194,880,302	21,715,104	220,375,636	15,394,784	216,805,198	14,509,563
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	-	-	-	-	-	-
Net change in plan fiduciary net position	2,662,509	2,870	2,065,020	1,635	1,405,416	208
Fiduciary net position, beginning	5,891,130	148,180	3,826,110	146,545	2,420,694	146,337
Fiduciary net position, ending (b)	8,553,639	151,050	5,891,130	148,180	3,826,110	146,545
Net OPEB liability, ending = (a) - (b)	\$ 186,326,663	\$ 21,564,054	\$ 214,484,506	\$ 15,246,604	\$ 212,979,088	\$ 14,363,018
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

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		
Revenues:				
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
Total revenues	252,121,078	252,251,998	253,854,876	1,602,878
Expenditures:				
Current:				
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
Debt service:				
Principal retirements	11,542,844	11,542,844	11,542,844	-
Interest	5,548,457	5,548,456	5,427,497	120,959
Total expenditures	252,829,078	253,463,982	248,622,095	4,841,887
Excess (deficiency) of revenues over (under) expenditures	(708,000)	(1,211,984)	5,232,781	6,444,765
Other financing sources (uses):				
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
Total other financing sources (uses)	708,000	1,211,984	(5,074,113)	(6,286,097)
Revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ -	\$ 158,668	\$ 158,668

See note to required supplementary information.

City of Danbury, Connecticut

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

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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Appendix B

Form of Opinion of Bond Counsel - Bonds

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[FORM OF OPINION OF BOND COUNSEL]

July 16, 2020

City of Danbury,
 Danbury, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the City of Danbury, Connecticut (the “City”), a Tax Regulatory Agreement of the City, dated July 16, 2020 (the “Tax Regulatory Agreement”), and other proofs submitted to us relative to the issuance and sale of \$12,000,000 City of Danbury, Connecticut General Obligation Bonds, Issue of 2020, Series B, dated July 16, 2020 (the “Bonds”), maturing on July 15 in each of the years, in the principal amounts and bearing interest payable on January 15, 2021 and semiannually thereafter on July 15 and January 15 in each year until maturity or earlier redemption, at the rates per annum as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>
2021	\$1,200,000	%	2026	\$1,200,000	%
2022	1,200,000		2027	1,200,000	
2023	1,200,000		2028	1,200,000	
2024	1,200,000		2029	1,200,000	
2025	1,200,000		2030	1,200,000	

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

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

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

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

persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the City.

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

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

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

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

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

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

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

Respectfully,

Appendix C

Form of Opinion of Bond Counsel - Notes

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[FORM OF OPINION OF BOND COUNSEL]

July 16, 2020

City of Danbury,
Danbury, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the City of Danbury, Connecticut (the “City”), a Tax Regulatory Agreement of the City, dated July 16, 2020 (the “Tax Regulatory Agreement”), and other proofs submitted to us relative to the issuance and sale of \$18,000,000 City of Danbury, Connecticut General Obligation Bond Anticipation Notes, dated July 16, 2020 and maturing July 15, 2022, consisting of Note R-1 in the aggregate principal amount of \$18,000,000, bearing interest at the rate of ___% per annum, with principal and interest payable at maturity (the “Notes”). The Notes are not subject to redemption prior to maturity.

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

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

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

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

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

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

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

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

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

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

Respectfully,

Appendix D

Form of Continuing Disclosure Agreement - Bonds

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[FORM OF CONTINUING DISCLOSURE AGREEMENT]

CONTINUING DISCLOSURE AGREEMENT

City of Danbury, Connecticut
\$12,000,000 General Obligation Bonds, Issue of 2020, Series B
dated July 16, 2020

July 16, 2020

WHEREAS, the City of Danbury, Connecticut (the “City”) has heretofore authorized the issuance of \$12,000,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2020, Series B, dated July 16, 2020 (the “Bonds”), maturing on the dates and in the amounts set forth in the City’s Official Statement dated July 1, 2020 describing the Bonds (the “Official Statement”); and

WHEREAS, the Bonds have been sold by a competitive bid pursuant to a Notice of Sale, dated June 25, 2020 (the “Notice of Sale”); and

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

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

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

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

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

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

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

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

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

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

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

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

Section 2. Annual Reports.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 5. Notice of Failure. The City agrees to provide, or cause to be provided, in a timely manner to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of any

failure by the City to provide the annual financial information described in Section 2(a) of this Agreement on or before the date described in Section 3 of this Agreement.

