

*In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986, as amended (the “Code”), under existing law, interest on the Bonds (as defined below) is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax. In the opinion of Bond Counsel, 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. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. (See “THE BONDS - Tax Exemption of the Bonds” herein.)*



**CITY OF BRIDGEPORT, CONNECTICUT**

**\$34,785,000**

**GENERAL OBLIGATION BONDS, 2017 SERIES A**

**and**

**\$41,415,000**

**GENERAL OBLIGATION REFUNDING BONDS, 2017 SERIES B**

**and**

**\$17,410,000**

**GENERAL OBLIGATION REFUNDING BONDS, 2017 SERIES C**

**Dated Date: Date of Delivery**

**Due: As shown on inside cover**

The \$34,785,000 General Obligation Bonds, 2017 Series A (the “Series A Bonds”), the \$41,415,000 General Obligation Refunding Bonds, 2017 Series B (the “Series B Bonds”) and the \$17,410,000 General Obligation Refunding Bonds, 2017 Series C (the “Series C Bonds”) (collectively, the “Bonds”) will be general obligations of the City of Bridgeport, Connecticut (the “City”), and the City will pledge its full faith and credit to pay the principal of and interest on the Bonds when due, except, however, that prior to and including August 15, 2020 (the “Series 2009B Crossover Date”) the interest on the Series C Bonds will be secured by and payable from proceeds of the Series C Bonds on deposit in the Escrow Fund (as described herein). Payment in respect of the Bonds will also be supported by a property tax intercept fund (see “THE BONDS– Security for the Bonds” herein).

The Bonds are subject to redemption prior to their stated maturity as more fully described herein. (See “THE BONDS – Optional Redemption” herein).

Interest on the Series A Bonds will be payable on May 1, 2018 and semiannually thereafter on each November 1 and May 1 until maturity or redemption prior to maturity. Interest on the Series B Bonds and Series C Bonds will be payable on February 15, 2018 and semiannually thereafter on each February 15 and August 15 until maturity or redemption prior to maturity. The Bonds will be issued by means of a book-entry-only system and registered in the name of Cede & Co., as nominee for The Depository Trust Company (the “DTC”), New York, New York. The beneficial owners of the Bonds will not receive certificates representing their ownership interest in the Bonds. Principal of, redemption premium, if any, and interest on the Bonds will be payable by U.S. Bank National Association, Hartford, Connecticut to DTC or its nominee as registered owner of the Bonds. (See “THE BONDS – Book-Entry-Only System”). Ownership of the Bonds shall be in principal amounts of \$5,000 or integral multiples thereof.

The Bonds will bear interest at the rates per annum and will mature in the amounts and on such dates as set forth in the table on the inside cover of this Official Statement.

The Bonds are offered subject to the final approving opinions of Pullman & Comley, LLC, Bridgeport, Connecticut, Bond Counsel to the City. Certain legal matters will be passed upon for the Underwriters by their counsel, Updike, Kelly & Spellacy, P.C., Hartford, Connecticut. PFM Financial Advisors LLC, Providence, Rhode Island has served as Financial Advisor in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about November 30, 2017.

**RAYMOND JAMES**

**J.P. MORGAN**

**PIPER JAFFRAY & CO.**

**SIEBERT CISNEROS SHANK & CO., L.L.C.**

**MATURITIES, AMOUNTS, INTEREST RATES, PRICES, YIELDS AND CUSIPS**

**\$34,785,000 General Obligation Bonds, 2017 Series A**

<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Price</u>		<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Price</u>	
<u>November 1</u>	<u>Amount</u>	<u>Rate</u>	<u>or Yield</u>	<u>CUSIP No.</u> <sup>†</sup>	<u>November 1</u>	<u>Amount</u>	<u>Rate</u>	<u>or Yield</u>	<u>CUSIP No.</u> <sup>†</sup>
2020	\$1,220,000	5.000%	2.210%	108152AA7	2029	\$1,915,000	5.000%	3.320%*	108152AK5
2021	1,285,000	5.000	2.400	108152AB5	2030	2,015,000	5.000	3.380*	108152AL3
2022	1,350,000	5.000	2.560	108152AC3	2031	2,120,000	5.000	3.430*	108152AM1
2023	1,420,000	5.000	2.710	108152AD1	2032	2,225,000	5.000	3.480*	108152AN9
2024	1,490,000	5.000	2.850	108152AE9	2033	2,340,000	5.000	3.540*	108152AP4
2025	1,570,000	5.000	2.950	108152AF6	2034	2,460,000	5.000	3.570*	108152AQ2
2026	1,650,000	5.000	3.040	108152AG4	2035	2,585,000	5.000	3.600*	108152AR0
2027	1,735,000	5.000	3.140	108152AH2	2036	2,720,000	5.000	3.650*	108152AS8
2028	1,825,000	5.000	3.240*	108152AJ8	2037	2,860,000	5.000	3.670*	108152AT6

**\$41,415,000 General Obligation Refunding Bonds, 2017 Series B**

<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Price</u>		<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Price</u>	
<u>August 15</u>	<u>Amount</u>	<u>Rate</u>	<u>or Yield</u>	<u>CUSIP No.</u> <sup>†</sup>	<u>August 15</u>	<u>Amount</u>	<u>Rate</u>	<u>or Yield</u>	<u>CUSIP No.</u> <sup>†</sup>
2025	\$2,220,000	5.000%	2.920%	108152AU3	2028	\$ 795,000	5.000%	3.230%**	108152AX7
2026	14,200,000	5.000	3.020	108152AV1	2029	835,000	5.000	3.300**	108152AY5
2027	23,365,000	5.000	3.120	108152AW9					

**\$17,410,000 General Obligation Refunding Bonds, 2017 Series C**

<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Price</u>		<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Price</u>	
<u>August 15</u>	<u>Amount</u>	<u>Rate</u>	<u>or Yield</u>	<u>CUSIP No.</u> <sup>†</sup>	<u>August 15</u>	<u>Amount</u>	<u>Rate</u>	<u>or Yield</u>	<u>CUSIP No.</u> <sup>†</sup>
2021	\$1,935,000	5.000%	2.370%	108152AZ2	2025	\$2,360,000	5.000%	2.920%	108152BD0
2022	2,030,000	5.000	2.520	108152BA6	2026	2,480,000	5.000	3.020	108152BE8
2023	2,135,000	5.000	2.680	108152BB4	2027	2,605,000	5.000	3.120	108152BF5
2024	2,245,000	5.000	2.820	108152BC2	2028	1,620,000	5.000	3.230**	108152BG3

\* Priced to the optional call date of November 1, 2027 at a redemption price of 100%.

\*\* Priced to the optional call date of August 15, 2027 at a redemption price of 100%.

†CUSIP® is a registered trademark of the American Bankers Association (ABA). The numbers have been assigned by an independent company not affiliated with the City, the Underwriters or the Financial Advisor and are included solely for the convenience of the holders of the Bonds. None of the City, the Financial Advisor or the Underwriters are responsible for the selection or uses of the CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity.

No dealer, broker, salesman or other person has been authorized by the City or the Underwriters to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon. This Official Statement does not constitute an offer to sell, nor the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information which is set forth herein has been provided by the City and by other sources which are believed to be reliable by the City and by the Underwriters but such information provided by such other sources is not guaranteed as to accuracy or completeness by the City or by the Underwriters and is not intended to be and is not to be construed as a representation by the City or the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of this information.

Where the constitution or statutes of the State of Connecticut are referred to, reference should be made to such constitution or statutes for a complete statement of the matters referred to. Any statements which are contained in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. All estimates and assumptions herein are believed to be reliable, but no representations whatsoever are made that such estimates or assumptions are correct or will be realized. Prospective financial information is based on assumptions believed to be reasonable; however there is no assurance that the prospective financial information will prove to be accurate. 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.

Other than as to matters explicitly set forth herein as the Form of Legal Opinions in Appendix C and “THE BONDS– Tax Exemption of the Bonds”, 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 information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City, since the date hereof or any earlier date as of which any information contained herein is given. This Official Statement is submitted in connection with the initial offering and sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

In connection with the offering, the Underwriters may over allot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time without prior notice.

The Bonds have not been registered under the Securities Act of 1933, as amended, and the Indenture (as defined herein) has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. In addition, the Bonds have not been registered under any state securities law.

The City deems this Official Statement to be “final” for purposes of Securities and Exchange Commission Rule 15(c)(2)-12(b)(1), but it is subject to revision or amendment.

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**BOND ISSUE SUMMARY**  
**General Obligation Bonds, 2017 Series A**  
**General Obligation Refunding Bonds, 2017 Series B**  
**General Obligation Refunding Bonds, 2017 Series C**

The information in this section is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed decision. The Official Statement speaks only as of its date and the information herein is subject to change.

Issuer:	City of Bridgeport, Connecticut (the "City")
Issues:	\$34,785,000 General Obligation Bonds, 2017 Series A (the "Series A Bonds") \$41,415,000 General Obligation Refunding Bonds, 2017 Series B (the "Series B Bonds") \$17,410,000 General Obligation Refunding Bonds, 2017 Series C (the "Series C Bonds") (collectively, the "Bonds")
Dated Date:	Date of Delivery
Interest Due:	Series A Bonds – May 1 and November 1, commencing May 1, 2018 Series B Bonds and Series C Bonds – February 15 and August 15, commencing February 15, 2018.
Principal Due:	See inside cover page
Purpose:	The Series A Bonds are being issued to finance various capital projects as described herein. The Series B Bonds and the Series C Bonds are being issued to refund certain outstanding general obligation bonds of the City (See "THE BONDS – Proceeds of Issue" herein).
Redemption:	The Bonds are subject to optional redemption prior to maturity as more fully described herein (See "THE BONDS – Optional Redemption" herein).
Security:	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, except however, that prior to and including August 15, 2020 (the "Series 2009B Crossover Date") a portion of the interest on the Series C Bonds will be secured by and payable from proceeds of the Series C Bonds on deposit in the Escrow Deposit Fund (as described herein). In addition, the Bonds are also supported by the Intercept Fund (See "THE BONDS – Security for the Bonds" herein).
Credit Ratings:	Moody's Investors Service, Inc., S&P Global Ratings and Fitch Ratings have each assigned their municipal bond ratings of "Baa1", "A" and "A", respectively, to the Bonds. (See "THE BONDS – Ratings" herein).
Financial Advisor:	PFM Financial Advisors LLC, Providence, Rhode Island
Tax Exemption:	Refer to APPENDIX C – "FORM OF LEGAL OPINIONS" and "THE BONDS– Tax Exemption of the Bonds" herein.
Auditors:	Blum, Shapiro & Company, PC, West Hartford, Connecticut
Trustee, Paying Agent, Certifying Agent and Registrar:	U.S. Bank National Association, Hartford, Connecticut
Legal Opinion:	Pullman & Comley, LLC, Bridgeport, Connecticut (See APPENDIX C – "FORM OF LEGAL OPINIONS")
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry form will be made to The Depository Trust Company on or about November 30, 2017. Delivery of the Bonds will be made against payment in Federal funds.
Continuing Disclosure:	The City has covenanted in a Continuing Disclosure Agreement to furnish its annual audited financial statements on an ongoing basis, and any other data and operating reports, statements and other information regarding certain listed events, necessary to comply with Rule 15c2-12(b)(5) of the United States Securities and Exchange Commission. The specific nature of the information supplied and the term of the undertaking are summarized below (see "THE BONDS—Continuing Disclosure" herein and APPENDIX E – "FORM OF CONTINUING DISCLOSURE AGREEMENT").
Further Information:	Questions concerning this Official Statement should be addressed to: Kenneth Flatto, Director of Finance, Finance Administration, City of Bridgeport, 999 Broad Street, Bridgeport, Connecticut 06604, Telephone (203) 576-7251 or William Fazioli, Director, PFM Financial Advisors LLC, 10 Weybosset Street, Suite 902, Providence, Rhode Island 02903, Telephone (401) 709-5112.

## BOND INFORMATION

### Introduction

This Official Statement is provided for the purpose of presenting certain information relating to the City of Bridgeport, Connecticut (the "City") (see APPENDIX A – "INFORMATION STATEMENT – THE CITY" herein) in connection with the sale of the City's \$34,785,000 General Obligation Bonds, 2017 Series A (the "Series A Bonds"), \$41,415,000 General Obligation Refunding Bonds, 2017 Series B (the "Series B Bonds") and \$17,410,000 General Obligation Refunding Bonds, 2017 Series C (the "Series C Bonds") (collectively, the "Bonds"). The proceeds from the Series A Bonds are being issued to finance various capital projects as described herein and to pay costs of issuance associated with the Series A Bonds. The proceeds from the Series B and the Series C Bonds are expected to be used to refund certain outstanding general obligation bonds of the City and to pay costs of issuance associated with the Series B Bonds and Series C Bonds (See "THE BONDS– Proceeds of Issue" herein). The City has the power to incur indebtedness by issuing bonds and notes as provided by the Connecticut General Statutes. The information herein is dated and given on, and will speak only as of, the date of original delivery of the Bonds and is subject to change without notice.

Where the constitution or statutes of the State of Connecticut are referred to, reference should be made to such constitution or statutes for a complete statement of the matters referred to. Any statements which are contained in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. All estimates and assumptions herein are believed to be reliable, but no representations whatsoever are made that such estimates or assumptions are correct or will be realized. Prospective financial information is based on assumptions believed to be reasonable, however there is no assurance that the prospective financial information will prove to be accurate. 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.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City, since the date hereof or any earlier date as of which any information contained herein is given. This Official Statement is submitted in connection with the initial offering and sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The Bonds are offered for delivery when, as and if issued, subject to the final approving opinions of Bond Counsel.

The Trustee, Paying Agent, Certifying Agent and Registrar is U.S. Bank National Association.

## THE BONDS

### Description of the Bonds

The Series A Bonds will be dated as of their date of delivery and will bear interest payable semiannually on May 1 and November 1, commencing May 1, 2018.

The Series B Bonds and the Series C Bonds will be dated as of their date of delivery and will bear interest payable semiannually on February 15 and August 15, commencing February 15, 2018.

The Bonds are issuable only as fully registered bonds in book-entry-only form (see "THE BONDS – Book-Entry-Only System" herein) in denominations of \$5,000 or any integral multiple thereof.

Interest on the Bonds will be calculated on the basis of a 30-day month and a 360-day year at the rate or rates per annum as shown on the table on the inside cover page. Principal of and interest on the Bonds will be paid directly to The Depository Trust Company (the "DTC") by U.S. Bank National Association, as Paying Agent, so long as DTC or its nominee, Cede & Co., is the Bond owner. (See "THE BONDS – Book-Entry-Only System" herein).

The Bonds will mature as shown on the inside cover of this Official Statement.

### Record Date

The record date for each payment of interest for the Series A Bonds is the close of business on the fifteenth (15<sup>th</sup>) day of the month preceding each interest payment date (or the preceding business day, if such fifteenth (15<sup>th</sup>) day of the month is not a business day).

The record date for each payment of interest for the Series B and the Series C Bonds is the close of business on the last day of the month preceding each interest payment date (or the preceding business day, if such last day of the month is not a business day).

### **Optional Redemption**

The Series A Bonds with a stated maturity on or after November 1, 2028 will be subject to redemption, at the election of the City, at any time, on or after November 1, 2027 in whole or in part by lot within a maturity, in such amounts and in such order of maturity as the City may determine, at the respective redemption prices equal to 100% of the principal amount of the Bonds to be so redeemed, together with interest accrued and unpaid to the redemption date.

The Series B Bonds and the Series C Bonds with a stated maturity on or after August 15, 2028 will be subject to redemption, at the election of the City, at any time, on or after August 15, 2027 in whole or in part by lot within a maturity, in such amounts and in such order of maturity as the City may determine, at the respective redemption prices equal to 100% of the principal amount of the Bonds to be so redeemed, together with interest accrued and unpaid to the redemption date.

### **Authorization for the Bonds**

The Bonds are being issued pursuant to the Indenture of Trust dated as of May 1, 1996, by and between the City and Fleet National Bank, as amended by a First Supplemental Indenture of Trust dated as of March 1, 1997, by and between the City and Fleet National Bank, as amended by a Second Supplemental Indenture of Trust dated as of January 15, 2000, by and between the City and State Street Bank and Trust Company, successor to Fleet National Bank, as amended by a Third Supplemental Indenture of Trust dated as of August 15, 2000, by and between the City and State Street Bank and Trust Company, as amended by a Fourth Supplemental Indenture of Trust dated as of July 1, 2001, by and between the City and State Street Bank and Trust Company, as amended by a Fifth Supplemental Indenture of Trust dated as of June 15, 2002, by and between the City and State Street Bank and Trust Company, as amended by a Sixth Supplemental Indenture of Trust dated as of November 1, 2003, by and between the City and U.S. Bank National Association, successor to State Street Bank and Trust Company, as amended by a Seventh Supplemental Indenture of Trust dated as of August 12, 2004, by and between the City and U.S. Bank National Association, as amended by an Eighth Supplemental Indenture of Trust dated as of April 15, 2006, by and between the City and U.S. Bank National Association, as amended by a Ninth Supplemental Indenture of Trust dated as of June 1, 2006, by and between the City and U.S. Bank National Association, as amended by a Tenth Supplemental Indenture of Trust dated as of June 1, 2007, by and between the City and U.S. Bank National Association, as amended by an Eleventh Supplemental Indenture of Trust dated as of December 1, 2009, by and between the City and U.S. Bank National Association, as amended by a Twelfth Supplemental Indenture of Trust dated as of July 1, 2010, by and between the City and U.S. Bank National Association, as amended by a Thirteenth Supplemental Indenture of Trust dated as of June 1, 2012, by and between the City and U.S. Bank National Association, as amended by a Fourteenth Supplemental Indenture of Trust dated as of July 1, 2012, by and between the City and U.S. Bank National Association, as amended by a Fifteenth Supplemental Indenture of Trust dated as of July 1, 2013, by and between the City and U.S. Bank National Association, as amended by a Sixteenth Supplemental Indenture of Trust dated as of August 1, 2014, by and between the City and U.S. Bank National Association, as amended by a Seventeenth Supplemental Indenture of Trust dated as of November 1, 2014, by and between the City and U.S. Bank National Association, as amended by an Eighteenth Supplemental Indenture of Trust dated as of February 1, 2016, by and between the City and U.S. Bank National Association, as amended by a Nineteenth Supplemental Indenture of Trust dated as of March 1, 2016, by and between the City and U.S. Bank National Association, as amended by a Twentieth Supplemental Indenture of Trust dated as of May 1, 2016, by and between the City and U.S. Bank National Association, as amended by a Twenty-First Supplemental Indenture of Trust dated as of November 1, 2016, by and between the City and U.S. Bank National Association, and as further amended by a Twenty-Second Supplemental Indenture of Trust dated as of November 1, 2017, by and between the City and U.S. Bank National Association (collectively, the “Indenture”) as well as various resolutions adopted by the City Council and other proceedings and determinations relating thereto (collectively, the “Resolution”), and which, taken together, determine the form and details of the issuance of the Bonds, directing their sale and providing for the rights of the holders thereof.

### **Proceeds of Issue**

The proceeds of the Series A Bonds are expected to be used to finance certain real estate improvement related capital projects of the City, including, but not limited to, the following: approximately \$6 million for library buildings, \$5 million for Congress Street Bridge rebuild, \$11 million for completing two high school renovation projects, and \$1.5 million for a new parking facility. Additional expected capital projects, include, without limitation, approximately \$9



million for technology and public safety communication upgrades and \$2.5 million for various other facilities and parks projects, as well as to pay the costs of issuance associated with the Series A Bonds.

The proceeds of the Series B Bonds will be used to refund certain outstanding general obligation bonds of the City (the “Refunded Bonds”) as set forth in the “Plan of Refunding” herein, and to pay costs of issuance associated with the Series B Bonds.

The proceeds of the Series C Bonds will be used to refund certain outstanding general obligation bonds from the City’s 2009 Subseries B (Federally Taxable – Issuer Subsidy – Build America Bonds), dated December 15, 2009. The Series C Bonds are being issued to (i) refund on August 15, 2020 (the “Series 2009B Crossover Date”), a portion of the 2009 Subseries B Bonds, (ii) provide for the interest coming due prior to and on the Series 2009B Crossover Date on the Series C Bonds, and (iii) pay costs of issuance associated with the Series C Bonds.