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

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

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

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

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

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

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

CITY OF DANBURY, CONNECTICUT

By: _____
Name: Mark D. Boughton
Title: Mayor

By: _____
Name: David W. St. Hilaire
Title: Director of Finance

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Appendix E

Form of Continuing Disclosure Agreement - Notes

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[FORM OF CONTINUING DISCLOSURE AGREEMENT]

CONTINUING DISCLOSURE AGREEMENT

City of Danbury, Connecticut
\$18,000,000 General Obligation Bond Anticipation Notes
dated July 16, 2020

July 16, 2020

WHEREAS, the City of Danbury, Connecticut (the “City”) has heretofore authorized the issuance of \$18,000,000 in aggregate principal amount of its General Obligation Bond Anticipation Notes, dated July 16, 2020 (the “Notes”), maturing on the dates and in the amounts set forth in the City’s Official Statement dated July 1, 2020 describing the Notes (the “Official Statement”); and

WHEREAS, the Notes have been sold by a competitive bid pursuant to a Notice of Sale, dated June 25, 2020 (the “Notice of Sale”); and

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

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

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

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

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

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

“Listed Events” shall mean any of the events listed in Section 2 of this Agreement.

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

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

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

Section 2. Event Notices. The City agrees to provide, or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, of the occurrence of any of the following events:

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

Section 3. Termination of Reporting Obligation. The City's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes.

Section 4. Agent. The City may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 5. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the City may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the City, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Notes and (ii) this Agreement, as so amended, would have complied with the requirements of the Rule as of the

date of this Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of financial information or operating data provided.

Section 6. Additional Information. Nothing in this Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the City chooses to disseminate any other information or provide notice of the occurrence of any other event in addition to that which is specifically required by this Agreement, the City shall have no obligation under this Agreement to update such information or provide such information or notice of the occurrence of such event in the future.

Section 7. Indemnification. The City agrees, pursuant to applicable law, to indemnify and save its officials, officers and employees harmless against any loss, expense or liability which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any loss, expense or liability due to any such person's malicious, wanton, or willful act. The obligations of the City under this Section shall survive termination of this Agreement.

Section 8. Enforceability. The City agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Notes. In the event the City shall fail to perform its duties hereunder, the City shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Notes of such failure. In the event the City does not cure such failure, the right of any beneficial owner of the Notes to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the City's obligations hereunder. No monetary damages shall arise or be payable hereunder, nor shall any failure to comply with this Agreement constitute a default of the City with respect to the Notes.

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

CITY OF DANBURY, CONNECTICUT

By: _____
Name: Mark D. Boughton
Title: Mayor

By: _____
Name: David W. St. Hilaire
Title: Director of Finance

Appendix F

Notice of Sale - Bonds

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NOTICE OF SALE
\$12,000,000
CITY OF DANBURY, CONNECTICUT
GENERAL OBLIGATION BONDS, ISSUE OF 2020, SERIES B

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

JULY 1, 2020

(the “Sale Date”) for the purchase of all, but not less than all, of the \$12,000,000 City of Danbury, Connecticut General Obligation Bonds, Issue of 2020, Series B (the “Bonds”). Electronic bids must be submitted via **PARITY**[®]. (See “Electronic Bidding Procedures”).