### Plan of Refunding

A portion of the proceeds of the Series B Bonds and the Series C Bonds, if issued, will be used to refund the Refunded Bonds as described below on the dates and at the redemption prices as follows.

The Series B Bonds will refund the following:

<u>Series</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Par Amount</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP No.</u>
2012A	2/15/2018	5.000%	\$2,350,000	n/a	n/a	108151Y47
2012A	2/15/2019	5.000%	1,880,000	n/a	n/a	108151Y54
2012A	2/15/2020	5.000%	3,035,000	n/a	n/a	108151Y62
2012A	2/15/2024 <sup>(1)</sup>	5.000%	1,780,000	2/15/2022	100%	108151Z20
2012A	2/15/2032 <sup>†(1)</sup>	5.000%	18,475,000	2/15/2022	100%	108151Z61
2014A	7/01/2018 <sup>(1)</sup>	4.000%	2,340,000	n/a	n/a	1081513F6
2014A	7/01/2019	4.000%	2,595,000	n/a	n/a	1081513G4
2014A	7/01/2020 <sup>(1)</sup>	5.000%	1,910,000	n/a	n/a	1081513H2
2014A	7/01/2021 <sup>(1)</sup>	5.000%	590,000	n/a	n/a	1081513J8
2014A	7/01/2022 <sup>(1)</sup>	5.000%	1,155,000	n/a	n/a	1081513K5
2016A	8/15/2018	3.000%	1,130,000	n/a	n/a	1081514S7
2016A	8/15/2019	4.000%	1,130,000	n/a	n/a	1081514T5
2016A	8/15/2021	4.000%	1,130,000	n/a	n/a	1081514V0
2016A	8/15/2022	4.000%	1,130,000	n/a	n/a	1081514W8
2016A	8/15/2024 <sup>(1)</sup>	2.125%	1,010,000	n/a	n/a	1081514Y4
2016D	8/15/2019	5.000%	1,500,000	n/a	n/a	1081516D8

† Term Bonds.

<sup>(1)</sup> Partial Maturities.

The Series C Bonds will refund the following:

<u>Series</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Par Amount</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP No.</u>
2009B	8/15/2021	5.727%	\$2,065,000	8/15/2020	100%	108151T35
2009B	8/15/2028 <sup>†</sup>	6.571%	16,050,000	8/15/2020	100%	108151T43

† Term Bonds.

Upon delivery of the Series B Bonds and the Series C Bonds, a portion of the proceeds of the Series B Bonds and Series C Bonds will be placed in escrow with U.S. Bank National Association (the “Escrow Holder”) under an Escrow Agreement (the “Escrow Agreement”) dated as of the date of closing, by and between the Escrow Holder and the City. The Escrow Holder will deposit the net proceeds of the Series B Bonds and other monies, if any, in an irrevocable trust fund or funds called the 2017 Series B Refunding Escrow Deposit Fund and will use such proceeds and other monies, if any, to purchase Defeasance Obligations (as such term is defined in the Indenture; see the “SUMMARY OF THE INDENTURE” attached hereto as Appendix D) the principal of and interest on which, when due, will provide amounts sufficient to pay principal, interest payments and redemption premium, if any, on the Series

2012A Refunded Bonds, the Series 2014A Refunded Bonds, the Series 2016A Refunded Bonds and the Series 2016D Refunded Bonds on the dates such payments are due. The Escrow Holder will deposit the net proceeds of the Series C Bonds and other monies, if any, in an irrevocable trust fund or funds called the 2017 Series C Refunding Escrow Deposit Fund and will use such proceeds and other monies to purchase Defeasance Obligations (as such term is defined in the Indenture; see the “SUMMARY OF THE INDENTURE” attached hereto as Appendix D), the principal of and interest on which, when due, will provide amounts sufficient to pay (i) interest coming due on the Series C Bonds prior to and including August 15, 2020 (the Series “2009B Crossover Date”), and (ii) the redemption price of the Series 2009B Refunded Bonds outstanding on the Series 2009B Bonds Crossover Date. The balance of the proceeds of the Series B Bonds and Series C Bonds will be used to pay certain costs of issuances and underwriters’ discounts.

Prior to the Series 2009B Crossover Date, the Series 2009B Refunded Bonds will remain general obligations of the City and entitled to any lien, benefit or security under the Indenture.

**Verification of Mathematical Computations**

Robert Thomas CPA, LLC will verify from information provided to them the mathematical accuracy as of the date of the closing of (i) the computations contained in the provided schedules to determine that the anticipated receipts from the Defeasance Obligations and cash deposits, to be held in the Escrow Deposit Funds, will be sufficient to pay, when due, the principal, interest and call premium requirements, if any, of the Refunded Bonds at maturity or earlier redemption, and the interest coming due on the Series C Bonds to the Series 2009B Crossover Date, and (ii) the computations of yield on both the Defeasance Obligations and the Bonds contained in the provided schedules used by Bond Counsel in its determination that the interest on the Bonds is excludable from federal income tax purposes. Robert Thomas CPA, LLC will express no opinion on the assumptions provided to them, nor as to the exemption from taxation of the interest on the Bonds.

**Sources and Uses of Proceeds**

	<b>Series A</b>	<b>Series B</b>	<b>Series C</b>	<b>Total</b>
<b>Sources:</b>				
Par Amount of the Bonds	\$ 34,785,000.00	\$41,415,000.00	\$ 17,410,000.00	\$ 96,610,000.00
Original Issue Premium	4,362,454.25	6,341,706.90	2,313,784.90	13,017,946.05
<b>Total Sources</b>	<b>\$ 39,147,454.25</b>	<b>\$47,756,706.90</b>	<b>\$ 19,723,784.90</b>	<b>\$106,627,946.05</b>
<b>Uses:</b>				
Project Costs	35,510,475.00			35,510,475.00
Deposit to Escrow		47,396,194.53	19,570,126.86	66,966,321.39
Capitalized Interest	3,338,393.75			3,338,393.75
Costs of Issuance <sup>(1)</sup>	111,894.36	138,238.01	60,218.56	310,350.93
Underwriters' Discount	186,691.14	222,274.36	93,439.48	502,404.98
<b>Total Uses</b>	<b>\$ 39,147,454.25</b>	<b>\$47,756,706.90</b>	<b>\$ 19,723,784.90</b>	<b>\$106,627,946.05</b>

(1) Includes legal fees and fees for other transaction-related services.

**Security for the Bonds**

The Bonds will be general obligations of the City secured by the full faith and credit and taxing power of the City. The City will pledge its full faith and credit to pay the principal of and interest on the Bonds when due, provided, however, that prior to and including the Series 2009B Crossover Date, the interest on the Series C Bonds allocable to the refunding of the Series 2009B Bonds will be secured by and payable from a portion of the proceeds of the Series C Bonds deposited in the 2017 Series C Refunding Escrow Deposit Fund. The portion of debt service on the Series C Bonds which is payable from amounts held by the Escrow Holder in the 2017 Series C Refunding Escrow Deposit Fund is as follows:

<u>Payment Date</u>	<u>Interest</u>
2/15/2018	181,354.17
8/15/2018	435,250.00
2/15/2019	435,250.00
8/15/2019	435,250.00
2/15/2020	435,250.00
8/15/2020	435,250.00
	2,357,604.17

Unless paid from other sources, including from the Escrow Deposit Funds as provided herein, the Bonds are payable from any legally available source of revenue, including general property tax revenues. The City has the power under Connecticut General 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, dwelling houses of qualified elderly persons of low income, or of qualified disabled persons taxable at limited amounts. There were no acres of such certified forest land on the last completed grand list of the City. Under existing statutes, the State of Connecticut is obligated to pay the City the amount of tax revenue which the City would have received except for the limitation on its power to tax such dwelling houses.

Payment of the Bonds is not limited to property tax revenues or any other revenue source, but certain revenues of the City (e.g. State and Federal grants and distributions) may be restricted as to use and therefore may not be available to pay debt service on general obligation bonds and notes of the City.

There are no statutory provisions for priorities in the payment of general obligations of the City.

The Bonds are issued pursuant to the Indenture. A copy of the Indenture is on file at the office of the Director of Finance, Finance Administration, 999 Broad Street, Bridgeport, CT 06604.

The Indenture establishes a property tax intercept fund and debt service payment account (the “Debt Service Account”) as authorized by Chapter 117 of the Connecticut General Statutes, Sections 7-560 to 7-569 (“Chapter 117”). Chapter 117 requires the City to assure that the property taxes deposited with the Trustee for credit to the Debt Service Account will be in an amount at least equal to, and deposited by such dates so as to satisfy, the City’s debt service requirements on an ongoing basis. (See APPENDIX D – “SUMMARY OF THE INDENTURE”).

Enforcement of a claim for payment of principal of or interest on the Bonds would 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. In the event a restructuring of the City’s debt under Chapter 9 of the Federal Bankruptcy Code was to occur at some future time, the rights of the owners of the Bonds to receive interest, principal payments and redemption premiums, if any, from the City could be adversely affected. No assurance can be given that any priority of holders of City securities (including the Bonds) to payment from monies retained in the Debt Service Account or from other cash resources would be recognized if a petition were filed by or on behalf of the City under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors’ rights; such monies might under such circumstances, be paid to satisfy the claims of all City creditors generally. Judicial enforcement of the City’s obligation to make payment of property taxes to the Trustee for deposit in the Debt Service Account, of the Trustee’s obligation to retain certain monies in the Debt Service Account and of the obligations of the City under its covenants in the Indenture may, under certain circumstances, be within the discretion of a court. However, under Section 7-566 of the Connecticut General Statutes, no Connecticut municipality can file for bankruptcy protection under Chapter 9 of the Federal Bankruptcy Code without the express written consent of the Governor. Under the Federal Bankruptcy Code, an involuntary petition cannot be filed against the City.

The City is subject to suit on its general obligation bonds and notes, and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the City. Courts of competent jurisdiction also have the power in appropriate proceedings to order payment of a judgment on such bonds and notes 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 may take into account all relevant factors, including the current operating needs of the City and the availability and adequacy of other remedies.

## Debt Service Schedule

Below is a summary of the City's outstanding bonded debt:

Fiscal Year	Existing Debt Service <sup>(1)(2)</sup>	2017 Series A		2017 Series B		2017 Series C		Total Debt Service
		Principal	Interest	Principal	Interest	Principal	Interest	
2018	\$ 71,814,383	\$ -	\$ 729,519	\$ -	\$ 431,406	\$ -	\$ 181,354	\$ 73,156,662
2019	70,926,273	-	1,739,250	-	2,070,750	-	870,500	75,606,773
2020	67,670,007	-	1,739,250	-	2,070,750	-	870,500	72,350,507
2021	67,356,590	1,220,000	1,708,750	-	2,070,750	-	870,500	73,226,590
2022	64,848,501	1,285,000	1,646,125	-	2,070,750	1,935,000	822,125	72,607,501
2023	64,899,797	1,350,000	1,580,250	-	2,070,750	2,030,000	723,000	72,653,797
2024	65,448,487	1,420,000	1,511,000	-	2,070,750	2,135,000	618,875	73,204,112
2025	65,504,728	1,490,000	1,438,250	-	2,070,750	2,245,000	509,375	73,258,103
2026	63,889,484	1,570,000	1,361,750	2,220,000	2,015,250	2,360,000	394,250	73,810,734
2027	52,877,465	1,650,000	1,281,250	14,200,000	1,604,750	2,480,000	273,250	74,366,715
2028	44,713,137	1,735,000	1,196,625	23,365,000	665,625	2,605,000	146,125	74,426,512
2029	45,621,513	1,825,000	1,107,625	795,000	61,625	1,620,000	40,500	51,071,263
2030	47,076,810	1,915,000	1,014,125	835,000	20,875	-	-	50,861,810
2031	12,242,763	2,015,000	915,875	-	-	-	-	15,173,638
2032	17,296,431	2,120,000	812,500	-	-	-	-	20,228,931
2033	11,676,525	2,225,000	703,875	-	-	-	-	14,605,400
2034	11,518,150	2,340,000	589,750	-	-	-	-	14,447,900
2035	11,372,775	2,460,000	469,750	-	-	-	-	14,302,525
2036	5,606,325	2,585,000	343,625	-	-	-	-	8,534,950
2037	3,732,250	2,720,000	211,000	-	-	-	-	6,663,250
2038	1,666,750	2,860,000	71,500	-	-	-	-	4,598,250
2039	1,610,250	-	-	-	-	-	-	1,610,250
2040	1,553,750	-	-	-	-	-	-	1,553,750
2041	1,497,250	-	-	-	-	-	-	1,497,250
2042	1,440,750	-	-	-	-	-	-	1,440,750
2043	1,384,250	-	-	-	-	-	-	1,384,250
2044	1,327,750	-	-	-	-	-	-	1,327,750
2045	1,271,250	-	-	-	-	-	-	1,271,250
2046	1,214,750	-	-	-	-	-	-	1,214,750
2047	1,158,250	-	-	-	-	-	-	1,158,250
<b>TOTALS</b>	<b>\$880,217,394</b>	<b>\$ 34,785,000</b>	<b>\$ 22,171,644</b>	<b>\$41,415,000</b>	<b>\$ 19,294,781</b>	<b>\$17,410,000</b>	<b>\$ 6,320,354</b>	<b>\$ 1,021,614,173</b>

(1) Does not include Build America Bond or Recovery Zone Development Bond subsidies.

(2) Excludes Refunded Bonds.

Immediately after the issuance of the Bonds, the City expects to issue \$96 million of taxable general obligation bonds to pre-pay State of Connecticut Municipal Employees Retirement System pension obligations. The taxable bond issuance will generate budgetary savings versus the fixed payment obligation of the City to the State of Connecticut.

### Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds 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 Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest 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 related 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 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](http://www.dtcc.com).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (“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 confirmation 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 Bonds 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 the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee does not affect any change in the beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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.

Redemption Notices shall be sent to DTC. If less than all of the Bonds 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 the Bonds 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any, with respect to the Bonds 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 the Paying Agent on the 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 Bonds 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, nor its nominee, the paying agent, or the City subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the 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 Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue the use of the system of the book-entry-only transfers through DTC (or a successor securities depository). In that event, bond 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 takes no responsibility for the accuracy thereof.

### ***DTC PRACTICES***

The City can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

### **Tax Exemption of the Bonds**

***Federal Taxes.*** In the opinion of Pullman & Comley, LLC, Bond Counsel, under existing law, interest on the Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax.

Bond Counsel's opinions with respect to the Bonds will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the City with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds irrespective of the date on which such noncompliance occurs. In the Tax Compliance Agreement, which will be delivered concurrently with the issuance of the Bonds, the City will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code including, but not limited to, investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of the Bond proceeds and certain other matters. The opinions of Bond Counsel delivered on the date of issuance of the Tax Exempt Bonds is conditioned upon compliance by the City with such requirements.

No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of, or the receipt or accrual of interest on, the Bonds.

***Original Issue Discount.*** The initial public offering prices of the Bonds of certain maturities may be less than the stated principal amount. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the Bonds will constitute original issue discount. The offering prices relating to the yields set forth on the cover page of this Official Statement for such Bonds is expected to be the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Bonds are sold. Under existing law, original issue discount on the Bonds accrued and properly allocable to the owners thereof under the Code is excludable from gross income for federal income tax purposes if interest on the Bonds is excludable from gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in a Bond purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such Bond and will be added to the owner's basis. Original issue discount will accrue on a constant-yield-to-maturity method based on regular compounding. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of such a Bond. For certain corporations (as defined for federal income tax purposes), a portion of the original issue discount that accrues in each year to such Bond will be included in the calculation of the corporation's federal alternative minimum tax liability. As a result, ownership of such a Bond by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

Prospective purchasers of Bonds at an original issue discount should consult their own tax advisors as to the calculation of accrued original issue discount, the accrual of original issue discount in the case of Bond owners purchasing such Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such Bonds.

**Original Issue Premium.** The initial public offering prices of certain maturities of the Bonds may be more than their stated principal amounts. An owner who purchases a Bond at a premium to its principal amount must amortize the original issue premium as provided in the applicable Treasury Regulations, and amortized premium reduces the owner's basis in the Tax Exempt Bond for federal income tax purposes. Prospective purchasers of the Bonds should consult their tax advisors regarding the amortization of premium and the effect upon basis.

**Other Federal Tax Matters.** Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, recipients of Social Security or Railroad Retirement benefits, certain S corporations, foreign corporations subject to the branch profits tax, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors regarding collateral federal income tax consequences.

**State Taxes.** In the opinion of Bond Counsel, 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 for individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Accrued original issue discount on a Bond is also 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 for individuals, trusts and estates required to pay the federal alternative minimum tax.

Owners of the Bonds should consult their own tax advisors with respect to the determination for state and local income tax purposes of original issue discount or original issue premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such Bonds.

Owners of the Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Bonds and the disposition thereof.

**Proposed Legislation and Other Matters.** Tax legislation and administrative actions taken by tax authorities (whether currently proposed, proposed in the future, or enacted) and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation, actions or decisions could affect the market price for, or the marketability of, the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisers regarding the foregoing matters.

**General.** The opinion of Bond Counsel is rendered as of its date, and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the date of its opinion. Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

The discussion above does not purport to deal with all aspects of federal or state or local taxation that may be relevant to a particular owner of the Bonds. Prospective owners of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Bonds.

## **Ratings**

The City has received ratings from Moody's Investors Service, Inc., S&P Global Ratings, and Fitch Ratings on the Bonds of "Baa1", "A" and "A", respectively. Such ratings reflect only the views of such organization, and an explanation of the significance of such ratings may be obtained from the respective rating agency. There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by such rating agencies. A downward revision or withdrawal of any such ratings may have an adverse effect on the market price of the Bonds.

## **Financial Advisor**

The City has retained PFM Financial Advisors LLC, Providence, Rhode Island (the "Financial Advisor") in connection with the issuance of the City's Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. Public Financial Management, Inc. is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## **Underwriting**

The Bonds are being purchased for reoffering by the Underwriters listed on the cover hereof for whom Raymond James & Associates, Inc. is acting as the representative. The Bonds are being purchased by the Underwriters pursuant to the terms of a purchase contract for the Bonds with the City (the "Bond Purchase Agreement"). Pursuant to the Bond Purchase Agreement, the Underwriters have agreed to purchase (i) the Series A Bonds at the net aggregate purchase price of \$38,960,763.11, which is equal to the par amount of the Series A Bonds plus original premium of \$4,362,454.25 and less an underwriters' discount of \$186,691.14, (ii) the Series B Bonds at the net aggregate purchase price of \$47,534,432.54, which is equal to the par amount of the Series B Bonds plus original premium of \$6,341,706.90 and less an underwriters' discount of \$222,274.36 and (iii) the Series C Bonds at the net aggregate purchase price of \$19,630,345.42, which is equal to the par amount of the Series C Bonds plus original premium of \$2,313,784.90 and less an underwriters' discount of \$93,439.48. Pursuant to the Bond Purchase Agreement, the City has agreed to indemnify the Underwriters against certain liabilities, including certain liabilities arising under federal and state securities laws. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at prices lower or yields higher than the public offering prices or yields stated on the inside cover page hereof. The initial offering prices or yields may be changed from time to time by the Underwriters.

The Bonds are offered by the Underwriters for sale in those jurisdictions in the United States, Puerto Rico and Guam where it is lawful to make such offers. The Underwriters have undertaken that they have not offered, sold or delivered and will not offer, sell or deliver, directly or indirectly, any of the Bonds or distribute this Official Statement or other material relating to the Bonds in or from any jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with the applicable laws and regulations thereof. The Underwriters make no representation that the Bonds will at any time be lawfully sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to an exemption available thereunder, and does not assume any responsibility for facilitating such sales.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells."

## **Legal Matters**

Pullman & Comley, LLC, Bridgeport, Connecticut, is acting as Bond Counsel in connection with the issuance of the Bonds. Delivery of the Bonds is conditioned upon delivery by Bond Counsel of its opinions in the forms set forth in Appendix C of this Official Statement. Certain legal matters will be passed upon for the Underwriters by their counsel, Updike, Kelly & Spellacy, P.C., Hartford, Connecticut.