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

The Bonds

The Bonds will be dated July 16, 2020, mature in the principal amounts of \$1,200,000 on July 15 in each of the years 2021 to 2030, both inclusive, bear interest payable on January 15, 2021 and semiannually thereafter on July 15 and January 15 in each year until maturity or earlier redemption, as further described in the Preliminary Official Statement for the Bonds dated June 25, 2020 (the “Preliminary Official Statement”).

The Bonds maturing on or before July 15, 2026 are not subject to redemption prior to maturity. The Bonds maturing on July 15, 2027 and thereafter are subject to redemption prior to maturity, at the election of the City, on and after July 15, 2026, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the City may determine, at the respective prices (expressed as a percentage of the principal amounts of Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
July 15, 2026 and thereafter	100%

Nature of Obligation

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

Bank Qualification

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

Registration

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

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY®**. Subscription to i-Deal LLC's BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of **PARITY®** shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, **PARITY®**, the use of such facilities being the sole risk of the prospective bidder.

All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale. If any provisions of this Notice of Sale shall conflict with information provided by **PARITY®** as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com).

Bid Specifications/Basis of Award

Each bid must be for the entire \$12,000,000 of Bonds and must specify the rate or rates of interest therefor in a multiple of 1/20 or 1/8 of 1% per annum. Bids shall not state more than one interest rate for any Bonds having the same maturity date. The highest interest rate bid for a maturity and the lowest rate bid for any other maturity may not differ by more than three (3%) percentage points. Interest shall be computed on the basis of twelve 30-day months and a 360-day year. No bid for less than all of the Bonds or for less than par and accrued interest, if any, will be considered.

For purposes of the electronic bidding process, the time as maintained by **PARITY**® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the City, computed and rounded to six decimal places.

For the purpose of determining the successful bidder, the true interest cost to the City will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to July 16, 2020, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued, if any, to July 16, 2020, the delivery date of the Bonds. It is requested that each bid be accompanied by a statement of the percentage of true interest cost computed and rounded to six decimal places. Such statement shall not be considered as a part of the bid. The Bonds will be awarded or all bids will be rejected promptly after the bid opening, but not later than 4:00 P.M. (E.T.) on the Sale Date. The purchase price must be paid in Federal funds.

The City reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any bid. The City further reserves the right to postpone the sale to another time and date in its sole and absolute discretion for any reason, including, without limitation, internet difficulties. The City will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Unless all bids are rejected or the bid is postponed, the Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost.

Closing Documents and Legal Opinion

The Bonds will be certified by U.S. Bank National Association, Hartford, Connecticut. The legality of the Bonds will be passed upon by Robinson & Cole LLP, Hartford, Connecticut (“Bond Counsel”), and the winning bidder will be furnished with their opinion without charge. The winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the final Official Statement prepared for the Bonds, a certificate signed by the appropriate officials of the City relating to the accuracy and completeness of information contained in the final Official Statement, and an executed Continuing Disclosure Agreement.

The legal opinion will further state that (i) under existing statutes and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, (iii) under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering its legal opinion, Bond Counsel will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the City for the benefit of the owners of the Bonds, and further, will assume compliance by the City with the covenants and procedures set forth in such Tax Regulatory Agreement. A copy of the opinion will be printed upon each of the Bonds, and a signed opinion and transcript of proceedings will be filed with U.S. Bank National Association, Hartford, Connecticut, and will be available for examination upon request.

Obligation to Deliver Issue Price Certificate

Pursuant to the Code and applicable Treasury Regulations, the City must establish the “issue price” of the Bonds. In order to assist the City, the winning bidder is obligated to deliver to the City a certificate (an “Issue Price Certificate”) and such additional information satisfactory to Bond Counsel described below, prior to the delivery of the Bonds. The City will rely on the Issue Price Certificate and such additional information in determining the issue price of the Bonds. The form of Issue Price Certificate is available by contacting Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, Email: mspoerndle@muniadvisors.com, Telephone: (203) 878-4945, municipal advisor to the City (the “Municipal Advisor”).

By submitting a bid, each bidder is certifying that (i) it is an underwriter of municipal bonds which has an established industry reputation for underwriting new issuances of municipal bonds, (ii) its bid is a firm offer to purchase the Bonds, (iii) its bid is a good faith offer which the bidder believes reflects current market conditions, and (iv) its bid is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale rule relating to the establishment of the issue price of the Bonds pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the “Competitive Sale Rule”).

The Municipal Advisor will advise the winning bidder if the Competitive Sale Rule was met at the same time it notifies the winning bidder of the award of the Bonds. **Bids will not be subject to cancellation in the event that the Competitive Sale Rule is not satisfied.**

Competitive Sale Rule Met. If the Municipal Advisor advises the winning bidder that the Competitive Sale Rule has been met, the winning bidder shall, within one (1) hour after being notified of the award of the Bonds, advise the Municipal Advisor by electronic or facsimile transmission of the reasonably expected initial offering price to the public of each maturity of the Bonds as of the Sale Date.

Competitive Sale Rule Not Met. By submitting a bid, the winning bidder agrees (unless the winning bidder is purchasing the Bonds for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Rule is not met, it will satisfy either the **10% Sale Rule** or the **Hold the Offering Price Rule** described below with respect to each maturity of the Bonds prior to the delivery date of the Bonds. The rule selected with respect to each maturity of the Bonds shall be set forth on an Issue Price Rule Selection Certificate, the form of which is attached hereto, which shall be sent to the winning bidder promptly after the award of the Bonds. The winning bidder shall complete and execute the Issue Price Rule Selection Certificate and email it to Bond Counsel and the Municipal Advisor by 5:00 P.M. on the day after the Sale Date. **If the Issue Price Rule Selection Certificate is not returned by this deadline, or if no selection is made with respect to a maturity, the winning bidder agrees that the Hold the Offering Price Rule shall apply to such maturities.**

10% Sale Rule. To satisfy the 10% Sale Rule for any maturity of the Bonds, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide the City with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will report to the City information regarding the actual prices at which at least 10 percent (10%) of the Bonds of each maturity have been sold to the public;

(iii) will provide the City with reasonable supporting documentation or certifications of such sale prices, the form of which is acceptable to Bond Counsel. If the 10% Sale Rule is used with respect to a maturity of the Bonds, this reporting requirement will continue, beyond the closing date of the Bonds, if necessary, until such date that at least 10 percent (10%) of such maturity of the Bonds has been sold to the public; and

(iv) has or will include in any agreement among underwriters, selling group agreement or third party distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the reporting requirement described above.

Hold the Offering Price Rule. To satisfy the Hold the Offering Price Rule for any maturity of the Bonds, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will neither offer nor sell to any person any Bonds of such maturity at a price that is higher than the initial offering price of such maturity until the earlier of (i) the date on which the winning bidder has sold to the public at least ten percent (10%) of the Bonds of such maturity at a price that is no higher than the initial offering price of such maturity or (ii) the close of business on the fifth (5th) business day after the Sale Date of the Bonds; and

(iii) has or will include within any agreement among underwriters, selling group agreement or third party distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Bonds as set forth above.

For purposes of the 10% Sale Rule or the Hold the Offering Price Rule, a “maturity” refers to Bonds that have the same interest rate, credit and payment terms.

If the winning bidder has purchased any maturity of the Bonds for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Rule was met, the Issue Price Certificate will recite such facts and identify the price or prices at which such maturity of the Bonds was purchased.

For purposes of this Notice of Sale, the “public” does not include the winning bidder or any person that agrees pursuant to a written contract with the winning bidder to participate in the initial sale of the Bonds to the public (such as a third party distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Bonds to the public). In making the representations described above, the winning bidder must reflect the effect on the offering prices of any “derivative products” (e.g., a tender option) used by the bidder in connection with the initial sale of any of the Bonds.