### **Availability of Information**

A record of the proceedings taken by the City in authorizing the Bonds will be kept on file at the principal office of the City and will be available for examination upon reasonable request. For additional copies of the Official Statement or requests for additional information, please contact:

Kenneth Flatto  
Director of Finance  
City of Bridgeport  
999 Broad Street  
Bridgeport, CT 06604  
Telephone: (203) 576-7251

William Fazioli  
Director  
PFM Financial Advisors LLC.  
10 Weybosset Street, Suite 902  
Providence, RI 02903  
Telephone: (401) 709-5112

### **Continuing Disclosure**

The City will enter into a Continuing Disclosure Agreement with respect to the Bonds in accordance with the requirements of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). The Underwriters' obligation to purchase the Bonds shall be conditioned upon their receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement (See APPENDIX E –"FORM OF CONTINUING DISCLOSURE AGREEMENT" herein.)

Over the last five years, the City has not failed to comply, in all material respects, with any of its obligations under any Continuing Disclosure Agreement for the benefit of holders of its debt obligations to provide annual financial information or event notices pursuant to the Rule.

In accordance with State law, the City prepares annual audited financial statements and files annual audits with the State of Connecticut, Office of Policy and Management. Under its Continuing Disclosure Agreements for bonded indebtedness, the City files its annual audits within 275 days of the end of each Fiscal Year. The City filed its Fiscal Year 2016 annual audit with EMMA on February 28, 2017. The City provides, and will continue to provide, to the rating agencies ongoing disclosure in the form of its annual financial report, recommended and adopted budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

### **Certain Considerations**

The State General Assembly adopted a Fiscal Year 2018 budget which was signed into law by the Governor on October 31, 2017. The State budget provides approximately \$10 million to \$14 million less in State aid than reflected in the City's Fiscal Year 2018 budget. The final calculation of such shortfall is still to be determined. The City has already taken steps to address this budgetary shortfall through the implementation of freezes on hiring, expenditure reductions, debt restructuring and revenue enhancements.

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

**Concluding Statement**

This Official Statement has been prepared for use in connection with the sale of the Bonds by the City of Bridgeport, Connecticut and may not be reproduced or used in whole or in part for any other purpose.

The following officials in their capacity as officers of the City, and in the name and on behalf of the City, do hereby certify in connection with this issue, that they have examined this Official Statement, and to the best of their knowledge and belief, the description and statements relating to the City and its finances are true and correct, as of the date of this Official Statement, in all material respects and do 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.

By /s/ Joseph Ganim  
*Mayor*

By /s/ Kenneth Flatto  
*Director of Finance/Chief Finance Officer*

By /s/ Terri Coward  
*Treasurer*

Dated as of November 14, 2017

**APPENDIX A – INFORMATION STATEMENT**

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## THE CITY

### Overview

The City is located on the northern shore of the Long Island Sound, approximately 60 miles northeast of New York City and 60 miles southwest of Hartford. The City is the crossroads of one of the best land, sea, rail and air transportation systems in the State. State Routes 8 and 25, with their links to Interstates 84 and 91, merge with Interstate 95 in downtown Bridgeport. Bridgeport Harbor is one of the three deep-water ports in Connecticut; its 35-foot deep channels and anchorages can accommodate most ocean-going vessels involved with international trade and shipping. Amtrak and Metro-North provide passenger service to the City from the downtown Transportation Center, and Conrail operates a major freight yard within a quarter-mile of the Port of Bridgeport. The Sikorsky Memorial Airport is a City-owned and operated general aviation facility that is located in Stratford, Connecticut, ten minutes from downtown.

The City is a major medical, legal, industrial, financial and entertainment center. Two medical centers provide for many of the health care needs of the Greater Bridgeport area. Federal, State, and County courthouses are located within the central business district. Corporate and regional business offices are located downtown, including the principal office of the largest Connecticut-based bank, People's United Bank. Major employers residing within the City's boundaries include Bridgeport Hospital, St. Vincent's Medical Center, People's United Bank, Sikorsky Aircraft, the University of Bridgeport and Bridgeport Health Care Center. The City, long a major manufacturing center, remains the home of many manufacturing companies. These companies typically exploit new technologies and occupy unique market niches.

The Greater Bridgeport area hosts four institutions of higher learning: the University of Bridgeport, Fairfield University, Sacred Heart University, and Housatonic Community College. These educational institutions provide the City's corporate and business communities with skilled personnel and enhance the area's cultural and community activities. Housatonic Community College, located in the heart of the City's central business district, has been a fast growing community college in New England.

Bridgeport is also the home of numerous attractions that enhance the City's economic fortunes. The Barnum Museum showcases the life and times of former City Mayor and renowned showman, P.T. Barnum. The Ballpark at Harboryard and The Arena at Harboryard have brought hundreds of thousands of visitors annually to the City's Downtown area to watch minor league baseball, minor league hockey, college basketball, college hockey, concerts and other shows. The City intends to continue the use of the Ballpark in the future as an amphitheater for outdoors concerts and events. The Beardsley Zoo is one of the most visited tourist attractions in the State. The Discovery Museum, located in the north end of the City, offers interactive science and space displays.

## CITY GOVERNMENT

### Description of Municipal Government and Services

The City has a Mayor-City Council form of government. The Mayor is the chief executive officer of the City and serves a 4-year term. The City Council, which acts as the City's legislative body, consists of twenty members elected for two-year terms. City Council elections were held on November 7<sup>th</sup>, 2017 with new members taking office on December 1, 2017.

The officials listed below were elected or appointed anew in the autumn of 2015. The current Administration has a significant amount of prior governmental management experience. The Mayor had five previous terms in office from 1991-2003. The Director of Finance has been a government finance officer and government executive for over twenty years in both New York and Connecticut. Other key officials have significant experience as officials for the City of Bridgeport in previous administrations. The goals of this Administration include fiscal accountability and openness, a commitment to management efficiencies and total quality management, and a proactive approach to improve the financial condition of the City of Bridgeport and the quality of life for all Bridgeport citizens, residents and businesspeople.

## Principal Municipal Officials

<u>Office</u>	<u>Name</u>	<u>Manner of Selection/Term</u>	<u>Term Expires</u>
Mayor <sup>(1)</sup>	Joseph Ganim	Elected 4-year term	November 30, 2019
Chief Administrative Officer	Kimberly Staley	Appointed by Mayor	At the pleasure of the City's Mayor
Director of Finance/CFO*	Kenneth Flatto	Appointed by Mayor	At the pleasure of the City's Mayor
Treasurer	Terri Coward	Appointed by Mayor	At the pleasure of the City's Mayor
Director of Office of Policy & Management	Nestor Nkwo	Appointed by Mayor	At the pleasure of the City's Mayor

(1) Mayor Ganim was convicted in 2003 of certain crimes occurring during his prior years of service.

\*Tenure includes supervising other positions with the City including Treasurer, Assessor, Purchasing Agent, and Tax Collector.

## Municipal Services

**Police Department:** The Bridgeport Police Department is governed by a seven-member Board of Police Commissioners and is under the command of the Police Chief. The present table of organization for the uniformed force consists of 431 sworn members, and 40 civilians consisting of clerical staff, maintenance personnel, detention officers, and parking enforcement personnel. The Police Department is comprised of several divisions: Auxiliary Support; Professional Support; Support Operations; Tactical Operations; Investigative Services; and Uniformed Services. Within this department classes of almost 60 new officers are in the process of being trained to fill formerly vacant positions due to years of retirements which reduced manning levels.

**Fire Department:** The Fire Department is governed by a seven-member Board of Fire Commissioners and is under command of the Fire Chief. The present department table of organization consists of 288 uniformed members and 6 civilians. The Fire Department consists of several divisions: Administration; Maintenance; Training; Fire Prevention; Operations; and the Office for Emergency Management. This Department currently utilizes 14 apparatus operating out of 8 fire stations. Fire Inspectors inspected an estimated 900 structures during Fiscal Year 2017

**Public Facilities:** The Public Facilities Department currently operates with approximately 240 full-time employees to provide many services to the City. Among the more important services are: supervision of all City construction projects; the construction, repair, maintenance, paving and snow removal on all City streets; the operation and maintenance of bridges spanning waterways for navigation purposes; the staffing of a municipal garage to maintain City vehicles; the maintenance of all City buildings with the exception of schools; and the effectuation of State-mandated residential and commercial recycling.

**Solid Waste:** The City is the host municipality for a solid waste disposal and resource recovery facility operated by the Wheelabrator Bridgeport, L.P. for the disposal of solid waste from the City and many surrounding communities. Solid waste management services are provided by the City with respect to residential collections.

**Water Pollution Control Authority:** The City operates a Water Pollution Control Authority (the "WPCA") as an enterprise fund for the express purpose of operating, maintaining and improving the wastewater treatment facilities and the sanitary and storm collection system. The WPCA is managed by a nine-member board. The Board includes the City Engineer, the City Attorney, the Director of Finance, the Director of Public Facilities, and five at-large members appointed by the Mayor and approved by the City Council. The members of the board have the right to vote, with the exception of the City Attorney and the City Engineer, who serve ex-officio. The WPCA adopts its own budget and sets user fees. The operations, maintenance and debt service cost of the system are funded by user fees. The WPCA Board and the City Council approve financing that is subject to the full faith and credit of the City. The City currently has a long-term operations and management contract with Severn Trent Environmental Services, Inc.

for the operation of the wastewater treatment and field operations function of the WPCA. The areas covered by the operations and management contract represent approximately 63.0% of the WPCA's Fiscal Year 2017 budget, which include the billing and collection of current sewer user invoices, and budgeted operation and maintenance expenses.

***Parks and Recreation Department:*** Bridgeport, known as the "Park City," has almost one acre of parkland per 100 residents. The Department of Parks and Recreation, managed by an eight member board, is responsible for 45 park areas totaling 1,330 acres, which include 19 playgrounds, 31 ball fields, 24 tennis courts, 26 football and soccer fields, Connecticut's Beardsley Zoo and Carousel and the 12,000 seat Kennedy Stadium. Three major recreational facilities, Seaside Park, Saint Mary's by the Sea and Pleasure Beach, dominate the City's five miles of shoreline. The City owns the 36-hole, 320 acre Fairchild Wheeler Golf Course. The Department is the landlord for the Wonderland of Ice skating rink and the waterfront real estate that houses the private Captain's Cove Marina.

***Library:*** The Bridgeport Public Library includes the Main Library and four neighborhood branches. It is managed by the Library Board of Directors. The library's resources include 477,052 volumes, 660 periodical subscriptions, 62,500 videos, DVDs, compact discs, and audiocassettes. In addition, the library offers information through electronic resources, and internet access. The library has 285 personal computers available for public use. The library's book catalog is on-line and available to remote users who have access to the World Wide Web. The library also provides on-line access to 54 databases which provide indexing, abstracts and full text articles. It serves as a partial depository for Federal and local documents, as well as a full depository for Connecticut State Documents. The main library also contains extensive business and technology resources, as well as in-depth collections on P.T. Barnum, local history, and genealogy. During Fiscal Year 2016 there were over 350,000 visits to the library, and the library answered more than 100,000 requests for information. The library circulated an estimated 500,000 items in Fiscal Year 2016. During Fiscal Year 2017 the library circulated 330,000 items with volume up to 494,000. The Library Board of Directors also manages the Klein Memorial Auditorium, the City's largest performing arts venue which has a seating capacity of approximately 1,500.

***Finance:*** The Department of Finance manages all aspects of the City's operating finances, including the Comptroller's division, Tax Assessor division, Tax Collector division, Treasury division, Purchasing division, and Print shop with a total of 41 full-time employees in this Department. The Department is responsible for issuing and managing matters relating to monthly financial reports to the Mayor and City Council, the annual audit, cash flows, bank accounts, capital program bonding, payables and receivables, purchasing, and general ledger accounting. The City uses the Tyler Company MUNIS financial reporting software system. The mission of the Department includes cost saving initiatives, seeking process efficiencies, and advising the Mayor and other elected officials. In Fiscal Years 2012, 2013, 2014, 2015, and 2016, the Department received the GFOA's Excellence in Financial Reporting award for the City's annual CAFR.

***Office of Policy and Management:*** The overall mission of the City's Office of Policy and Management ("OPM") is to integrate financial and operational planning and control. The main purpose of this office is to relate dollars to results and ensure the cost effectiveness of City services. OPM is the focus for management, policy and program analysis for the City. OPM prepares and reviews the City's budget, provides guidance for managing departmental performances, and oversees the implementation of management improvement projects, program development, management of grants, and control of capital expenditures. In Fiscal Years 2012, 2013, 2014, 2015 and 2016, the Department was commended by the GFOA for a Distinguished Budget and received a certificate of achievement from the International City/County Management Association Center for Performance Management.

***Health:*** The City operates a full-time Department of Health with approximately 30 full-time employees. The Department of Health oversees a variety of programs that promote and sustain the health of the City's residents. These programs include a communicable disease clinic, emergency preparedness, environmental and housing code inspections, and transportation and recreation opportunities for senior citizens and veterans. Social service programs offering income tax preparation, housing assistance, Women, Infants and Children programs and other employment and training options are also included. Special Revenues to the department annually total approximately \$4 million from State, Federal and foundation grants-in-aid.

**Employees**

**Total Full-Time Budgeted Employees**

	<u>2014-15</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>
General Government	1,336	1,341	1,337	1,316
Board of Education	<u>2,205</u>	<u>2,210</u>	<u>2,165</u>	<u>2,145</u>
Total	3,541	3,551	3,502	3,461

Source: City of Bridgeport Annual Budget Position Summaries; BOE totals include non-union and AFSCME 1522 and NAGE Custodian/Clerical employees in City negotiated bargaining units.

**Employee Bargaining Organizations**

As of October 1, 2017

<u>Employees</u>	<u>Bargaining Organizations</u>	<u>Number of Employees</u>	<u>Current Contract Expiration Date</u>
<b><u>General Government</u></b>			
Clerical & Blue Collar Supervisors	Local 1522, AFSCME	665	6/30/18 <sup>(1)</sup>
White Collar	Bridgeport City Supervisors Association	144	6/30/18 <sup>(1)</sup>
Police AFL-CIO	LIUNA	79	6/30/20
Firefighters	Local 1159, AFSCME	424	6/30/16 <sup>(3)</sup>
Clerical & Custodians	Local 834, IAFF	285	6/30/20
Tradesmen & Journeymen	Local RI-200, NAGE	555	6/30/18
Associate City Attorneys	Bridgeport Building Trade Council	32	7/31/18
Printers	Local 1303-272, AFSCME	8	12/31/17
School Crossing Guards	Typographical Union	4	6/30/13 <sup>(2)</sup>
	School Crossing Guards (P/T)	77	8/31/18
<b><u>Board of Education</u></b>			
Administrators & Supervisors	Bridgeport Council of Administrators and Supervisors	85	6/30/18
Teachers	Bridgeport Education Association	1,537	6/30/20
Nurses	New England Healthcare, Local 1199	30	6/30/12 <sup>(2)</sup>

Source: City of Bridgeport

- (1) A dispute regarding these collective bargaining agreements was settled, with one revision to reduce the wage increase to 0 % for FY2017.
- (2) In negotiation with tentative agreement; organization continues to operate under existing agreement until new agreement signed.
- (3) Police contract is currently subject to binding arbitration proceedings.

Sections 7-473c and 7-474 of the Connecticut General Statutes, as amended, provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees except certified teachers and administrative personnel.

Section 10-153f of the Connecticut General Statutes, as amended, provides a procedure for binding arbitration of collective bargaining agreements between local or regional boards of education and the exclusive representative of a bargaining unit of teachers or administrators.

**BRIDGEPORT'S EDUCATIONAL SYSTEM**

The City's school system encompasses three high schools, twenty-four elementary schools and middle schools, three magnet elementary/middle K-8 schools, two magnet high schools, two alternative schools and one special education facility. The Operating Budget passed by the City Council for the school system for Fiscal Year 2018 is \$245 million, with a City budgetary contribution of \$64 million, slightly more than Fiscal Year 2017. The adopted City Budget was predicated on a transfer of certain educational cost sharing (ECS) aid for special education costs, received by the City from State in the past, being paid instead directly to the school district through the State Alliance grant, as proposed under the Governor's original budget proposal. Under the Fiscal Year 2018 State budget adopted by the legislature



and signed into law by the Governor, the City expects to receive an amount of State aid similar to the amount of aid received in Fiscal Year 2017 of \$181 million or approximately 74% of the school budget. The City plans to amend its adopted Budget, if necessary, to reflect the final level of state aid distributed to the City under the State budget. The Operating Budget for the school district includes approximately \$17 million in expenditures for the school lunch program, fully reimbursed by federal aid and local school lunch funds. The Board of Education also administers and operates with approximately \$87 million per year in additional categorical grants such as Federal Individuals with Disabilities Education Act of 2004 (“IDEA”) and federal entitlements which consist of Title I and Title II Part A, and the State Priority District Grant.

The City is completing the implementation of a master plan for school construction. This master plan has modernized existing schools, building Energy and Environmental Design certified schools to meet educational needs of its residents. All school capital projects are funded jointly by the State Department of Education and the City. The portion of the City’s share is currently 21.79%, as determined by Connecticut state statute.

During the past five years, the City has opened five new elementary schools, one magnet high school, and one swing space school resulting in a total capital expenditure of \$291 million. The City has completed the new Discovery Magnet elementary school at a cost of \$29 million, the expansion of the Bridgeport Regional Vocational Aquaculture School at a cost of \$25 million, the Multi-Magnet High School at a cost of \$113 million, the renovation of the Columbus and Cross Elementary schools at a cost of \$33 million, the opening of the new Roosevelt School at a cost of \$42 million and the new Longfellow School at a cost of \$49 million. The science themed Multi-Magnet High School partners with the Connecticut Beardsley Zoo, Sacred Heart University and the Discovery Museum and accepts students from Bridgeport and the surrounding communities.

School renovation projects recently completed include renovations/additions to the Black Rock School costing \$12 million and the Hooker School roof costing \$2.4 million. Projects currently underway include the renovations of Central High School estimated to cost \$85 million and the Dunbar School estimated to cost \$9 million. The City also has undertaken the construction of a new Harding High School estimated to cost \$105 million. All renovations/additions to Black Rock School, Dunbar School, Hooker School and Central High School, and the construction of a new Harding High School have all been approved by the State at a reimbursement rate of 78.21% All current projects are expected to be completed by September 2018.

### **Magnet School Programs**

Magnet school programs have been in existence since 1979 when the City’s school system created an elementary magnet program and followed in 1983 with a high school magnet program. In 2010, a new Interdistrict Discovery Magnet School opened for grades PreK-7 and expanded to grade 8 in the 2013-2014 school year. The Fairchild Wheeler Interdistrict Magnet High School opened in 2013.

The enrollment of the magnet schools is determined by lottery for students in grades K-12. Bridgeport students have approximately 75% of the slots at the magnet schools while students from surrounding towns are entitled to have 25% of such slots.

#### ***Elementary Magnet Schools***

Classical Studies Academy (K-6) is an extended day program with a focus on the study of classical literature, art and music using the Paideia method of instruction.

Discovery Interdistrict Magnet (PK-8) focuses on science, technology and math. Educational learning experiences are created through hands on, minds on learning utilizing state of the art technology requisite for the 21<sup>st</sup> century. The school expanded to 8<sup>th</sup> grade in the 2013-2014 school year.

High Horizons Magnet (K-8) focuses on reading and language arts. Challenging daily instructional activities are geared toward enhancing students’ critical thinking, problem solving skills, and forming a solid elementary foundation for higher education.

Multicultural Magnet (K-8) emphasizes educating the total child and building a solid foundation through a multicultural focus and development of the student’s native language and the acquisition of a second language.

Park City Magnet (K-8) focuses on science and technology education. The school’s learning community fosters literacy, numeracy and the scientific process.

The 6 to 6 Interdistrict Magnet School (PreK-8) serves students from Bridgeport and four suburban districts in an extended day, extended year program. All curriculum areas are integrated based on a Bank Street College philosophy. The Comer/Ziegler model (COZI), involving site-based management and shared decision-making, governs the school.

***Secondary Magnet Schools***

Central High School Magnet Program serves students in grades 9-12. It is a college preparatory program geared toward academically talented students. More than 80% of its graduates attend college.

The Business Magnet Program at Bassick High School serves students in grades 9-12. The high school technology program is designed to prepare students for a career in business fields such as accounting, information technology, entrepreneurship and international business. Students enrolled in the program may participate in technology prep courses at Sacred Heart University to earn college credit.

The Harding Health Careers Magnet Program serves students in grades 9-12 who are interested in pursuing a career in the health field. This academic program includes job shadowing and clinical, non-paid work experience at local health care facilities. The International Baccalaureate Program at Harding High School offers an international class curriculum originating from Geneva, Switzerland for the student scholar. The student can receive up to one-year college credit upon successful completion of this program.