Settlement of the Bonds

The Bonds will be available for delivery on or about July 16, 2020. The deposit of the Bonds with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. The Municipal Advisor shall obtain CUSIP numbers for the Bonds prior to delivery, and the City will not be responsible for any delay occasioned by the failure of the winning bidder to obtain such numbers and to supply them to the City in a timely manner. The City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the winning bidder.

The Preliminary Official Statement is in a form “deemed final” by the City for purposes of SEC Rule 15c2-12(b)(1). The winning bidder will be furnished 25 copies of the final Official Statement prepared for the Bonds at the City’s expense. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. The copies of the final Official Statement will be made available to the winning bidder no later than seven business days after the bid opening at the office of the City’s Municipal Advisor. If the Municipal Advisor is provided with the necessary information from the winning bidder by 12:00 p.m. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

Continuing Disclosure

The City will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide (i) certain annual financial information and operating data, including audited financial statements; (ii) notice of the occurrence of certain events within 10 business days of the occurrence of such events with respect to the Bonds; and (iii) timely notice of its failure to provide such annual financial information. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

Related Information

For more information regarding the Bonds and the City, reference is made to the Preliminary Official Statement. Copies of the Preliminary Official Statement and the Issue Price Certificate may be obtained from the undersigned, or from Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, Email: mspoerndle@muniadvisors.com, Telephone: (203) 878-4945, municipal advisor to the City.

MARK D. BOUGHTON
Mayor

DAVID W. ST. HILAIRE
Director of Finance

June 25, 2020

ISSUE PRICE RULE SELECTION CERTIFICATE

City of Danbury, Connecticut
 \$12,000,000 General Obligation Bonds, Issue of 2020, Series B

The undersigned, on behalf of [NAME OF UNDER/REP], [on behalf of itself and [OTHER UNDER]], hereby certifies that it will use the rule selected below for the respective maturity of the above-captioned bonds (the "Bonds"), as described in the Notice of Sale for the Bonds, dated July 16, 2020 (the "Notice of Sale"). For a description of the requirements of each rule, please refer to the section "Obligation to Deliver Issue Price Certificate" in the Notice of Sale. Capitalized terms used but not defined herein are defined in the Notice of Sale.

<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	10% Sale Rule (Underwriter has or will comply with 10% Sale Price Rule for this Maturity)		Hold the Offering Price Rule (Underwriter will comply with Hold the Offering Price Rule for this Maturity)	
			<u>Check Box</u>	<u>Sales Price</u>	<u>Check Box</u>	<u>Initial Offering Price</u>
07/15/2021	\$1,200,000	_____ %	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
07/15/2022	1,200,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
07/15/2023	1,200,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
07/15/2024	1,200,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
07/15/2025	1,200,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
07/15/2026	1,200,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
07/15/2027	1,200,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
07/15/2028	1,200,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
07/15/2029	1,200,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
07/15/2030	1,200,000	_____	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____

(All Sales Prices or Initial Offering Prices must be completed prior to the delivery date of the Bonds.)

[NAME OF UNDER/REP]

By: _____
 Name:
 Title:

Email this completed and executed certificate to the following by 5:00 P.M. on July 3, 2020:

Bond Counsel: atamzoke@rc.com **Municipal Advisor:** mspoerndle@muniadvisors.com

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Appendix G

Notice of Sale - Notes

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NOTICE OF SALE
\$18,000,000
CITY OF DANBURY, CONNECTICUT
GENERAL OBLIGATION BOND ANTICIPATION NOTES

Electronic bids (as described herein) will be received by the **CITY OF DANBURY, CONNECTICUT** (the “City”), until 11:00 A.M. (E.T.) Wednesday,

JULY 1, 2020

(the “Sale Date”) for the purchase of all or a portion of the \$18,000,000 City of Danbury, Connecticut General Obligation Bond Anticipation Notes (the “Notes”). Electronic bids must be submitted via **PARITY®**. (See “Electronic Bidding Procedures”).