The Bridgeport Regional Vocational Aquaculture School is a regional program that serves students in grades 9-12 from Bridgeport and six suburban districts. Specially constructed and equipped laboratories and classrooms support a marine-related science and technology curriculum. In addition, the school operates a research vessel, the M/V Catherine Moore.

Fairchild Wheeler Interdistrict Magnet Campus is a new magnet high school and serves students from Bridgeport and participating suburban towns. Three highly focused learning communities provide students with a STEM-based curriculum rich with relevance and correlation to emerging careers. The three communities are Information Technology, Zoological Science and Engineering/Aerospace.

**School Enrollment and Projections**

In total, there were 20,800 students enrolled in the school system at the commencement of the 2017-2018 school year. The table below illustrates total school enrollment over the last eight years.

<u>School Year</u>	<u>Grades</u>		<u>Total</u>
	<u>K-8</u>	<u>9-12</u>	
2009-10	15,151	5,084	20,235
2010-11	15,366	5,041	20,407
2011-12	15,588	4,657	20,245
2012-13	15,270	4,526	20,244
2013-14	15,893	4,949	20,840
2014-15	16,221	5,367	21,590
2015-16	16,439	5,663	22,102
2016-17	16,550	5,825	21,430
2017-18	15,850	5,625	20,800

Source: Bridgeport Board of Education

## ECONOMIC AND DEMOGRAPHIC DATA

The City, with a 2010 Census population of 144,229, an approximate 3.3% increase from its 2000 Census population, is the largest city in the State of Connecticut. Bridgeport encompasses an area of 19.38 square miles (16.0 square miles of land; 3.38 square miles of water). The City is the commercial hub of eastern Fairfield County.

### Population Trends

<u>Year</u>	<u>Bridgeport</u>	<u>Fairfield County</u>	<u>State of Connecticut</u>
1990	141,686	823,645	3,287,116
2000	139,529	882,567	3,405,565
2010	144,229	916,829	3,574,097

Source: 1990, 2000 & 2010 Figures: U.S. Department of Commerce, Census Bureau.

### Major Private Employers

<u>Firm</u>	<u>Sector</u>	<u>Employees</u>
St. Vincent's Medical Center	Healthcare	3,238
Bridgeport Hospital, Inc. <sup>1</sup>	Healthcare	2,005
People's United Bank	Banking	1,244
University of Bridgeport	Educational	810
Prime Line Resources	Manufacturing	569
Bridgeport Health Care Center	Healthcare	525
Sikorsky Aircraft	Manufacturing	501
Lacey Manufacturing Company	Manufacturing	329
Watermark	Senior Housing	243
Housatonic Community College	Educational	214

Source: City of Bridgeport – Fiscal Year 2016 CAFR

1. Affiliated with Yale/New Haven Hospital System.

The Bridgeport region and labor market area consists of eleven towns and cities: Ansonia, Beacon Falls, Bridgeport, Derby, Easton, Fairfield, Monroe, Oxford, Shelton, Stratford and Trumbull. As illustrated in the following table, the decreases in unemployment experienced since 2012 reflect the improvement of the national economy.

### Employment Data

	<u>City of Bridgeport</u>		<u>% Unemployed</u>		
	<u>Employed</u>	<u>Unemployed</u>	<u>City of Bridgeport</u>	<u>Bridgeport Labor Market</u>	<u>State of Connecticut</u>
August 2017	67,250	4,929	6.8%	4.5%	4.8%
July 2017	68,612	5,364	7.3%	4.9%	5.0%
June 2017	67,713	5,409	7.4%	5.2%	5.1%
May 2017	66,974	5,039	7.0%	4.8%	4.8%
April 2017	66,105	5,065	7.1%	4.6%	4.7%
March 2017	65,544	5,580	7.8%	5.0%	5.1%
February 2017	64,836	5,950	8.4%	5.5%	5.5%
January 2017	64,897	5,811	8.2%	5.3%	5.4%
Annual Average 2016	65,505	5,459	7.7%	5.0%	5.1%
Annual Average 2015	65,011	6,187	8.7%	5.5%	5.6%
Annual Average 2014	64,237	7,281	10.2%	6.4%	6.6%
Annual Average 2013	58,046	7,755	11.8%	7.2%	7.8%
Annual Average 2012	58,378	8,337	12.5%	7.8%	8.4%

Source: Based on U.S. Department of Labor and Employment Security Division, Labor Department, State of Connecticut.

## BRIDGEPORT'S ECONOMIC DEVELOPMENT PROGRESS

### Downtown Development

Downtown Bridgeport is at the nexus of road, rail, transit, and water related transportation infrastructure. Its location and existing assets provide an opportunity for Bridgeport to become the transit-oriented development hub of Fairfield County. With high housing costs in western Fairfield County, particularly the urban centers of Stamford and Norwalk, and the high incidence of traffic congestion on Interstate-95 and the Merritt Parkway, Bridgeport is increasingly an option for residents and businesses seeking a cost effective and convenient location to live and work. As an ideal location for permanent workforce housing for the region, the City is positioning its downtown area to be an important asset in the sustained growth of the Fairfield County economy.

The downtown central business district has been the recipient of significant public sector investment over the last few years, a result of the City's focus on creating amenities and conveniences through intermodal transportation, entertainment and cultural facilities, and a growing middle income residential base. Over \$50 million in federal and state funding has been realized since 2009.

One of the more substantial projects approved by the City is a plan to revitalize two historic old theatres along Main Street North, along with a hotel, and to build two eighteen floor apartment buildings, to be rented at market rates. The City has entered into a Land Disposition Agreement with the developer, Exact Capital Group, LLC, to renovate and restore the historic Majestic Theater, Poli Palace and Savoy Hotel. Exact Capital is proposing \$400 million in funding to create a development that will help to revitalize the downtown north district and enhance other development in the area. This project is expected to commence in phases, with the first phase consisting of the complete renovation of the former Majestic Theater and the restoration and creation of the former Savoy Hotel into a 200 room hotel, utilizing the former Poli Palace Theater entrance renovated to its original historic luster as the new entrance to the Savoy Hotel, with the balance of the old theatre re-purposed for all of the new hotel's ancillary facilities. The first phase will also consist of the construction of approximately 200,000 square feet of residential space and retail space on an adjacent site. Construction for Phase I is expected to begin in 2018.

The City's *Bridgeport ITC Garage* (Intermodal Transportation Center) is a 900-car commuter parking facility, which helps link the various modes of transportation (Amtrak, Metro North, water ferries, airport limousines, inter and intra-city buses and taxis) with downtown Bridgeport and the region. It also serves as additional event parking for the Ballpark at Harbor Yard and the Arena at Harbor Yard at night and on weekends. The new bus terminal is connected to the Metro North/Amtrak train station's rail platform and transit garage via overhead walkways. Federal FTA and FHA grant funding has been awarded in a total amount of \$9 million for improvements to infrastructure, pedestrian safety, and access, with construction of improvements planned to start in 2017-18. The City is currently preparing for summer 2018 construction on the first phase of this two phase project.

Live Nation and Harbor Yard Amphitheater LLC, has proposed a contract to renovate and transform the Ballpark at Harbor Yard into a state-of-the-art amphitheater with a seating capacity of approximately 5,000 seats, twenty (20) luxury suites, and three (3) VIP Clubs/Lounges. Live Nation is the largest live entertainment company in the world and the largest producer of concerts in the world. The contract has been approved by the City Council and construction is expected to begin in early 2018.

*The Second Bridgeport Metro North "Barnum" Train Station:* On July 17, 2014, Governor Malloy announced his support for a second train station in the City at the former Remington Arms factory site on the East Side. The State Bond Commission has approved bond funding in the amount of \$2.75 million for the engineering, design and environmental permitting for the station. A second train station in the City will spur economic development on the East Side and encourage transit-oriented and economic development in the surrounding area. Design is currently at 35% completion. Concurrent with station design work, the City conducted a market study for the future development of the area, and is developing zoning code amendments to anticipate that development. The State is hopeful to start construction of this train station within three to five years, dependent upon adequate state and federal funding.

*Housatonic Community College's* enrollment has significantly increased in recent years and has over 5,700 students enrolled per semester. The College this year completed a \$50 million expansion project, adding on 46,000 square

feet to the campus and providing a new student welcome center, expanded library space, expanded laboratories and new administrative offices. The project was completed ahead of schedule.

Significant private investment continues to occur in downtown Bridgeport, especially in downtown North, in conjunction with city-private partnerships with nine development companies.

A number of market rate housing complexes have opened over the past several years. Urban Green Builders completed a residential conversion of an office building at *144 Golden Hill Street* and the \$22 million historic restoration of the *Arcade Hotel*, resulting in a combined 55,000 square feet of renovated retail and office space, and 55 residential apartments. Both projects are at full residential occupancy.

*The Lofts 881 and 333 State Street Developments* are adaptive reuse projects in former office buildings in downtown Bridgeport. These projects consist of over 100 rental and condominium apartments and 15,000 square feet of street-level commercial space. Both are fully occupied.

The *Bijou Square Redevelopment Project* renovated historic buildings along Fairfield Avenue in downtown Bridgeport. One of the buildings houses the oldest theater in the nation. The development contains approximately 20,000 square feet of restaurant, retail and office space, including Joseph's Steakhouse. Kuchma Corporation (developer of Bijou Square) developed nearly 100 residential units, a downtown gym with a pool, a restaurant, and a new senior center for the City's residents. This new City senior center and two new residential buildings opened in 2014.

A joint venture of the *Spinnaker Group* and *Forstone Capital* acquired almost two full city blocks of downtown real estate from People's United Bank and is currently creating a redevelopment reuse plan for these holdings. Forstone Capital also acquired McLevy Square, a four-building, half-acre, historic site located in the heart of downtown Bridgeport, overlooking McLevy Green, the City's downtown public green space. Forstone has transformed this block into a mixed-use complex adding 32 apartment units, a German beer hall, a premier comedy-club venue and a commercial/restaurant space. Construction of the residential units was completed in the summer of 2017 and the units are currently being marketed. The beer hall and comedy club are scheduled to open by the end of 2017. Forstone Capital also acquired the neighboring former Mechanics & Farmers Bank Complex on State Street from the City and has completed the redevelopment of the property into a mixed-use commercial and residential (30 units) complex at a cost of \$17 million.

The downtown north district has seen recent significant investment and is positioned to recreate a major commercial/retail development area within downtown Bridgeport. A mixed-use building has been refurbished into new office and retail space and three inter-connected buildings including an 8-story tower will be repurposed to add to the downtown residential housing stock. Just north of those buildings, the City and several development teams are redeveloping five city blocks including both historic buildings and vacant land. One of those blocks, controlled by Block 912 JV LLC (Alembic Development), received one of the largest grants from the State's CHAMP (Competitive Housing Assistance for Multi-Family Properties) program - \$5 million for remediation towards a 97 unit development (the Jayson Newfield project). In the same area, Bridgeport Historic Ventures LLC purchased three privately-held buildings on Main Street in 2012 in order to renovate the structures into 70 new apartments with complementary retail. This project also received a CHAMP award of \$4 million toward the financing. The security building is completed and is being rented. The Jayson-Newfield project consisting of approximately 100 residential units and approximately 7,500 square feet of commercial space is almost completed. Bridgeport Neighborhood Trust completed 30 units of new housing and 10,000 square feet of office space at 570 State Street with the assistance of \$6 million from the Connecticut Housing Finance Authority.

### **Waterfront Development/Steelpointe Harbor**

On November 10, 2009 the City entered into an Amended and Restated Development and Acquisition Agreement with Bridgeport Landing Development ("BLD") for the *Steelpointe Harbor* project, a 50 acre mixed use development on Bridgeport Harbor. The first major retail stores opened in 2015 in the first phase of this complex, including a 175,000 square foot Bass Pro Shops, a Starbucks, a Chipotle and a T-Mobile store. The full development program calls for an ultimate build-out of approximately 2.8 million square feet of commercial and residential improvements only after demonstrating to the City that tenants and financing have been secured. On an eleven acre parcel of real estate adjacent to Interstate 95, BLD has commenced the second phase of construction on 135,000 square feet of retail

space, including new market rate housing, upscale restaurants, and a marina which is expected to be completed by spring 2019.

The development agreement commits BLD to advance the funds necessary to fund some of the public improvements for the initial retail phase. The City received a \$12 million federal Tiger economic development grant to fund remaining public infrastructure improvements related to the waterfront portion of the project. In 2013 and 2014 the City also received smaller grants including a \$2.5 million Urban Act Grant from the State.

Pursuant to Public Act 05-289 of the 2005 state legislative session, the City and eligible voters and property owners had the right to create the Steel Point Infrastructure Improvement District (the "District"), a special taxing district with the ability to issue as much as \$190 million of non-City bonds secured by property tax incremental financing and additional assessments on property within the District. District bond proceeds would be utilized to create and construct the public improvements on the Steelpointe site. Upon the issuance of the District bonds, BLD and the City would be reimbursed for eligible expenditures previously advanced for the waterfront public improvements and related infrastructure. If District bonds are not issued, the City is obligated to reimburse BLD for such advances. The voters eligible to create the District voted to establish the District on February 23, 2012. On August 13, 2012, the City and the District entered into an Interlocal Agreement governing the allocation of responsibility for certain services within the District and the sharing of incremental real property taxes of the City generated by the project, which taxes will be utilized to pay debt service on the District bonds and to pay certain administrative expenses of the District. Some District bonds are expected to be issued by late 2018. Neither the full faith and credit nor the taxing power of the City will be pledged to the repayment of District bonds. \$40 million in state funding consisting of a combination of Urban Act grants and other State capital financing has been received and utilized for this project.

In early 2016, the State of Connecticut, on behalf of the City of Bridgeport, was awarded the largest single federal grant, \$38 million, in recent Bridgeport history for coastal resiliency programs, and the City also received an additional \$10 million in 2014 funding for South End economic development initiatives. These grants were awarded for coastal resiliency funding programs, including flood prevention and protection along the coast, a new greenbelt parkway, and road and infrastructure improvements which will enable major new economic development on area vacant sites.

As detailed in a recent corporate announcement, MGM Resorts International and RCI, an affiliate of BLD, have joined together to propose a casino and resort complex to be located in Bridgeport. The announced plan must be approved by the Connecticut State legislature and is in preliminary planning stages only. This proposed project, if approved and completed, is estimated to provide significant investment to Connecticut's tourism infrastructure for a new casino and an entertainment and hotel complex.

There are also plans for the relocation of the Bridgeport Port Jefferson ferry terminal to the east side of Bridgeport Harbor by 2019. The existing ferry facilities at Water Street will be converted into a marine facility with boat slips that provide direct access to the downtown an intermodal center and entertainment areas. The existing boathouse will serve as waterfront dining serving the downtown and entertainment district.

### **Development Projects – East End, West End and South End**

In the West End, a number of new developments are in the planning stages along streets adjacent to the I-95 corridor. In particular, the Cherry Lofts project envisions over 400 units of market rate and affordable housing and some small commercial and light industrial development. The sites currently contain old vacant dilapidated factories which will be torn down within the next year to then begin construction of the new housing and mixed use development. The first phase of the project which is under construction, consists of 157 units of workforce housing while financing is being secured for phase two of this project, consisting of an additional approximately 175 units of workforce housing and accompanying retail.

Crescent Crossing Phase One has opened with over one hundred units of new affordable housing located on the former Panik Village low income housing complex. Crescent Crossing phase two is currently expected to start construction in FY17-18. Altogether over 500 units of housing are now proposed for this East side residential area.

In the South End, new housing is proposed and has been approved by zoning for one of the old Remington Arms sites which has been vacant for over a decade. The federal \$40 million resilience grant awarded in Fiscal Year 2016 has been used to commence design work for this project.

### **Industrial Development and Energy Projects**

Public Service Electric and Gas (PSE&G) received approval by the federal northeast ISO and all local and state agencies to construct a new \$550 plus million natural gas power plant in the South End section of Bridgeport. Groundbreaking commenced in summer 2017 and the plant is expected to be operational by June 2020. This major plant is expected to replace a coal powered plant adjacent to the site, which will be phased out by 2021. The addition of this new clean energy plant is expected to lead to major revitalization of the neighborhood as excess utility land on half of the overall acreage on the site is sold for private development, along with the major \$40 million federal coastal resilience state administered grant which was awarded in 2016 for nearby street and coastal improvements including creation of a public greenway along Long Island Sound. The new plant is expected to generate over \$5 million per year in new annual tax revenue phased in during construction within one to four years.

Working in partnership with the City, General Electric has completed the demolition of over 1 million square feet of a vacant building (its former headquarters) and has turned 17 acres of the property over to the City for the construction of the new Harding High School that will anchor the surrounding development of new commercial, industrial, and institutional development at the site. This high school is projected to open by autumn 2018.

There are a variety of other light industrial and development projects which have opened or are underway throughout the City. Among them are bio-energy facilities, a digester plant, solar energy manufacturers, and new light manufacturing proposals.

*BMW of Bridgeport* is completing the construction of additional space facilities at 10 Boston Avenue. The proposed facilities include \$15 million of structural improvements and an increased employee count from 35 to over 100. BMW of Bridgeport is moving its sales operations into the new facility at 10 Boston Avenue.

*United Rentals*, the largest equipment rental company in the world, has a 40,000 square foot facility in the City, the company's largest in New England. The facility is generating approximately \$200,000 annually in personal property taxes for the City. The project was developed on what was formerly the long-dormant Bridgeport Brass property.

*All-Phase Construction*, a fabricator and installer of steel and iron building components, constructed 30,000 square feet of modern manufacturing space in the *Seaview Industrial Park*. The Seaview Industrial Park project is a notable example of the City's ongoing efforts to remediate brownfields and pursue infill industrial development in appropriate neighborhood settings. In 2013, the Bridgeport Economic Development Corporation ("BEDCO") completed its infrastructure improvements in the Seaview Industrial Park with the installation of new sidewalks, curbs and roadways after completing the storm water and sanitary system separation and modernization. The City recently acquired the former Magnetek site, creating another development opportunity within the Park. Over \$22 million in federal and state grants have been committed to this corridor for roadway and transportation improvements.

Bridgeport Commerce Park is a nine acre, 270,000 square foot complex housing approximately 30 business tenants, ranging from construction firms, military contractors, small manufacturers, and approximately 43 artisans.

### **Medical Sector and Senior Living Projects**

*The Watermark at 3030 Park*, a senior living and assisted living center, owns a \$40 million expansion and rehabilitation complex. The property currently pays approximately \$1,000,000 annually to the City under a payment in lieu of taxes agreement, which reverts to full tax value in 2018.

*The Jewish Senior Services of Fairfield County, Inc.*, formerly the Jewish Home for the Elderly of Fairfield County, has completed and opened a new \$90 million 350,000 square foot, 324 unit, skilled nursing and assisted living facility on northern Park Avenue in the City. In connection with this project, the City issued \$62 million of conduit revenue bonds in 2013 for the benefit of the Jewish Senior Services and entered into a multi-year tax payment agreement with the Jewish Senior Services for over \$50,000 per annum in taxes. Neither the full faith and credit nor the taxing power

of the City is pledged to the repayment of the bonds. The project has created over 400 jobs within the Park Avenue corridor.

## **BRIDGEPORT'S MAJOR FINANCIAL INITIATIVES**

The City has instituted a number of cost-saving initiatives through charter revision, financial system upgrades, improvement of revenue collection, the reduction of employee benefits, and privatization. Some of the more recent cost-savings initiatives are described below.

### **Cost Savings Initiatives**

The Administration undertook a program to reduce overall filled employment positions and freeze certain discretionary spending to the extent of over \$3 million per annum in reduced expenditures for Fiscal Year 2017, helping to create a positive surplus for the year in excess of \$4 million. This program is continuing in Fiscal Year 2018 and has resulted in forty-one fewer filled positions hired within the City's workforce.

### **Revenue Collection Initiatives**

The City has been active in seeking out and implementing innovative strategies for enhancing its tax revenues, accelerating its receipt of delinquent taxes, non-tax revenues and controlling costs. Over \$1 million in delinquent back property taxes have been collected over the past six months due to this program. In addition, the City is seeking to sell certain City owned parcels comprised of vacant underutilized properties to spur economic development and to raise revenues from such sales.

The City implemented the Bootfinder Program several years ago to identify delinquent motor vehicle taxpayers. In addition, the City hired TaxServ LLC to serve as the City's tax collection agency regarding delinquent motor vehicle taxes. Combined, the two programs have collected over \$750,000 of delinquent taxes in Fiscal Year 2017. The City has used many methods to increase collection of real estate taxes, including heightened enforcement and the sale of tax liens. Tax lien sales have proven to be an effective management tool in collecting current and arrears taxes, interest and penalties. The sale of liens enables the City to realize an immediate financial benefit from the delinquent taxes, and relieves the City of incurring the expense and delay associated with ongoing collection efforts. The City retains no interest in the assigned liens, and the purchaser bears all the risks relating to its ability to collect the amounts owed, and, should it acquire title to the underlying real estate through foreclosure or otherwise, will bear all risks associated with the ownership and sale of real property. The last Council approved tax lien sale was completed in June 2017 and the City received approximately \$2.4 million in taxes, interest and fees.

### **Internal Service Fund**

In 2007, the City, by ordinance, established an Internal Service Fund to account for self-insured health benefit activities of the City, Board of Education and all other departments. Governmental Accounting Standards allow for the use of Internal Service Funds for risk financing activities. The Internal Service Fund is a proprietary type fund, which utilizes the accrual basis of accounting. The use of an Internal Service Fund, for self-insured benefit activities can help smooth the impact of severe claims fluctuations which, in the past, have occurred in the General Fund. Funding of the Internal Service Fund is provided through the annual General Fund Budget, the WPCA Budget, and non-General Fund employee contributions. Monies will be invested by the City Finance Director and Treasurer in accordance with Connecticut General Statutes. As stated in the ordinance adopted by the City Council, a prior year deficit or surplus in the fund will be considered in the calculation of contributions to be made to the fund in future years; it is expected that deficits will be amortized over a reasonable period (3-5 years). As of June 30, 2016, the fund had a deficit of approximately \$69 million which includes an actuarial estimate of liability for present and future workers' compensation claims of approximately \$54 million. Projected actuarial information indicates that Fiscal Year 2017 results will be similar to Fiscal Year 2016, with approximately a \$4 million reduction to the overall net position of the fund. City wide health claim cost experience increased by 3% during Fiscal Year 2017, while the liability for workers' compensation claims slightly decreased in Fiscal Year 2017, and such claims are not subject to the amortization requirements set forth in the ordinance.



## FUTURE PLANNED BORROWINGS

**Taxable General Obligation Bonds:** Immediately after the issuance of the Series A, B & C Bonds, the City expects to issue \$96 million of taxable general obligation bonds to pre-pay State of Connecticut Municipal Employees Retirement System pension obligations. The taxable bond issuance is expected to generate pension payment savings versus the fixed payment obligation to the State of Connecticut. See Pension Programs – Pension Plans B.

**Tax Anticipation Notes:** Since 2006, the City has issued tax anticipation notes (“TANs”) on an annual basis. The proceeds from the sale of these notes are used to provide funds to pay ongoing expenses of the City on a short-term basis due to cash flow needs. The notes are repaid from ad valorem property taxes and State grants received by the City while the notes are outstanding. The most recent City TANs issued in the amount of \$10 million in June, 2017 were repaid on July 31, 2017. The City plans to issue approximately \$25 million of TANs in late November 2017 and a second installment of \$15 million of TANs in December 2017. All such TANs are expected to be repaid by February 1, 2018. The City has authorization of up to \$75 million for TANs issuance.

### **Capital Improvement Program:**

The City is not planning to initiate any other large new capital projects over the next four fiscal years, except for the possible renovation of the Bassick High School estimated to require City total bond funding of \$15 to \$25 million in Fiscal Year 2019 and Fiscal Year 2020. The City expects during Fiscal Years 2019 through 2022 to reduce the size of the current Capital Plan and there are no large city-wide building projects expected within the term of the capital plan. Please see Five-Year Capital Plan section.

## FINANCIAL INFORMATION

The Director of Finance is responsible for six departments including the Comptroller, Treasurer, Tax Collector, Tax Assessor, Print Shop and Purchasing. The Office of Policy and Management of the City (“OPM”) prepares and reviews the City’s budget, provides guidance for managing departmental performances, and oversees the implementation of management improvement projects.

### **Information Technology Services**

The City’s website has been redesigned to provide a comprehensive website to keep the public informed about City departments, news items, permit and licensing information, financial information such as the Comprehensive Annual Financial Report and on-line bid proposals issued by the City. The upgrades of all computer systems are continuing. The City has placed all financial information on a new public Bridgeport Open website in conjunction with the Connecticut Open website created with the assistance and cooperation of the Connecticut State Comptroller’s office.

The City’s Fiscal Year begins July 1 and ends June 30.

### **Basis of Accounting**

The City’s accounting system is organized and operated on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. The types of funds utilized by the City are as follows: general; special revenue; capital projects; enterprise; and trust and agency. The type and number of individual funds established is determined by Generally Accepted Accounting Principles (“GAAP”) and sound financial administration. The General Fund operations are maintained on a modified accrual basis, with the revenues recorded when measurable and available and the expenditures recorded when the services or goods are received and liabilities are incurred. Accounting records for the City’s enterprise, pension and nonexpendable trust funds are on the accrual basis of accounting.

### **Budget Procedure**

The Mayor’s annual budget is developed by the City’s OPM from department requests and request by the Board of Education. The Mayor is required by Charter to present his annual operating budget to the City Council no later than the first Tuesday in April. The City Council then in turn holds public hearings and makes such additions and changes as deemed necessary before adopting the annual Budget. The City Council is required to adopt a budget by the second Tuesday in May. The Mayor has a final opportunity to veto line item changes made by the Council. However, any Mayoral change to a Council approved Budget may be overturned upon a two-thirds vote of the Council before June

30. The City maintains budgetary control through OPM. The objective of budgetary control is to ensure compliance with legal provisions embodied in the annual adopted budget approved by the City Council. The level of budgetary control is established by organization, agency and object. The City also utilizes an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances reserve appropriations that have been obligated through purchase orders or contractual documents. Encumbrances are reported as reservations of fund balance at the end of the year. Transfers of appropriations between departments require the approval of the City Council. The City's Capital and General Fund Budgets must be adopted by the City Council and approved by the Mayor.

The annual operating budget for Fiscal Year 2017-2018 was adopted by the City Council on May 25, 2017; see "Budget for Fiscal Year 2018" herein.

### **Internal Controls**

Management of the City is responsible for establishing and maintaining a control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. In addition, City management is responsible for monitoring the various City departments for compliance with the City Charter, ordinances and all other policies and procedures.

As a recipient of Federal, State and local financial assistance, the City is also responsible for ensuring that adequate internal control policies and procedures are in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management.

### **Audit**

State statutes require an annual audit by independent certified public accountants. In compliance with these requirements, the City Council selected Blum, Shapiro & Company, PC to perform the audit for Fiscal Year 2016. The City's Fiscal Year 2016 audit was issued on January 30, 2017. The General Purpose Financial Statements for Fiscal Year 2016 and schedules are included as Appendix A of this Official Statement. The auditor's reports which relate specifically to the Federal and State Single Audit Acts are included in separate documents, which are available upon request. The Fiscal Year 2017 audit process is underway. A summary of unaudited results indicates that the general unrestricted fund balance will improve by more than was achieved in the past several years and the undesignated unreserved fund balance has increased by over \$4 million from Fiscal Year 2016 levels. Audited results are expected by December 31, 2017.

### **Pension Programs**

#### *Single Employer Defined Benefit Plans*

The City maintains and administers four single employer defined benefit pension plans which cover substantially all of the employees of the City with the exception of those covered under the Connecticut Municipal Employees' Retirement Fund ("CMERF") and the State Teachers' Retirement System. The four City plans and the number of plan participants as of June 30, 2016 are as follows:

- (i) Public Safety Plan A Investment and Pension Trust ("Plans A") – 711 participants
- (ii) Police Retirement Plan B – 134 participants
- (iii) Firefighters' Retirement Plan B – 78 participants
- (iv) Janitors' and Engineers' Retirement Fund – 19 participants

#### *PENSION PLANS A*

Plans A are partially funded through an Investment Trust (the "Investment Trust") created from the proceeds of the City's \$350,000,000 Pension Obligation Bonds issued in 2000 (discussed below). The net benefits paid under Plans A in Fiscal Year 2017 were approximately \$32.9 million. Actuarial projections indicate that the net benefits to be paid under Plans A are to remain at approximately \$33 million for Fiscal Year 2018 and then to decline in future years

due to the aging of retirees remaining in the Plan. These amounts include proceeds from a previous annuity contract for Plans A purchased in 1985. The City's liability for the actuarially determined pension contribution requirements in excess of actual contributions made since 1986 is recorded as a noncurrent liability in the government-wide financial statements. Plans A is a closed plan, and no new enrollments have been covered by this plan. The City's actuary, The Segal Company, calculated the City's aggregate actuarial accrued liability under the Plans A to be \$311,235,137 as of June 30, 2017. The actuarial value of assets held in Plans A as of June 30, 2017 is \$71,029,447, resulting in an unfunded actuarial accrued liability of \$240,205,690. The assumed annual rate of return on the Plans A assets is 6.75%, changed from 7% in July 2016 and 8% in July 2015 (the five and ten year actuarial average returns as of July 1, 2017 are 2.50% and 4.0%, respectively) and the assumed cost of living adjustment in the actuarial determination of plan liabilities and contribution requirements is 3.5%.

The following table shows the actuarial value of assets, the actuarial accrued liabilities and other relevant information for the Plans A for the last five completed fiscal years based upon the City's Actuarial Valuation and Review reports:

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
07/01/2011	\$ 173,207,603	\$ 338,253,006	\$ 165,045,403	51.21%	\$ 2,076,760	7947.25%
07/01/2012	147,698,808	336,963,074	189,264,266	43.83%	1,675,494	11296.03%
07/01/2013	126,379,780	327,047,224	200,678,444	38.64%	1,622,196	12270.00%
07/01/2014	119,088,096	294,737,010	175,648,914	40.40%	*	*
07/01/2015	97,991,000	351,341,616	253,350,616	27.89%	*	*
07/01/2016	76,643,488	327,252,219	250,608,731	23.42%	*	*
07/01/2017	71,029,447	311,235,137	240,205,690	22.82%	*	*

\*Plan closed – no active employees. Actuarial discount rate assumption lowered to 7% in July 2016 and lowered to 6.75% in July 2017.

The table below shows the City's annual required contributions and actual contributions to the Plans A for the last five fiscal years based upon the City's Actuarial Valuation and Review reports:

**Schedule of Employer Contributions**

Plan Year Ended June 30	Annual Required Contribution	Actual Contributions	Percentage Contributed
2012	9,794,368	7,000,000	71.50%
2013	11,554,504	10,500,000	90.87%
2014	12,623,967	11,600,000	91.89%
2015	11,407,599	11,407,599	100.00%
2016	15,488,177	15,488,177	100.00%
2017	15,945,203	15,945,713	100.00%
2018	15,596,476	*	*

\* The City has budgeted more than the fully required contribution, with a first quarterly payment of \$4.2 million made.

In August, 2000, the City issued \$350,000,000 non-callable General Obligation Taxable Pension Bonds, 2000 Series B (the "Pension Bonds") to finance approximately 79% of the City's then unfunded actuarial accrued liability for benefits under Plans A. The Pension Bonds were issued pursuant to Section 7-374c of the Connecticut General Statutes (the "Act"). The net proceeds of the Pension Bonds were deposited into the Investment Trust with the corpus and any earnings of such Investment Trust utilized to pay pension benefits to the beneficiaries of Plans A. The Trustees of the

Investment Trust are the City's Mayor, Director of Finance and Treasurer. The assets of the Investment Trust are invested in equities, bonds and other financial instruments.

Pursuant to the Act, the City was obligated to make certain contributions to the Investment Trust and to maintain certain actuarially determined funding obligations during the term of the Pension Bonds. Under state statutes governing pension obligation bonds, the City was required to make its "Actuarially Recommended Contribution," defined as the lesser of the Employer's Normal Cost or the Annual Required Contribution as defined by the Governmental Accounting Standards Board ("GASB") Statement No. 25. In addition, under the Act, the City was required to make additional contributions to fund Plans A at approximately the same funding level as immediately following the issuance of the Pension Bonds (79%).

As a result of the most recent economic downturn, special legislation was passed by the Connecticut General Assembly in 2009 which permitted the City to limit its pension contribution for Plans A to \$6 million for the fiscal year ended June 30, 2009. For Fiscal Years 2010 and 2011, the legislation required that the City submit a plan for funding Plans A to the Secretary of the Office and Policy and Management and the State Treasurer in each fiscal year. While the minimum amount required under this legislation was \$4 million for Fiscal Years 2010 and 2011, the City funded Plans A in the amount of \$4.7 million for Fiscal Year 2010 and funded Plans A in the amount of \$5 million for Fiscal Year 2011. During the 2011 legislative session, the Connecticut General Assembly approved legislation which replaces the original funding requirements of the Act for the City. The City contributed \$7 million to Plans A in Fiscal Year 2012 as required by the new legislation. For Fiscal Year 2013 and subsequent fiscal years, the legislation requires the City to make an annual contribution to the Plans A based on: (A) a calculation by the City's actuary of the Plans A unfunded actuarial accrued liability at the beginning of each fiscal year, applying standard methods and assumptions used in actuarial practice, and a level percentage amortization of the unfunded actuarial accrued liability with a 5% growth rate; (B) a 24-year amortization period starting in Fiscal Year 2013 and declining by one year in each subsequent fiscal year; and (C) an annual recalculation of the contribution to take into account any gains and losses experienced by the Plans A in determining its unfunded actuarial accrued liability for the year, and amortizing them over the remaining period. Under the new legislation, the City's annual required contribution for Fiscal Year 2014 was \$12,623,967, of which \$11.6 million was paid in Fiscal Year 2014. For Fiscal Year 2015, the City's annual required contribution was \$11,407,599 which the City made in such fiscal year. In Fiscal Year 2016, the City made 100% of its required contribution of approximately \$15 million. In Fiscal Year 2017, the City made 100% of its required contribution of approximately \$15.95 million. For each year of the current Ganim administration the City has made 100% of its annual required contributions for Plans A.

The City recognizes the need to continue to increase annual contributions to Plans A. Commencing in Fiscal Year 2018, the City expects to increase annual contributions by approximately 5%. For Fiscal Year 2018 the City's expected contribution is over \$17 million, an increase of approximately \$1 million over Fiscal Year 2017. As Investment Trust assets in Plans A continue to diminish, the City understands the probability of adopting a "pay-as-you go" funding method for pension benefits to be paid to beneficiaries of Plans A within five to seven years.

#### *PENSION PLANS B*

The City, police, and firefighters' union negotiated a contract whereby all active bargaining unit members were transferred to CMERF. The Firefighters transfer was effective April 1, 2012 and the Police transfer was effective July 1, 2013. The City transferred \$80.2 million from the Police Retirement Plan B and \$40.1 million from the Firefighter's Retirement Plan B to the State of Connecticut Retirement Commission fund the City's obligation to CMERF for past service of these active employees.

Upon the transfer of active Police and Fire members to CMERF only retired police and firefighters not covered by Plans A participate in Police Retirement Plan B and Firefighters' Retirement Plan B. The Police Retirement Plan B and Firefighters' Retirement Plan B are funded on an actuarial basis and the Janitors' and Engineers' Retirement Fund is funded on a "pay as you go" basis, that is, the City's contribution to the plan is the amount necessary to pay annual benefits. Based on the most recent actuarial valuation of July 1, 2017 the Firefighters' Retirement Plan B was funded at 98.3%, held assets with an actuarial value equal to approximately \$37,073,073 as of June 30, 2017 and has an unfunded actuarial accrued liability of \$646,647 as of June 30, 2017. Based on the most recent actuarial valuation of July 1, 2017, the Police Retirement Plan B was funded at 76.6%, held assets with an actuarial value equal to

approximately \$60,766,256 as of June 30, 2017 and has an unfunded actuarial accrued liability of \$18,563,001 as of June 30, 2017. The City's contribution to the Janitors' and Engineers' Retirement Fund was funded by the Board of Education and amounted to \$889,803 for Fiscal Year 2014, \$861,495 for Fiscal Year 2015 and \$796,380 for both Fiscal Year 2016 and Fiscal Year 2017. For Fiscal Year 2018 a contribution of \$808,105 has been budgeted. In addition, the City contributed approximately \$2.1 million to the Police Retirement Plan B fund and over \$300,000 to the Firefighters Retirement Plan B fund for Fiscal Year 2017 and budgeted the same level of contributions in Fiscal Year 2018.

Following the transfer of the City's pension obligations for the then active police and firefighters to CMERF, a subsequent review of the assets transferred by the City to CMERF revealed a substantial accrued unfunded actuarial liability owed by the City to CMERF. At that time, the City and CMERF agreed that the City could pay the unfunded liability in periodic annual payments on an extended twenty-eight year amortization schedule including an interest component at 8% per annum. During the 2017 State legislative session, the City proposed legislation which was enacted into law to permit the City to issue bonds (the "CMERS Bonds") to fund the accrued unfunded actuarial liability to CMERF. The City intends to issue approximately \$96 million of CMERS bonds late in 2017 or early 2018 to fully fund the accrued unfunded actuarial liability to CMERS.

Following the issuance of the CMERS Bonds, the City expects to pay debt service on the CMERS Bonds rather than pay the City's annual required unfunded obligations to CMERF on an annual basis. The City has paid the first two of these twenty-eight annual amortization installments in Fiscal Year 2016 and Fiscal Year 2017. The twenty six years of payments remaining are being fully prefunded through this financing. Accordingly, the City expects to achieve budgetary savings annually over a twenty six year period as compared to continuing to fund the annual payments required to phase out the remaining accrued unfunded actuarial liability.

#### Connecticut Municipal Employees' Retirement Fund

All current full-time employees of the City, except for Board of Education certified personnel, participate in CMERF, a cost-sharing multiple employer public employee retirement system administered by the State of Connecticut.

Employees are eligible to participate in CMERF provided they work at least 20 hours per week if hired after September 30, 1969. If hired prior to that date there is no minimum hourly requirement. All benefits vest after 5 years of continuous service. Members who retire after age 55 with 15 years of service or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life, in an amount for each year of service equal to:

- If not covered by Social Security: 2% of the average of earnings for the three highest paid years of service.
- If covered by Social Security: 1-1/6% of the average of earnings not in excess of the taxable wage base for the 10 highest paid years, plus 2% of the average of earnings for the three highest paid years of service which is in excess of the average of earnings not in excess of the taxable wage base for the 10 highest paid years.

CMERF also provides death and disability benefits.

Benefits and other plan provisions are established by State statute. Covered employees are required by Connecticut statute to contribute 2-1/4% of earnings upon which social security tax is paid plus 5% of earnings upon which no social security tax is paid. The City is required to make contributions as set by the State Retirement Commission to fund the remaining cost. The employer contribution represents 14.986% of covered payroll for Fiscal Year 2015 to Fiscal Year 2017 for Police and Fire employees and 10.91% for other City and Board of Education employees. The City's Fiscal Year 2017 contributions totaled \$25 million, of which \$22.5 million represented all active employee current required contributions and the share of the City's unfunded amortization payments total \$2.6 million. The City's contributions in total for Fiscal Years 2016, 2015 and 2014 were \$26,100,101, \$24,404,803 and \$20,033,088 respectively, equal to the required contributions for each year. The City has budgeted a contribution of approximately \$22,500,000 for Fiscal Year 2018 and is making such payments on a monthly basis, based upon a State employer required contribution of approximately 15.00% of all covered payroll. The payroll for City employees covered by this plan for Fiscal Year 2017 was approximately \$135 million. The financial statements of the plan are available from the State Retirement Commission for the CMERF Fund.

There will be a reduction in future payments per year to CMERF upon the issuance of the CMERS Bonds discussed above.

State Teachers' Retirement System

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Section 10-183 of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age 60 and has accumulated twenty years of credited service in the public schools of Connecticut or has attained any age and has accumulated thirty-five years of credited service, at least twenty-five of which are service in the public schools of Connecticut. The payroll for City education employees covered by this plan for Fiscal Year 2017 was approximately \$72 million. The financial statements of the plan are available from the Connecticut Office of the State Comptroller, 55 Elm Street, Hartford, CT 06106.

Certain part-time and full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The City does not and is not legally responsible for contributing to the plan.