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

The Notes

The Notes will be dated July 16, 2020, and will be payable to the registered owner on July 15, 2021, as further described in the Preliminary Official Statement for the Notes dated June 25, 2020 (the “Preliminary Official Statement”). The Notes will bear interest (which interest shall be computed on the basis of twelve 30-day months and a 360-day year) payable at maturity at the rate or rates per annum set forth in the bid or bids accepted for their purchase, which rates shall be multiples of 1/1000 of one percent (1%) per annum.

The Notes are not subject to redemption prior to maturity.

Nature of Obligation

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

Bank Qualification

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

Registration

The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$5,000 and integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and

procedures adopted by DTC and its participants. The winning bidders, as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the City or its agent in Federal funds to DTC or its nominee as registered owner of the Notes. Principal and interest payments to participants of DTC will be the responsibility of DTC. Principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY®**. Subscription to i-Deal LLC's BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of **PARITY®** shall be deemed an irrevocable offer to purchase the Notes on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, **PARITY®**, the use of such facilities being the sole risk of the prospective bidder.

All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale. If any provisions of this Notice of Sale shall conflict with information provided by **PARITY®** as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com).

Bid Specifications/Basis of Award

Proposals for the purchase of the Notes must provide the information in accordance with the requirements prescribed herein. A proposal may be for all or any part of the Notes but any proposal for a part must be for not less than \$100,000, or a whole multiple thereof, and a separate proposal will be required for each part of the Notes for which a separate interest rate is bid. As between proposals resulting in the same lowest net interest cost (rounded to six decimal places) to the City, the award will be made on the basis of the highest principal amount of the Notes specified. No bid for less than par and accrued interest, if any, will be considered and the City reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. If a bidder is awarded only a part of the Notes bid for in its proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the City with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid, rounded to six decimal places. The Notes will be awarded or all bids will be rejected promptly after the bid opening, but not later than 4:00 P.M. (E.T.) on July 1, 2020. The purchase price must be paid in Federal funds.

For purposes of the electronic bidding process, the time as maintained by **PARITY®** shall constitute the official time. For information purposes only, bidders are requested to state in their bids the net interest cost to the City, computed and rounded to six decimal places.

The City reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any bid. The City further reserves the right to postpone the sale to another time and date in its sole and absolute discretion for any reason, including, without limitation, internet difficulties. The City will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Unless all

bids are rejected or the bid is postponed, the Notes will be awarded to the bidder or bidders offering to purchase the Notes or a portion thereof at the lowest net interest cost computed as to each interest rate stated by adding the total interest which will be paid at such rate and deducting therefrom the premium offered, if any.

Closing Documents and Legal Opinion

The Notes will be certified by U.S. Bank National Association, Hartford, Connecticut. The legality of the Notes will be passed upon by Robinson & Cole LLP, Hartford, Connecticut (“Bond Counsel”), and the winning bidders will be furnished with their opinion without charge. Each winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the final Official Statement prepared for the Notes, a certificate signed by the appropriate officials of the City relating to the accuracy and completeness of information contained in the final Official Statement, and an executed Continuing Disclosure Agreement.

The legal opinion will further state that (i) under existing statutes and court decisions, interest on the Notes is excluded from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, (iii) under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering its legal opinion, Bond Counsel will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the City for the benefit of the owners of the Notes, and further, will assume compliance by the City with the covenants and procedures set forth in such Tax Regulatory Agreement. A signed opinion and transcript of proceedings will be filed with U.S. Bank National Association, Hartford, Connecticut, and will be available for examination upon request.