For more information regarding the City's pension plans, please see Note 11 to the City's General Purpose Financial Statements attached hereto as Appendix B.

Other Post-Employment Benefits

The City, in accordance with various collective bargaining agreements, provides retiree medical benefits for the lifetime of the retired member and covered dependents. The plan covers City, Board of Education, Police and Fire employees as further defined in the collective bargaining agreements and other written materials.

Currently, the City funds its other post-employment benefit (OPEB) costs on a pay-as you-go basis. For Fiscal Year 2014, \$28,451,770 was paid for OPEB costs, representing 52.8% of the annual OPEB cost, \$33,345,101 was expended for OPEB costs in Fiscal Year 2015, representing 46.1% of the annual OPEB cost, \$31,891,398 was expended for OPEB costs in Fiscal Year 2016, representing 43.1% of the annual OPEB cost, and it is estimated that approximately \$33 million was expended for OPEB costs in Fiscal Year 2017, representing 43% of the annual OPEB cost. The City is in compliance with the requirements of GASB Statements 43 and 45, which require municipalities and other governmental entities to undertake an actuarial evaluation of their OPEB plans and include information concerning the valuation of such plans in their financial statements. The City retained an outside actuarial consulting firm to prepare the valuation of its OPEB plans. Based on the most recent actuarial valuation as of July 1, 2014, the City's estimated unfunded actuarial accrued liability for its OPEB plans is \$1,003,337,378, and the estimated annual required contribution for Fiscal Year 2016 was \$71,905,518. The City is having a biannual 2016 actuarial valuation completed by December 2017 as required by GASB.

The following table shows the actuarial value of assets, the actuarial accrued liabilities and other relevant information for the City's OPEB plans as of July 1, 2008, July 1, 2010, July 1, 2012 and July 1, 2014 (the four most recent valuation dates):

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Underfunded AAL (OAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>O AAL as a Percentage of Covered Payroll ((b-a)/c)</b>
7/1/2008	-	\$ 861,812,200	\$ 861,812,200	0.0%	\$ 221,789,000	388.6%
7/1/2010	-	915,806,973	915,806,973	0.0	180,948,566	506.1
7/1/2012	-	723,711,649	723,711,649	0.0	221,438,910	326.8
7/1/2014	-	1,003,337,378	* 1,003,337,378	* 0.0	236,179,687	424.8

\*For the July 1, 2014 valuation, the actuary reduced the discount rate from 7.0% to 4.5%.

For the July 1, 2014 actuarial valuation, the decrease in the actuarial accrued liability reflects the fact that the City negotiated so that all employees contribute at least 25% of the cost of medical and prescription benefits (health). New employees will experience an increase of 1% per year in their contribution for health benefits until they reach the

maximum contribution rate of 50%. Currently in Fiscal Year 2017, over 70% of city employees now contribute 31% of the cost of medical and prescription benefits (health).

The table below shows the City’s annual required contributions versus the pay-as-you-go costs incurred for OPEB for the five fiscal years 2012 through 2016:

<b>Year Ended</b>	<b>Annual Required Contribution</b>	<b>Actual Contribution</b>	<b>Percentage Contributed</b>
2012	\$ 61,100,372	\$ 33,055,301	54.1%
2013	47,743,386	25,781,428	54.0
2014	51,062,573	28,441,853	55.7
2015	70,570,886	33,380,029	47.3
2016	71,905,518	31,926,050	44.4

For Fiscal Year 2017, the City’s Annual Required Contribution is estimated to be approximately \$74 million.

The City plans to create an OPEB Trust by the end of Fiscal Year 2018 and has budgeted a small amount of \$100,000 to begin to meet its unfunded accrued liability.

For more information regarding the City’s OPEB plans, please see Note 12 to the City’s General Purpose Financial Statements attached hereto as Appendix B.

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 if they have matured, for example, as a result of employee resignations and retirements. The liability is typically paid out of the general fund.

**City Investment Policy**

Eligible investments for Connecticut municipalities are governed by the Connecticut General Statutes. It is the policy of the City to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all statutes governing the investment of funds. The City’s investment of cash and cash equivalents consist primarily of money market investments as well as money invested in the State Short-Term Investment Fund (“STIF”).

Because the Connecticut General Statutes do not specify permitted investments for municipal pension funds, the investment of pension funds is generally controlled by the laws applicable to fiduciaries (i.e., prudent person rule) and the provisions of the applicable plan. In accordance with its policy for pension fund investments, the City seeks a long-term, above-average total return consisting of capital appreciation and income, while placing an emphasis on preservation of the principal.

For additional information regarding the City’s investments and policies, see Note 3 of the City’s General Purpose Financial Statements attached hereto as Appendix B.

**CITY FINANCES**

**GAAP Basis for Fiscal Years 2014-2017 – General Fund**

A summary of the General Fund Operations of the City for Fiscal Years 2014-2016 on a GAAP basis follows. The selected financial information was obtained from the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds contained in the Comprehensive Annual Financial Reports (“CAFR”) of the City for the Fiscal Years 2014-2017. (See “APPENDIX A- COMPREHENSIVE ANNUAL FINANCIAL REPORT” herein.)

For a discussion of Fiscal Year 2014-2016 results, see the section entitled “Fiscal Results on a Budgetary Basis for Fiscal Years 2014-2016” below. For a discussion of Fiscal Year 2017, see the section entitled “Fiscal Results on a Budgetary Basis for Fiscal Year 2017” below. For a discussion of Fiscal Year 2018, see the section entitled “Adopted Budget for Fiscal Year 2018” below.

**Revenues, Expenditures and Changes in Fund Balance – General Fund**  
**Summary of Financial Operations (GAAP Basis)**

	<u>Audited Results</u> <u>Fiscal Year 2014</u>	<u>Audited Results</u> <u>Fiscal Year 2015</u>	<u>Audited Results</u> <u>Fiscal Year 2016</u>	<u>(Unaudited)</u> <u>Fiscal Year 2017</u>
<b>Revenues:</b>				
Property Taxes	\$ 290,690,776	\$ 297,658,389	\$ 299,380,641	\$ 308,605,717
Intergovernmental	240,139,304	232,665,443	234,246,831	219,390,272
Fees, Permits and Licenses	17,937,764	19,169,677	22,139,661	18,085,063
Interest	59,550	33,020	62,160	511,823
Other	3,288,520	2,767,483	11,421,003	8,327,012
<b>Total Revenues</b>	<b>\$ 552,115,914</b>	<b>\$ 552,294,012</b>	<b>\$ 567,250,296</b>	<b>\$ 554,919,887</b>
<b>Expenditures:</b>				
General Government <sup>1</sup>	39,028,146	45,085,270	46,543,553	46,420,993
Protection of Person and Property	114,804,154	121,529,416	135,416,264	128,241,433
Conservation of Health	15,191,516	4,975,373	5,162,250	4,852,541
Public Facilities	37,473,983	38,734,364	35,862,313	37,270,389
Education <sup>2</sup>	-	-	-	-
Special Services	997,106	233,108	1,610,253	
Debt Service	74,023,395	77,557,896	71,557,934	74,817,558
<b>Total Expenditures</b>	<b>\$ 281,518,300</b>	<b>\$ 288,115,427</b>	<b>\$ 296,152,567</b>	<b>\$ 291,602,914</b>
Revenues Over (Under)				
Expenditures	270,597,614	264,178,585	271,097,729	263,316,973
<b>Other Financing Sources (Uses):</b>				
Transfers In	500,000	500,000	3,313,024	-
Transfers out <sup>2</sup>	(270,837,891)	(264,662,890)	(274,091,084)	(258,603,219)
Bond Refunding Issue	14,290,000	32,435,000	59,640,000	-
Premium on Bond Refunding	1,150,189	2,963,433	10,505,915	-
Payment to Escrow Agent	(15,228,178)	(35,096,483)	(69,559,903)	-
<b>Total other Financing Sources (Uses)</b>	<b>\$ (270,125,880)</b>	<b>\$ (263,860,940)</b>	<b>\$ (270,192,048)</b>	<b>\$ (258,603,219)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 471,734</b>	<b>\$ 317,645</b>	<b>\$ 905,681</b>	<b>\$ 4,713,754</b>
<b>Fund Balance - GAAP Basis, Beginning</b>	<b>\$ 12,924,082</b>	<b>\$ 13,395,816</b>	<b>\$ 13,713,461</b>	<b>\$ 14,619,142</b>
	<b>\$ 13,395,816</b>	<b>\$ 13,713,461</b>	<b>\$ 14,619,142</b>	<b>\$ 19,332,896</b>

Source: City of Bridgeport – Comprehensive Annual Financial Report

1. Includes all General Government, Economic Development and Libraries.

2. For presentation purposes education expenditures are included as transfers out.

3. Fiscal Year 2017 unaudited results are classified by function on a budgetary basis. Final audited results will be reflected on GAAP Basis.



**GAAP Basis for Fiscal Years 2014-2016 – All Governmental Funds**

A summary of the Governmental Funds’ Operations of the City for Fiscal Years 2014-2016 on a GAAP basis follows. The selected financial information was obtained from the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds contained in the Comprehensive Annual Financial Reports (“CAFR”) of the City for the Fiscal Years 2014-2016. (See “APPENDIX A- COMPREHENSIVE ANNUAL FINANCIAL REPORT” herein.)

**Revenues, Expenditures and Changes in Fund Balance – All Governmental Funds**

**Summary of Financial Operations (GAAP Basis)**

	<u>Audited Results</u> <u>Fiscal Year 2014</u>	<u>Audited Results</u> <u>Fiscal Year 2015</u>	<u>Audited Results</u> <u>Fiscal Year 2016</u>
<b>Revenues:</b>			
Property Taxes	\$ 290,690,776	\$ 297,658,389	\$ 299,380,641
Intergovernmental	387,013,540	407,403,322	447,358,336
Fees, Permits and Licenses	17,937,764	19,169,677	22,139,661
Interest	259,308	251,486	279,985
Other	6,248,652	4,231,035	12,609,215
<b>Total Revenues</b>	<b>\$ 702,150,040</b>	<b>\$ 728,713,909</b>	<b>\$ 781,767,838</b>
<b>Expenditures:</b>			
Current			
General Government <sup>1</sup>	49,637,483	45,555,732	47,793,276
Protection of Person and Property	119,804,154	126,909,760	135,416,264
Conservation of Health	6,847,381	6,834,376	7,319,991
Public Facilities	37,473,983	38,734,364	35,862,313
Charities and Hospitals	-	-	-
Education	353,994,653	372,449,084	388,183,531
Special Services	20,274,199	15,022,236	21,568,961
Debt Service			
Principal Retirements	38,143,098	38,379,591	38,679,933
Interest and other Charges	35,880,297	39,178,305	34,878,001
Capital Outlay	66,802,507	86,814,928	95,861,461
<b>Total Expenditures</b>	<b>\$ 728,857,755</b>	<b>\$ 769,878,376</b>	<b>\$ 805,563,731</b>
Revenues Over (Under) Expenditures	(26,707,715)	(41,164,467)	(23,795,893)
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	3,410,284	1,735,633	4,313,331
Operating Transfers Out	(3,410,284)	(1,735,633)	(5,813,331)
Bonds Issued	-	66,580,000	23,195,000
Bond Refunding Issue	14,290,000	32,435,000	59,640,000
Premiums on Bond Issuance	1,150,189	12,680,507	12,337,545
Payment to Escrow Agent	(15,228,178)	(35,096,483)	(69,559,903)
<b>Total Other Financing Sources (Uses)</b>	<b>212,011</b>	<b>76,599,024</b>	<b>24,112,642</b>
<b>Net Change in Fund Balances</b>	<b>\$ (26,495,704)</b>	<b>\$ 35,434,557</b>	<b>\$ 316,749</b>
<b>Fund Balances, Beginning</b>	<b>\$ 83,717,329</b>	<b>\$ 57,221,625</b>	<b>\$ 92,656,182</b>
<b>Fund Balances, Ending</b>	<b>\$ 57,221,625</b>	<b>\$ 92,656,182</b>	<b>\$ 92,972,931</b>

Source: City of Bridgeport – Comprehensive Annual Financial Report

1. Includes all General Government, Economic Development, Libraries and Human Resources Development.

Note: Fiscal Year 2017 results will be available upon completion of audit in late December.

### **Fiscal Results on a Budgetary Basis for Fiscal Years 2014-2016**

A summary of the General Fund Operations of the City for Fiscal Years 2014-2016 on a Budgetary Basis follows. The selected financial information was obtained from the Statement of Revenues and Other Financing Uses contained in the General Purpose Financial Statements of the City for Fiscal Years 2014-2016.

For Fiscal Year 2014, the City reported a General Fund operating surplus of revenues and other financing sources less expenditures and other financing uses of \$3,170,007 on a Budgetary Basis. In Fiscal Year 2014, actual revenues and other financing sources on a budgetary basis were approximately \$552.6 million. Actual expenditures and other financing uses were approximately \$549.4 million. Tax collections for current and overdue taxes came in slightly over budget and an additional \$1.7 million in revenues came from the State. These funds enabled the City to cover the additional expenses incurred during the various storms that the area experienced.

For Fiscal Year 2015, the City reported a General Fund operating surplus of revenues and other financing sources less expenditures and other financing uses of \$317,645 on a Budgetary Basis. In Fiscal Year 2015, actual revenues and other financing sources on a budgetary basis were approximately \$525.5 million. Actual expenditures and other financing uses were approximately \$525.2 million. Tax collections for current and overdue taxes came in slightly over budget and an additional \$300,000 in revenues came from the State. These funds enabled the City to cover the additional expenses incurred during the various storms that the area experienced.

For Fiscal Year 2016, the City reported a General Fund operating surplus of revenues and other financing sources less expenditures and other financing uses of \$636,584 on a Budgetary Basis. In Fiscal Year 2016, actual revenues and other financing sources on a budgetary basis were approximately \$570.6 million. Actual expenditures and other financing uses were approximately \$569.9 million. Tax Collections for current and overdue taxes came in slightly under budget while an additional \$6,700,000 in revenues came from the sale of City real estate. These funds enabled the City to cover the additional expenses incurred due to public safety needs and pension obligations.

**Revenues and Other Financing Sources Over Expenditures and Other Financing Uses**  
**Summary of Financial Operations (Budgetary Basis)**

	<b>Audited Results</b>	<b>Audited Results</b>	<b>Audited Results</b>	<b>(Unaudited)</b>
	<b>Fiscal Year 2014</b>	<b>Fiscal Year 2015</b>	<b>Fiscal Year 2016</b>	<b>Fiscal Year 2017</b>
<b>Revenues and Other Financing Sources:</b>				
Property Taxes	\$ 290,690,776	\$ 297,658,389	\$ 299,380,641	\$ 308,605,717
Intergovernmental	240,139,304	205,346,235	234,246,831	219,390,272
Fees, Permits and Licenses	17,937,764	19,169,677	22,139,661	18,085,063
Interest	59,550	33,020	62,160	511,823
Other	3,288,520	2,767,483	11,421,003	8,327,012
Transfers In	500,000	500,000	3,313,024	-
Appropriation of Fund Balance	-	-	-	-
<b>Total revenue and other financing sources</b>	<b>\$ 552,615,914</b>	<b>\$ 525,474,804</b>	<b>\$ 570,563,320</b>	<b>\$ 554,919,887</b>
<b>Expenditures, Encumbrances and Other Financing Uses:</b>				
General Government <sup>1</sup>	\$ 49,273,509	\$ 52,615,108	\$ 46,543,553	\$ 46,420,993
Protection of Person and Property	119,804,154	159,102,121	135,416,264	128,241,433
Conservation of Health	4,946,153	4,975,373	5,162,250	4,852,541
Public Facilities	37,473,983	52,098,289	35,862,313	37,270,389
Charities and Hospitals	-	-	-	-
Education	267,927,607	253,017,881	273,774,169	258,603,219
Parks and Recreation	-	-	-	-
Special Services	997,106	233,108	1,610,253	-
Debt Service <sup>2</sup>	69,023,395	3,115,279	71,557,934	74,817,558
<b>Total Expenditures and Encumbrances</b>	<b>\$ 549,445,907</b>	<b>\$ 525,157,159</b>	<b>\$ 569,926,736</b>	<b>\$ 550,206,133</b>
Revenues and other financing sources over expenditures and encumbrances	\$ 3,170,007	\$ 317,645	\$ 636,584	\$ 4,713,754

Source: City of Bridgeport – Comprehensive Annual Financial Report

1. Includes all General Government, Economic Development, Libraries and Human Resources Development.
2. In FY 2014 and FY 2017, the budget of the debt service was included as one item while such debt service for other years was allocated by department.

Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order or other commitment is issued and accordingly, encumbrances outstanding at year-end are recognized in budgetary reports as expenditures of the current year. Generally all unencumbered appropriations lapse at year-end.

## Fiscal Results on a Budgetary Basis for Fiscal Year 2017

For Fiscal Year 2017, the City expects to report a General Fund operating balance of revenues and other financing sources less expenditures and other financing uses in surplus in excess of \$4 million on a Budgetary Basis. In Fiscal Year 2017, actual revenues and other financing sources on a Budgetary Basis are expected to be approximately \$552 million, approximately \$2.0 million over budget, based upon unaudited information. Actual expenditures and other financing uses on a Budgetary Basis are expected to be approximately \$550 million, or \$2.0 million under budget, based upon unaudited information. Tax collections for current and overdue taxes came in slightly below budget due to the conclusion of certain tax appeals, namely the Wheelabrator case, which is described further (See Litigation section) and over \$7,000,000 in added revenues coming from state aid received over the adopted budgeted level. The City undertook a successful program to reduce expenses within the various operations of the City during the fiscal year, primarily through attrition and a freeze on certain discretionary expenditures. The City's adopted mill rates in Fiscal Year 2017 was 54.37 mills for real and personal property, and 37 mills for motor vehicles.

## Adopted Budget for Fiscal Year 2018

The City's Fiscal Year 2018 operating budget was adopted by the City Council on May 25, 2017. The budget reflects a decrease in expenditures of approximately \$11 million (or 2.0%) as compared to the City's Fiscal Year 2017 operating budget. The decrease in City expenditures budgeted for Fiscal Year 2018 when compared to Fiscal Year 2017 was due primarily to the transfer of some education expenses through a Governor proposed new state aid program which would give the Board of Education a portion of special education aid through an expanded direct aid grant, which aid shall be adjusted, if necessary as allowed by state statute, during this Fiscal Year. The City budgeted for all required additional pension contributions, the funding of an additional \$4 million approved for contractual bargaining increases, and \$1.5 million in extra reserve contingencies funded with a goal of replenishing the City's fund balance. The mill rate for Fiscal Year 2018 remains 54.37 with no change from the prior year. The mill rate for vehicle taxes is set at 37 mills, without change from the prior fiscal year. The City has a right to amend the motor vehicle mill rate from 37 to 39 for this Fiscal Year and will soon consider whether to take such action by the statutorily required date of December 15, 2017.

The City's Fiscal Year 2018 adopted Budget was prepared on a conservative basis to both reflect the risks in state aid and to foster a likelihood that Fiscal Year 2018 will generate a surplus. It should be noted that the City Budget was adopted prior to final state aid information being available due to the delay of the adoption of the State budget. The City budgeted approximately \$10 million to \$14 million more in state aid than the final state budget adoption generated. The City has already taken steps to address this gap as discussed below.

	<u>Budget</u>	<u>Adopted</u>	
	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2018</u>	<u>Variance</u>
<b>Revenues:</b>			
Property Taxes	\$ 312,546,911	\$ 305,652,121	\$ (6,894,790)
Intergovernmental	197,174,595	175,695,279	(21,479,316)
Fees, Permits and Licenses	19,922,461	18,090,586	(1,831,875)
Interest	527,000	300,000	(227,000)
Other	22,320,650	41,860,874	19,540,224
Total Revenues	<u>\$ 552,491,617</u>	<u>\$ 541,598,860</u>	<u>\$ (10,892,757)</u>

## Certain Other Budgetary and Financial Considerations relating to the Fiscal Year 2018 State Budget

The State General Assembly adopted a Fiscal Year 2018 budget which was signed into law by the Governor on October 31, 2017. The State budget provides approximately \$10 million to \$14 million less in State aid than reflected in the City's Fiscal Year 2018 budget. The final calculation of such shortfall is still to be determined. The City has already taken steps to address this budgetary shortfall through the implementation of freezes on hiring, expenditure reductions, debt restructuring and revenue enhancements.

### **Fund Balance Plans and Policies**

In an effort to replenish the City's fund balance, the City in 2012 implemented a fund policy establishing a goal of maintaining a fund balance at 8% of annual operating expenditures of the prior audited fiscal year. The policy recommends that the City add a line item during the budgeting process of contributing a minimum of 10% of the difference between the fund balance policy level and the existing undesignated fund balance presented in the latest audited statements. While no contribution to the fund balance per this policy has been budgeted for Fiscal Years 2013-2016, the City has contributed over \$3 million for Fiscal Year 2017, all of which remained unobligated and unspent as of June 30, 2017. Undesignated Fund Balance is projected at approximately \$19 million, or approximately 3.7% of budget as of June 30, 2017. The City's goal is for results in Fiscal Year 2018 to achieve an additional increase in unreserved fund balance.

## DEBT AND CAPITAL PROGRAMS

The City of Bridgeport, Connecticut has never defaulted in the payment of its debt obligations on either principal or interest.

As of November 1, 2017, the principal balance of the City's outstanding bonds, equaled \$626,635,000.

### Principal Amount of Indebtedness – Long Term Debt As of November 1, 2017

Bond Series	Date of Issuance	Original Par Amount	Final Maturity	Outstanding Par Amount
Series 2000 B <sup>1</sup>	08/29/2000	\$350,000,000	01/15/2030	\$244,040,000
Series 2004 C	08/12/2004	58,580,000	08/15/2021	21,390,000
Series 2009 B <sup>2 3 4</sup>	12/15/2009	29,135,000	08/15/2028	23,890,000
Series 2009 C <sup>3</sup>	12/15/2009	4,000,000	08/15/2029	4,000,000
Series 2010 B <sup>2 3</sup>	07/22/2010	19,440,000	09/15/2025	13,530,000
Series 2010 C	07/22/2010	10,010,000	07/15/2018	1,790,000
Series 2012A <sup>2 4</sup>	06/14/2012	67,930,000	02/15/2032	56,675,000
Series 2012B	07/12/2012	55,225,000	08/15/2021	22,535,000
Series 2013A	07/11/2013	14,290,000	08/15/2018	1,740,000
Series 2014A <sup>4</sup>	08/28/2014	66,580,000	07/01/2034	64,185,000
Series 2014B	11/18/2014	32,435,000	10/01/2026	28,255,000
Series 2016A <sup>4</sup>	03/17/2016	23,195,000	08/15/2035	23,195,000
Series 2016B	03/17/2016	36,570,000	08/15/2025	36,570,000
Series 2016C	05/17/2016	23,070,000	08/15/2024	23,070,000
Series 2016D <sup>4</sup>	11/22/2016	57,510,000	08/15/2046	57,510,000
Series 2016E	11/22/2016	4,260,000	08/15/2026	4,260,000
<b>TOTAL</b>		<b>\$942,200,000</b>		<b>\$626,635,000</b>

Source: City of Bridgeport

Note: Total may not add due to rounding.

<sup>1</sup> Pension Obligation Bonds

<sup>2</sup> Includes City general obligation debt for WPCA projects, but does not include Section 108 loans.

<sup>3</sup> Build America Bonds

<sup>4</sup> Includes Bonds being refunded by this issue.

### Other Long Term Commitments

#### Connecticut Resources Recovery Authority / Solid Waste and Recyclables Disposal

In 2014, Bridgeport City Council authorized and directed the Mayor to enter into a Greater Bridgeport Regional Solid Waste Interlocal Agreement (“Interlocal Agreement”) which creates the Greater Bridgeport Regional Solid Waste Committee (“Operating Committee”) as a public body comprised of various southwest Connecticut municipalities (including but not limited to Bridgeport, Trumbull, Fairfield, Milford and Westport) for the purpose of, and with the authority to, contract with a solid waste facility for the disposal of municipal solid waste.

Wheelabrator, the operator of the solid waste facility, and the Operating Committee have entered into a contract which provides a disposal fee of \$60.00 per ton up to 175,000 aggregate annual tonnage for a term of up to 20 years with a \$1.00 per ton decrease for each new 25,000 tons the Operating Committee attracts and an annual Consumer Price Index escalator at 75% of the change.

Bridgeport is also part of an Inter-Community Agreement dated September 15, 1989 establishing a regional recycling program. The Southwest Connecticut Regional Recycling Operating Committee (SWEROC) was established to implement a regional recycling program to meet the State of Connecticut mandated program for recycling, per Sections 22a-241 through 22a-241i of the Connecticut General Statutes. Bridgeport is one of seventeen "Contracting Communities" participating in the SWEROC recycling program. The City is committed to supply recyclables annually consisting of: food and beverage containers made of glass, metal and certain plastics, and newspapers. Other defined residential recyclables are cardboard, waste oil, storage batteries and scrap metal.

## Water Pollution Control Authority

The City is liable on the debt obligations of the WPCA. The City expects these obligations to be satisfied out of the user fees and other revenues of the WPCA. Loans to the WPCA under the State's Clean Water Fund program are guaranteed, however, by the full faith and credit of the City. Loans to the WPCA from City bond proceeds are made under agreements between the City and the WPCA by which the WPCA agrees to repay to the City the debt service on the bonds from user fees. As of June 30, 2017 the balance of WPCA loans outstanding was \$38.5 million. This amount represents \$34,331,924 of the outstanding loan balance for completed and active major WPCA projects and the outstanding balance of certain bonds of the City as follows: \$60,000 from the City's 2007 bond issue; \$1,259,966 from the City's 2009 bond issue; \$296,003 from the City's 2010 bond issue; and \$1,337,517 from the City's 2012 bond issue, and \$800,000 from the City's 2016 bond issue.

### Detail of WPCA Borrowings

			WPCA Major Project Loans	
			Loan Amount <sup>1</sup>	Loan Balance as of September 30, 2017
<b>CLEAN WATER FUND PROJECTS:</b>				
Completed Projects	206C	01/31/1997	\$ 32,033,046	\$ 4,469,350
	416C	7/23/2004	3,384,911	986,343
	572C	1/31/2006	624,067	259,390
	102CSL	6/30/2010	4,608,318	2,630,582
	625CSL	01/31/2011	1,672,257	1,031,191
	613C	3/31/2011	960,201	630,719
	372C	12/31/1999	3,211,547	200,722
	372CD1	12/31/1999	1,858,034	133,105
	372CD2	01/31/2002	649,570	53,243
	409D	04/03/2001	611,285	165,669
	409C	39021	1,911,688	843,450
	559C	1/31/2006	1,236,190	489,642
	575C	3/31/2009	2,323,916	1,215,731
	621D	7/31/2009	1,260,771	951,397
	452C2	3/7/2008	6,824,081	5,319,284
	213CSL	2/28/2013	3,115,301	2,782,470
	658C	12/31/2015	325,921	296,796
	621C	1/31/2016	3,956,483	3,556,838
	628C	5/31/2017	7,456,219	7,300,871
			\$ 78,023,806	\$ 33,316,793
Total Completed Projects				
Active Projects	681C	11/30/2018	2,265,100	548,577
Total Active CWF Project Loans			\$ 2,265,100	\$ 548,577
TOTAL CWF DEBT			\$ 80,288,906	\$ 33,865,370
2007 BONDS			490,000	60,000
2009 BONDS			1,845,000	1,259,966
2010 BONDS			425,300	296,003
2012 BONDS			1,564,217	1,337,517
2016 BONDS			800,000	800,000
TOTAL WPCA DEBT			\$ 85,413,423	\$ 37,618,856

Source: WPCA for the City of Bridgeport

1. Constitutes the maximum amount that can be borrowed and not the actual amount borrowed in respect of the loan.

Loans under the Clean Water Fund are payable over 20 years at a 2% interest rate.

The operations, maintenance and debt service cost of the wastewater treatment facilities and the sanitary and storm collection system are funded by user fees. The WPCA Board and the City Council approve financing that is also secured by the full faith and credit of the City.

The City's long-term operations and management contract with Severn Trent Environmental Services, Inc. and the contract operation of certain WPCA functions (See "THE CITY – Private and State Operation of Certain Facilities") does not have an impact on WPCA borrowings set forth in the above chart.

**TREND OF CAPITAL INDEBTEDNESS**  
**Principal Amount of Outstanding Debt**  
**(\$ in thousands)**

<u>Fiscal Year</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Bond Anticipation Notes <sup>(1)</sup>	\$ --	\$ --	\$ --	\$ --	\$ --
Long-Term Debt <sup>(2)</sup>	<u>626,635</u>	<u>605,550</u>	<u>647,610</u>	<u>622,395</u>	<u>657,515</u>
<b>Total</b>	<u><u>\$626,635</u></u>	<u><u>\$605,550</u></u>	<u><u>\$647,610</u></u>	<u><u>\$622,395</u></u>	<u><u>\$657,515</u></u>

Source: City of Bridgeport Annual Financial Report

1. Excludes Tax Anticipation Notes.
2. Includes City general obligation debt for WPCA projects, but does not include Section 108 loans.

**DEBT STATEMENT**  
**As of November 1, 2017**

<b>General Obligation Debt:</b>		
General Purpose Bonds		\$281,201,757
School Bonds		101,393,245
Pension Obligation Bonds <sup>1</sup>		<u>244,040,000</u>
<b>Total General Obligation Debt<sup>2</sup></b>		<u><u>\$626,635,000</u></u>
<b>Less:</b>		
School Construction Grants Receivable <sup>3</sup> - Principal Portion Only		(8,868,832)
<b>Total Overall Net Debt<sup>4</sup></b>		<u><u>\$617,766,169</u></u>

Source: City of Bridgeport

1. See the "FINANCIAL INFORMATION -- Pension Programs" herein.
2. Does not include (i) WPCA self-supporting debt, or (ii) the HUD Section 108 Loans
3. School construction grants are receivable in substantially equal installments over the life of outstanding school bonds, obtained from the Grants Management Office, State of Connecticut. The total is as of July 1, 2015.
4. The City of Bridgeport, Connecticut is not subject to the debt of overlapping governments.

**CURRENT DEBT RATIOS**  
**As of October 1, 2017**

Population <sup>1</sup>	147,629
Net Taxable Grand List 10/1/16 (70%) <sup>2</sup>	\$ 6,026,033,446
Estimated Full Value of Taxable Grand List 10/1/15 (100%)	\$ 8,288,945,413
Equalized Net Taxable Grand List 10/1/15	\$ 6,045,359,518
Personal Income Per Capita <sup>1</sup>	\$ 50,104



	<u>Total Debt</u>	<u>Net Total Debt</u>	<u>Total Debt (excluding Pension Obligation Bonds)</u>	<u>Net Total Debt (excluding Pension Obligation Bonds)</u>
Per Capita	\$4,245	\$4,185	\$2,592	\$2,458
Ratio to Net Taxable Grand List	10.40%	10.25%	6.35%	6.02%
Ratio to Estimated Full Value	7.56%	7.45%	4.62%	4.38%
Ratio to Equalized Net Taxable Grand List	10.37%	10.22%	6.33%	6.00%
Per Capita to Personal Income Per Capita	8.47%	8.35%	5.17%	4.91%

1. Source: US Department of Commerce, Census Bureau
2. Subject to change following results of tax appeals.

### Ratio of Annual Debt Service Expenditures to General Fund Expenditures

<u>Fiscal Year</u>	<u>Annual Debt Service<sup>1</sup></u>	<u>General Fund Expenditures</u>	<u>Percent</u>
2017	\$74,817,558	\$550,206,133	13.60%
2016	71,557,934	534,527,763	13.39%
2015	77,557,896	528,272,438	14.68%
2014	74,023,395	549,445,907	13.47%
2013	67,172,412	511,511,329	13.13%
2012	70,974,002	497,630,374	14.26%
2011	71,949,542	470,136,457	15.30%
2010	72,194,167	462,276,451	15.62%
2009	72,194,166	489,471,659	14.75%
2008	72,009,393	492,348,971	14.63%
2007	67,441,349	462,031,673	14.60%
2006	67,335,830	460,218,044	14.63%
2005	66,557,526	447,886,784	14.86%
2004	61,989,852	432,983,647	14.32%

Source: City of Bridgeport Comprehensive Annual Financial Reports.  
1. Includes debt service related to the City's outstanding Pension Bonds.

### DEBT LIMITATION AND DEBT MARGIN COMPUTATION

#### Statement of Statutory Debt Limitation and Debt Margin

As of October 1, 2017

#### Debt Limitation Base

Unaudited total tax collections (including interest and lien fees) for the year ended June 30, 2016	\$ 297,965,280
Plus Reimbursement for revenue loss:	
Tax Relief for the elderly	<u>\$ 792,009</u>
Base	\$298,757,289
Debt Limit (7 x Base)	\$ 2,091,301,023

**Computation of Debt Limitation and Debt Margin**

	<u>General Purpose</u>	<u>Unfunded Past Benefit Obligation</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>
<b>Multiple of Base</b>					
2 ¼ times base	\$672,203,900				
3 times base	--	\$896,271,867			
4 ½ times base	--	--	\$1,344,407,801		
3 ¾ times base	--	--	--	\$1,120,339,834	
3 ¼ times base	--	--	--	--	\$970,961,189
Total Debt Limitation	<u>\$672,203,900</u>	<u>\$896,271,867</u>	<u>\$1,344,401,801</u>	<u>\$1,120,339,834</u>	<u>\$970,961,189</u>
<b>Indebtedness</b>					
Bonds and Notes Payable	\$ 281,201,757	\$244,040,000	\$ 101,393,245	\$39,142,831	\$ 1,583,000
Tax Anticipation Notes <sup>(1)</sup>		--	--	--	--
Bonds authorized-but-unissued	29,064,596	--	75,937,109	18,705,544	--
Less: School construction grants	--	--	(3,473,695)	--	--
Total Net Indebtedness	<u>310,266,353</u>	<u>244,040,000</u>	<u>173,856,659</u>	<u>57,848,375</u>	<u>1,583,000</u>
 Total Bonding Availability	 <u>\$361,937,547</u>	 <u>\$652,231,867</u>	 <u>\$1,170,545,142</u>	 <u>\$1,062,491,459</u>	 <u>\$969,378,189</u>

Source: City of Bridgeport Finance Department.

### **Debt Limitation in Excess of Outstanding and Authorized Debt**

In accordance with Connecticut General Statutes, municipalities may not incur indebtedness through the issuance of bonds which will cause aggregate indebtedness to be exceeded by class as outlined above and in no case shall total indebtedness exceed seven times the Debt Limitation Base calculated above, or \$2,091,301,023. Total net indebtedness currently issued or authorized, is \$787,594,387.

### **Debt Authorization**

The City has the power to incur indebtedness as provided by the Connecticut General Statutes and the City Charter. The issuance of bonds and notes is authorized by the City Council upon the recommendation of the City's Mayor and the Director of Finance. Notes and bonds may be issued to meet certain emergency appropriations as provided in the Connecticut General Statutes.

With certain exceptions, and provided certain statutory principal reductions are made prior to the third anniversary of the initial borrowing date of bond anticipation notes and each anniversary thereafter such notes may be renewed for a period of up to ten years from their original date of issue. Generally, bond anticipation notes must be permanently refunded not later than ten years from the initial borrowing date. The Connecticut General Statutes also provide for the issuance of temporary notes in anticipation of State and Federal grants with respect to a project.

### **Five-Year Capital Plan**

The City's Five-Year Capital Plan for Fiscal Years 2018-2022 was approved by the City Council on May 11, 2017 and was later amended in September 2017 and includes anticipated capital expenditures of approximately \$160 million over the next five years, with approximately \$33 million approved and authorized for Fiscal Year 2018. The capital improvements in the City's five year plan are broken down into four distinct categories: Board of Education, Economic Development, Public Facilities and Other Departments. The City does not expect to bond all authorizations within this Capital Plan.

## Adopted Capital Improvement Program

Project Description	FY2018	FY2019	FY2020	FY2021	FY2022	Total 2018-2022
<b>Board of Education</b>						
BOE - Facilities Equipment	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
BOE Classroom Computers	-	1,500,000	-	-	1,500,000	3,000,000
BOE - Maintenance Veh. Dump Truck/4 vans/2 pickup	-	-	-	105,000	-	105,000
Central High School Renovation (2nd funding)	1,700,000	-	-	-	-	1,700,000
Bassick High Sch. Complete Renov.(21% City Share)	1,000,000	25,250,000	-	-	-	26,250,000
Purchase/Renov. BOE-Operations office/Garage	-	-	-	-	15,000,000	15,000,000
Nutrition Center-Roof Replacement (21% City Share)	231,000	-	-	-	-	231,000
Dunbar School-Elevator Repairs	37,000	-	-	-	-	37,000
Maintenance Equipment-Two New Mowers	-	-	35,000	-	-	35,000
Cesar Batallia-Steel Cat Walk To access HVAC Control	-	-	35,000	-	-	35,000
High Horizons-Playground	80,000	-	-	-	-	80,000
High Horizons - HVAC Controls	-	400,000	-	-	-	400,000
High Horizons-Exterior Door Replacement	-	-	25,000	-	-	25,000
Edison School - Playground	123,000	-	-	-	-	123,000
Black Rock - 4 Exterior Doors	-	-	-	150,000	-	150,000
Winthrop - Asbestos Abatement	50,000	-	-	-	-	50,000
Blackham - Asbestos Abatement	50,000	-	-	-	-	50,000
Columbus - Asbestos Abatement	50,000	-	-	-	-	50,000
Maintenance - Forklift	-	-	-	25,000	-	25,000
Maplewood School -Elevator Repairs/Upgrades	-	35,000	-	-	-	35,000
Multi-Cultural-HVAC Controls ( 2 roof top Units)	-	400,000	-	-	-	400,000
Read School -Elevator Repairs/Upgrades	-	120,000	-	-	-	120,000
Read School - HVAC Controls	100,000	-	-	-	-	100,000
Skane School - HVAC Controls	100,000	-	-	-	-	100,000
Cesar Batallia - Replace Ice Storage Syst.w/Chiller	-	400,000	-	-	-	400,000
Read - Renovate Students Bathroom	-	100,000	-	-	-	100,000
Read - New Fire Alarm System	160,000	-	-	-	-	160,000
Cross - Main Office HVAC System Replacement	20,000	-	-	-	-	20,000
JFK Air Handling Admin- 2 Roof Tops Units	-	-	450,000	-	-	450,000
JFK Air - Elevator Repair/Upgrades	-	85,000	-	-	-	85,000
Madison - Roof Top Heating Units Replace 4 units	-	-	225,000	-	-	225,000
Madison School - Elevator Repairs/Upgrades	-	182,000	-	-	-	182,000
Bryant - Masonry and Parapet	-	-	160,000	-	-	160,000
Edison School - Boiler Replacement (2 units)	-	-	160,000	-	-	160,000
Park City Magnet - HVAC Equip-Replace 2 boilers	-	-	250,000	-	-	250,000
Blackham - Masonry-Outside Pool Wall/Heating Syst.	-	-	-	125,000	-	125,000
Blackham - Elevator Repairs/Upgrades	-	40,000	-	-	-	40,000
Blackham - New Electrical Service	75,000	-	-	-	-	75,000
Beardsley School - Masonry	-	-	50,000	-	-	50,000
Marin - HVAC Equipment-Replace 3 A/C Units	-	-	300,000	-	-	300,000
Marin - Roof Replacement (21% City Share)	-	504,000	-	-	-	504,000
Marin School - Elevator Repair/Upgrades	-	33,000	-	-	-	33,000
JFK Admin - Replace 3 Fire Alarm Panels	-	-	45,000	-	-	45,000
Hallen - Elevator Repairs/Upgrades	-	51,000	-	-	-	51,000
Winthrop School - HVAC Repairs (piping)	200,000	-	-	-	-	200,000
Winthrop - Paving Play Yard and Around Back	-	-	85,000	-	-	85,000
<b>TOTAL BOARD OF EDUCATION</b>	<b>\$ 3,976,000</b>	<b>\$ 29,100,000</b>	<b>\$ 1,820,000</b>	<b>\$ 405,000</b>	<b>\$ 16,525,000</b>	<b>\$ 51,826,000</b>