Obligation to Deliver Issue Price Certificate

Pursuant to the Code and applicable Treasury Regulations, the City must establish the “issue price” of the Notes. In order to assist the City, each winning bidder is obligated to deliver to the City a certificate (an “Issue Price Certificate”) and such additional information satisfactory to Bond Counsel described below, prior to the delivery of the Notes. The City will rely on the Issue Price Certificate and such additional information in determining the issue price of the Notes. The form of Issue Price Certificate is available by contacting Matthew A. Spoerndle, Managing Director, Phoenix Advisors, LLC, Email: mspoerndle@muniadvisors.com, Telephone: (203) 878-4945, municipal advisor to the City (the “Municipal Advisor”).

By submitting a bid, each bidder is certifying that (i) it is an underwriter of municipal notes which has an established industry reputation for underwriting new issuances of municipal notes, (ii) its bid is a firm offer to purchase the Notes, (iii) its bid is a good faith offer which the bidder believes reflects current market conditions, and (iv) its bid is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale rule relating to the establishment of the issue price of the Notes pursuant to Section 148 of the Code, including the requirement that bids be received on all of the Notes from at least three (3) underwriters of municipal notes who have established industry reputations for underwriting new issuances of municipal notes (the “Competitive Sale Rule”).

The Municipal Advisor will advise the winning bidders if the Competitive Sale Rule was met at the same time it notifies the winning bidders of the award of the Notes. **Bids will not be subject to cancellation in the event that the Competitive Sale Rule is not satisfied.**

Competitive Sale Rule Met. If the Municipal Advisor advises the winning bidders that the Competitive Sale Rule has been met, the winning bidders shall, within one (1) hour after being notified of the award of the Notes, advise the Municipal Advisor by electronic or facsimile transmission of the reasonably expected initial offering price to the public of the Notes as of the Sale Date.

Competitive Sale Rule Not Met. By submitting a bid, the winning bidders agree (unless the winning bidder is purchasing the Notes for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Rule is not met, it will satisfy either the **10% Sale Rule** or the **Hold the Offering Price Rule** described below with respect to each maturity of the Notes prior to the delivery date of the Notes. The rule selected with respect to each maturity of the Notes shall be set forth on an Issue Price Rule Selection Certificate, the form of which is attached hereto, which shall be sent to the winning bidders promptly after the award of the Notes. The winning bidders shall complete and execute the Issue Price Rule Selection Certificate and email it to Bond Counsel and the Municipal Advisor by 5:00 P.M. on the day after the Sale Date. **If the Issue Price Rule Selection Certificate is not returned by this deadline, or if no selection is made, the winning bidders agree that the Hold the Offering Price Rule shall apply to such Notes.**

10% Sale Rule. To satisfy the 10% Sale Rule for any maturity of the Notes, the winning bidders:

(i) will make a bona fide offering to the public of all of the Notes at the initial offering prices and provide the City with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will report to the City information regarding the actual prices at which at least 10 percent (10%) of the Notes (or each maturity thereof, if applicable) have been sold to the public;

(iii) will provide the City with reasonable supporting documentation or certifications of such sale prices, the form of which is acceptable to Bond Counsel. If the 10% Sale Rule is used with respect to a maturity of the Notes, this reporting requirement will continue, beyond the closing date of the Notes, if necessary, until such date that at least 10 percent (10%) of such maturity of the Notes has been sold to the public; and

(iv) has or will include in any agreement among underwriters, selling group agreement or third-party distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, language obligating each underwriter to comply with the reporting requirement described above.

Hold the Offering Price Rule. To satisfy the Hold the Offering Price Rule for any maturity of the Notes, the winning bidders:

(i) will make a bona fide offering to the public of all of the Notes at the initial offering price(s) and provide Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will neither offer nor sell to any person any Notes at a price that is higher than the initial offering price of such Notes until the earlier of (i) the date on which the winning bidder has sold to the public at least ten percent (10%) of such maturity of the Notes at a price that is no higher than the initial offering price of such maturity of the Notes or (ii) the close of business on the fifth (5th) business day after the Sale Date of the Notes; and

(iii) has or will include within any agreement among underwriters, selling group agreement or third-party distribution agreement (to which each winning bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Notes as set forth above.

For purposes of the 10% Sale Rule or the Hold the Offering Price Rule, a “maturity” refers to Notes that have the same interest rate, credit and payment terms.

If a winning bidder has purchased any maturity of the Notes for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Rule was met, the Issue Price Certificate will recite such facts and identify the price or prices at which such maturity of the Notes was purchased.

For purposes of this Notice of Sale, the “public” does not include the winning bidders or any person that agrees pursuant to a written contract with the winning bidders to participate in the initial sale of the Notes to the public (such as a third party distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Notes to the public). In making the representations described above, the winning bidders must reflect the effect on the offering prices of any “derivative products” (e.g., a tender option) used by the winning bidder in connection with the initial sale of any of the Notes.

Settlement of the Notes

The Notes will be available for delivery on or about July 16, 2020. The deposit of the Notes with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. The Municipal Advisor shall obtain CUSIP numbers for the Notes prior to delivery, and the City will not be responsible for any delay occasioned by the failure of the winning bidders to obtain such numbers and to supply them to the City in a timely manner. The City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the winning bidder(s).

The Preliminary Official Statement is in a form “deemed final” by the City for purposes of SEC Rule 15c2-12(b)(1). The winning bidders will be furnished 25 copies of the final Official Statement prepared for the Notes at the City’s expense. Additional copies may be obtained by the winning bidders at their own expense by arrangement with the printer. The copies of the final Official Statement will be made available to the winning bidders no later than seven business days after the bid opening at the office of the City’s Municipal Advisor. If the Municipal Advisor is provided with the necessary information from the winning bidders by 12:00 p.m. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, ratings, yields or reoffering prices, and the names of the winning bidders of the Notes.

Continuing Disclosure

The City will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide notice of the occurrence of certain events within 10 business days of the occurrence of such events with respect to the Notes. Each winning bidder’s obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for the Notes.

Related Information

For more information regarding the Notes and the City, reference is made to the Preliminary Official Statement. Copies of the Preliminary Official Statement and the Issue Price Certificate may be obtained from the undersigned, or from Matthew A. Spoerndle, Managing Director, Phoenix Advisors, LLC, Email: mspoerndle@muniadvisors.com, Telephone: (203) 878-4945, municipal advisor to the City.

MARK D. BOUGHTON
Mayor

DAVID W. ST. HILAIRE
Director of Finance

June 25, 2020

ISSUE PRICE RULE SELECTION CERTIFICATE

City of Danbury, Connecticut
 \$18,000,000 General Obligation Bond Anticipation Notes

The undersigned, on behalf of [NAME OF UNDER/REP], [on behalf of itself and [OTHER UNDER]], hereby certifies that it will use the rule selected below for the respective maturity of the above-captioned notes (the “Notes”), as described in the Notice of Sale for the Notes, dated June 25, 2020 (the “Notice of Sale”). For a description of the requirements of each rule, please refer to the section “Obligation to Deliver Issue Price Certificate” in the Notice of Sale. Capitalized terms used but not defined herein are defined in the Notice of Sale.

<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	10% Sale Rule (Underwriter has or will comply with 10% Sale Price Rule for this Maturity)		Hold the Offering Price Rule (Underwriter will comply with Hold the Offering Price Rule for this Maturity)	
			<u>Check Box</u>	<u>Sales Price</u>	<u>Check Box</u>	<u>Initial Offering Price</u>
07/15/2021	\$18,000,000	____%	<input type="checkbox"/>	\$_____	<input type="checkbox"/>	\$_____

(All Sales Prices or Initial Offering Prices must be completed prior to the delivery date of the Notes.)

[NAME OF UNDER/REP]

By: _____
 Name:
 Title:

Email this completed and executed certificate to the following by 5:00 P.M. on July 3, 2020:

Bond Counsel: atamzoke@rc.com **Municipal Advisor:** mspoerndle@muniadvisors.com

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