<b>Economic Development</b>						
Land Management / Acquisition	\$ -	\$ 1,500,000	\$ -	\$ 2,000,000	\$ -	\$ 3,500,000
City Owned Properties-Development Ready Program	-	1,000,000	-	2,000,000	1,000,000	4,000,000
Congress Street Bridge Replacement - City Share	12,000,000	-	-	-	-	12,000,000
Downtown Parking Garage	3,500,000	-	-	-	-	3,500,000
Comm. Retail Corridor-Traffic Improve- State St./CT Ave	500,000	-	-	-	-	500,000
Master Plan Update and Zoning Update	300,000	-	-	-	-	300,000
Site Improvement/Public Housing	-	600,000	600,000	600,000	600,000	2,400,000
Gateway To South End	-	2,000,000	2,000,000	2,000,000	2,000,000	8,000,000
Blight Removal / Demolition Clean Up	-	1,000,000	-	-	-	1,000,000
<b>TOTAL OPED</b>	<b>\$ 16,300,000</b>	<b>\$ 6,100,000</b>	<b>\$ 2,600,000</b>	<b>\$ 6,600,000</b>	<b>\$ 3,600,000</b>	<b>\$ 35,200,000</b>
<b>Public Facilities</b>						
Roadway Paving, Bridges, Culverts, Intersections	\$ -	\$ 2,500,000	\$ 2,000,000	\$ 2,000,000	\$ 4,250,000	\$ 10,750,000
Public Facilities Equipment	-	1,000,000	2,000,000	2,500,000	3,200,000	8,700,000
Muni Bldg. HVAC / Heating / Elec./ Facilities	-	500,000	500,000	500,000	1,000,000	2,500,000
City Wide Building & Security Improvements	-	500,000	500,000	1,000,000	7,500,000	9,500,000
Facilities Assessments /Planning Studies	-	-	-	-	100,000	100,000
Energy Conservation /Conversion Program	250,000	-	250,000	-	250,000	750,000
Harbor Yard Ballpark Upgrades	-	-	-	-	350,000	350,000
Arena	-	500,000	-	-	1,000,000	1,500,000
Various Airport Improvement Projects	-	-	-	-	275,000	275,000
Parks Maintenance Equip(Include Golf Course)	-	200,000	600,000	200,000	500,000	1,500,000
Various Park Improvement Projects	-	100,000	100,000	200,000	200,000	600,000
Barnum Museum	-	-	-	1,000,000	-	1,000,000
Bloom Bulkhead	-	-	2,000,000	-	-	2,000,000
Side Walks/Street scape Replacements	-	500,000	500,000	1,000,000	1,000,000	3,000,000
Pleasure Beach Bridge and Fishing Pier	-	-	3,200,000	-	-	3,200,000
Landfill Closure-Stewardship	-	1,000,000	-	-	-	1,000,000
Ferry Terminal	-	250,000	100,000	75,000	50,000	475,000
Citywide Signage	-	250,000	-	250,000	-	500,000
Citywide Deco Lights	-	500,000	-	-	500,000	1,000,000
Traffic Lights Upgrades	-	125,000	-	125,000	-	250,000
Perry Memorial Arch.	-	500,000	300,000	300,000	400,000	1,500,000
Veterans Memorial Park Improvements	-	-	100,000	100,000	100,000	300,000
Tennis Courts	-	100,000	100,000	150,000	150,000	500,000
Kennedy Stadium	-	150,000	25,000	25,000	-	200,000
Knowlton Park	-	-	40,000	-	-	40,000
Park Restrooms	-	-	120,000	70,000	-	190,000
Pleasure Beach Park	-	-	300,000	100,000	150,000	550,000
Golf Course Improvements	-	150,000	150,000	150,000	300,000	750,000
Beardsley Zoo Improvements	-	-	640,000	2,500,000	3,000,000	6,140,000
Lincoln Boulevard	-	-	-	500,000	-	500,000
NRZ Projects	-	-	-	700,000	700,000	1,400,000
Downtown Intermodal / Water St. Improv.(20% City)	456,000	-	-	-	-	456,000
Downtown Intermodal / Water St. Improv.11(20% City)	1,124,875	-	-	-	-	1,124,875
<b>TOTAL PUBLIC FACILITIES</b>	<b>\$ 1,830,875</b>	<b>\$ 8,825,000</b>	<b>\$ 13,525,000</b>	<b>\$ 13,445,000</b>	<b>\$ 24,975,000</b>	<b>\$ 62,600,875</b>
<b>Other Departments</b>						
Police Fleet Upgrade	\$ -	\$ 2,200,000	\$ -	\$ 1,000,000	\$ 1,500,000	\$ 4,700,000
Police Equipment / Technology/VHF Portable Radios	2,645,600	-	-	1,000,000	-	3,645,600
FIRE Equipment / Technology/VHF Portable Radios	545,000	-	-	-	-	545,000
Fire Apparatus Replacement Program / Vehicles	1,765,000	870,000	1,508,000	1,048,000	1,440,000	6,631,000
Technology Enhancement / Systems Improvement	250,000	-	-	250,000	-	500,000
WPCA Capital Improvements	821,000	870,000	875,000	1,275,000	-	3,841,000
Public Safety Communications Modifications	2,510,000	300,000	-	-	-	2,810,000
Emergency Operations / Technology upgrade	250,000	500,000	500,000	500,000	-	1,750,000
Civil Service Test Center/City Wide Training Ctr.	-	4,500,000	-	-	-	4,500,000
IT Telephony & Computer Replacement Program	-	-	-	-	-	-
Citywide Departments -Fiber Optics Installation	-	-	-	-	-	-
<b>TOTAL OTHER</b>	<b>\$ 8,786,600</b>	<b>\$ 9,240,000</b>	<b>\$ 2,883,000</b>	<b>\$ 5,073,000</b>	<b>\$ 2,940,000</b>	<b>\$ 28,922,600</b>
<b>TOTAL ALL DEPARTMENTS</b>	<b>\$ 30,893,475</b>	<b>\$ 53,265,000</b>	<b>\$ 20,828,000</b>	<b>\$ 25,523,000</b>	<b>\$ 48,040,000</b>	<b>\$ 178,549,475</b>

## Water Pollution Control Authority

The WPCA is a technical and administrative body which manages the collection and treatment of the City's sewage. The WPCA's annual revenues derived from user fees are used for the WPCA's annual operating and debt service expenditures. The WPCA portion of the City's bond issuances is reimbursed from user fees.

### WPCA Plan

	<b>Budget Fiscal Year 2018</b>	<b>Budget Fiscal Year 2017</b>	<b>Actual Fiscal Year 2016</b>	<b>Actual Fiscal Year 2015</b>	<b>Actual Fiscal Year 2014</b>
<b>Revenues</b>					
User Fees	\$ 36,059,189	\$ 36,054,851	\$ 35,481,622	\$ 36,498,091	\$ 34,895,687
Income From Operations	<u>4,561,908</u>	<u>3,944,908</u>	<u>1,114,924</u>	<u>1,393,337</u>	<u>1,142,812</u>
Total Revenues	\$ 40,621,097	\$ 39,999,759	\$ 36,596,546	\$ 37,891,428	\$ 36,038,499
<b>Expenditures</b>					
Operating	\$ 33,957,684	\$ 32,756,261	\$ 25,296,621	\$ 28,264,453	\$ 27,587,352
Bad Debt <sup>2</sup>	1,602,965	1,842,752	1,115,221	(271,810)	(1,318,681)
Debt Service <sup>1</sup>	429,030	431,156	393,619	376,639	374,057
State Loan Funding	<u>4,631,418</u>	<u>4,969,590</u>	<u>6,068,671</u>	<u>5,849,714</u>	<u>5,617,749</u>
Total Expenditures	\$ 40,621,097	\$ 39,999,759	\$ 32,874,132	\$ 34,218,996	\$ 32,260,477

Source: City of Bridgeport, WPCA

1. Debt Service: Includes costs related to bonds that were issued in Fiscal Years 2007, 2009, 2010 and 2012 by the City. Fiscal Years 2014 and 2015 budgets include these same related bond costs.

2. Bad Debt: Fiscal Years 2015 - 2014 were a negative amount due to reserve adjustments.

The WPCA approved rates per hundred cubic feet of \$5.946 in Fiscal Year 2014, \$5.946 in Fiscal Year 2015, \$5.946 in Fiscal Year 2016 and \$5.945 in Fiscal Year 2017 and Fiscal Year 2018.

The City of Bridgeport's WPCA currently has a long-term operations and management contract with Severn Trent Environmental Services, Inc. which began on January 1, 2014 for the operation of the wastewater treatment and field operations function of WPCA. The areas covered by the contract operation represent approximately 63.0% of WPCA's Fiscal Year 2017 budget, which includes the billing and collection of current sewer user invoices, and budgeted operation and maintenance expenses. The WPCA is engaged in a long-term capital program that is expected to cost \$244 million through Fiscal Year 2019 in total, of which \$152 million is to be from State low-cost loans, \$89 million from State grants, and \$3 million provided by the City. To date, \$202 million of projects costs have been expended leaving \$42 million of project costs to be completed. A number of these capital programs are mandated by a consent decree between the Connecticut Department of Energy and Environmental Protection and the City with respect to the wastewater treatment facility and the sanitary and storm collection system as a result of a court settlement. It is anticipated that \$23 million of these future project costs will be borrowed from the State at an interest rate of 2%. The remaining \$20 million of future project costs are expected to be provided by State grants and local share. The borrowings and any future borrowings are general obligations of the City with repayments expected to be made from sewer user fees imposed by the WPCA.

## TAX BASE DATA

### 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 are the responsibilities of the Assessor's Office. The Grand List represents the total of assessed value for all taxable real property, personal property and motor vehicles located within the City as of October 1. Assessments for real property are computed at 70% of the estimated market value at the time of the last general revaluation.

The City completed a revaluation by physical inspection as of October 1, 2008. Pursuant to Section 12-62 et. seq. of the Connecticut General Statutes, as amended, the City would ordinarily be required to revalue all real estate in 2013, and every fifth year thereafter. A revaluation by physical inspection must be made no later than ten years from the preceding physical inspection.

Public Act 14-19 of the 2014 State legislative session allows municipalities, with local legislative approval, to delay implementation of the revaluation for the 2013 assessment year until the 2015 assessment year. On May 12, 2014, the Bridgeport City Council approved the delay of the revaluation scheduled to be implemented in the October 1, 2013 assessment year until the October 1, 2015 assessment year. On February 28, 2016, the Tax Assessor certified the grand list for the 2015 assessment year based upon all revalued assessments as of October 1, 2015. Valuations are subject to transfers of ownership, additions for new construction and reductions for demolitions after October 1, 2015.

This was a statistical revaluation conducted for the Tax Assessor by Vision Appraisal. The grand list decreased from the basis used for the past eight years based off prior assessment values from October 1, 2008. This was primarily due to the impact of the national recession lasting from 2008 to 2010. The overall change in real property values, including personal property and motor vehicles, decreased by approximately 15%. This was in line with revaluation results seen in other area communities. The next revaluation is scheduled for 2020. Any taxpayer who is unsatisfied with any new assessment may file a written appeal of such assessment with the City's Board of Assessment Appeals and may receive, subject to the discretion of the Board of Assessment Appeals, an appeal hearing and final determination of any increase or decrease from the property's original assessment. Each year the Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted.

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 Official. A physical appraisal is then completed and the structure classified and priced from a schedule developed at the time of the last general revaluation. The property depreciation and obsolescence factors are also considered when arriving at an equitable value.

**Personal Property.** All personal property (furniture, fixtures, equipment, supplies, and machinery) is assessed annually. An assessor's check and audit is completed periodically. Assessments for personal property are computed at seventy percent (70%) of present market value.

**Motor Vehicles.** Motor vehicle lists are furnished to the City by the State of Connecticut Department of Motor Vehicles and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule developed by the Connecticut Association of Assessing Officers. Section 12-71b of the Connecticut General Statutes, as amended, provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but prior to the first day of August in such assessment year, are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. If such registration occurs subsequent to November 1 but prior to the following August 1, the tax is prorated, and the proration is based on the period of time from the date of registration to the next succeeding October 1. Cars purchased in August and September are not taxed until the next October 1 Grand List. Assessments for motor vehicles are computed at 70% of the present true and actual value.

Section 206 of Public Act No. 15-244 (Jan. 2015 Reg. Sess.), as amended by Section 187 of Public Act No. 16-3 (May 2016 Spec. Sess.), of the Connecticut General Assembly (the "Act") created a cap on the local property tax mill rate for motor vehicles for the assessment year commencing October 1, 2015, and each assessment year thereafter. Notwithstanding any mill rate for motor vehicles set by a municipality before the effective date of the Act, for the assessment year commencing October 1, 2015, the mill rate for motor vehicles could not exceed 37 mills, except in the case of a municipality that set a mill rate before the effective date of the Act for motor vehicles of 32 mills for the assessment year commencing October 1, 2015, the mill rate for motor vehicles could be the lesser of 37 mills, the mill rate set before the effective date of the Act for real property and personal property other than motor vehicles for such municipality for the assessment year commencing October 1, 2015, or a mill rate for motor vehicles set by a municipality after the effective date of the Act that was less than 37 mills. This legislation included a state aid grant to replace a portion of the lost local revenue from such change in the mill rate, subject to the adoption of the new State budget for Fiscal Year 2018.

On October 31, 2017, the Governor signed Fiscal Year 2018 State budget which establishes that (1) for the assessment year commencing October 1, 2016, the mill rate for motor vehicles shall not exceed 39 mills, and (2) for the assessment

year commencing October 1, 2017, and each assessment year thereafter, the mill rate for vehicles shall not exceed 45 mills. Any municipality or special tax district may establish a mill rate for motor vehicles that is different from its mill rate for real property to comply with the provisions of the adopted State budget. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located would result in a combined motor vehicle mill rate (1) above 39 mills for the assessment year commencing October 1, 2016, or (2) above 45 mills for the assessment year commencing October 1, 2017, and each assessment year thereafter. For a municipality or district that set a motor vehicle mill rate prior to the effective date of the adopted State budget, for the assessment year commencing October 1, 2016, may revise such mill rate to meet the requirements of the adopted State budget, provided such revisions occur by December 15, 2017. The City's mill rate for motor vehicles for the assessment year commencing October 1, 2016 (the fiscal year ending June 30, 2018) is 37 mills, and the City may consider whether to adjust such mill to 39 based upon the provisions of the adopted State budget.

### Levy

Property taxes are levied on all taxable assessed property on the grand list of October 1 prior to the beginning of each fiscal year. Real and personal property taxes are generally payable in two installments on July 1 and January 1, except that motor vehicle taxes and real and personal property taxes under \$100 are payable in one installment on July 1. Motor vehicle supplemental bills are payable on January 1. An estimate for outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Payments not received within one month after the due dates are delinquent, with interest charged at the rate of one and one-half percent per month from the due date of the tax. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are lien-ed 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. Tax accounts are transferred to suspense accounts no later than 15 years after the due date in accordance with State statutes.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as deferred revenue.

Section 12-165 of the Connecticut General Statutes requires each municipality to write off, on an annual basis, the property taxes which are deemed to be uncollectable.

### Comparative Assessed Valuations of Taxable Property

<b>Grand List 10/1</b>	<b>Fiscal Year</b>	<b>Real Estate Property Percent</b>	<b>Personal Property Percent</b>	<b>Motor Vehicle Percent</b>	<b>Gross Taxable Grand List (000's Omitted)</b>	<b>Less Exemptions (000's Omitted)</b>	<b>Net Taxable Grand List (000's Omitted)</b>	<b>Percent Increase/Decrease</b>
2016	2018	78.6%	13.3%	8.1%	\$6,153,886	\$127,853	\$6,026,033	(0.3)%
2015	2017	79.0	13.0	8.0	6,160,313	114,953	6,045,360	(13.9)
2014	2016	83.5	10.3	6.2	7,146,507	125,798	7,020,709	2.0
2013	2015	84.1	9.8	6.1	7,111,268	124,597	6,986,671	(0.94)
2012	2014	84.1	9.9	5.9	7,193,167	141,048	7,052,118	0.94
2011	2013	84.9	9.2	5.9	7,152,536	166,364	6,986,172	(0.52)



## Property Tax Levies and Collections

<u>Grand List 10/1</u>	<u>Fiscal Year</u>	<u>Net Taxable Grand List (000's Omitted)</u>	<u>Mill Rate</u>	<u>Adjusted Annual Levy<sup>1</sup></u>	<u>Estimated Percent of Annual Levy Collected at End of Fiscal Year</u>	<u>Percent of Annual Levy Uncollected at End of Fiscal Year</u>
2016	2018	\$6,026,033	\$54.37	\$305,652,121 <sup>3</sup>	N/A <sup>3</sup>	N/A <sup>3</sup>
2015	2017	6,045,360	42.20	312,546,911	98.10%	1.9%
2014	2016	7,020,709	42.198	300,101,354	98.00	2.00%
2013	2015	6,986,771	42.198	298,189,222	97.80	2.20
2012	2014	7,052,118	41.855	298,129,882	96.96	3.04
2011	2013	6,986,171	41.11	285,048,701	97.25	2.75
2010	2012	7,022,705	39.64	275,342,274	97.25	2.75
2009	2011	7,101,376	39.64	248,796,430	97.52	2.48
2008 <sup>2</sup>	2010 <sup>2</sup>	6,726,359	38.74	262,590,658 <sup>2</sup>	97.14	2.86
2007	2009	5,540,266	44.58	249,988,602	97.44	2.56
2006	2008	5,414,024	41.28	258,206,710	97.04	2.96

Source: City of Bridgeport.

1. Adjusted Annual Levy includes amounts levied against Payment in Lieu of Taxes (PILOT) properties. Adjustments are processed throughout the year based upon actual payment date of PILOT receipts.
2. Implementation of the October 1, 2015 revaluation.
3. In Progress

## THE CITY'S TAX BASE

The City Assessor submitted the Assessor's 2016 Grand List on January 30, 2017. The official Board of Assessment Appeals Grand List was filed in May, 2017. For additional information, please reference "TAX BASE DATA – Assessments".

### Principal Taxpayers As of June 30, 2017

<u>Principal Taxpayers</u>	<u>Nature of Business</u>	<u>2016 Assessed Value</u>	<u>Percentage of Assessed Value</u>
United Illuminating Co. Inc.	Utility	282,486,109	4.69%
CRRA/US Bank National Association	Utility	153,984,140	2.56
Bridgeport Energy LLC	Utility	151,672,179	2.52
Connecticut Light & Power	Utility	51,656,540	0.86
PSEG Power Connecticut LLC*	Utility	50,758,134	0.84
People's United Bank	Bank	48,900,843	0.81
Southern CT Gas Co.-Energy EA	Utility	42,048,692	0.70
Dominion Bpt Fuel Cell LLC	Utility	39,069,813	0.65
Watermark 3030 Park LLC*	Utility	24,065,731	0.40
Aquarian Water Co. of CT*	Utility	25,078,447	0.42
Total 2016 Net Grand List		<u>\$6,026,033,446</u>	14.43%

\*Name change occurred during period.

Source: City of Bridgeport

## ECONOMIC AND DEMOGRAPHIC INFORMATION

### Age Distribution of the Population

<u>Age</u>	<u>City of Bridgeport</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
0-4	10,731	7.4%	202,106	5.7%
5-19	30,289	21.1	713,670	20.0.9
20-34	36,234	25.1	648,275	18.1
35-54	39,074	27.1	1,060,035	29.7
55-64	13,413	9.3	443,452	12.4
65+	14,488	10.1	506,559	12.2
Total	<u>144,229</u>	<u>100.0%</u>	<u>3,574,097</u>	<u>100.0%</u>

<u>Median Age</u>	<u>2000</u>	<u>2010</u>
City of Bridgeport	31.4	32.6
Fairfield County	37.3	39.5
State of Connecticut	37.4	40.0

Source: U.S. Department of Commerce, Bureau of the Census, Census of Population and Housing, and Table DP-1 Profile of General Demographic Characteristics: 2010.

### Income Distribution

<u>Income for Households</u>	<u>City of Bridgeport</u>		<u>State of Connecticut</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
\$0 - \$ 9,999	6,197	12.3 %	78,177	5.8 %
\$10,000 - \$14,999	3,169	6.3	52,344	3.9
\$15,000 - \$24,999	7,031	14.0	112,200	8.3
\$25,000 - \$34,999	5,571	11.1	104,415	7.7
\$35,000 - \$49,999	7,077	14.1	146,841	10.9
\$50,000 - \$74,999	8,248	16.4	219,407	16.2
\$75,000 - \$99,999	5,827	11.6	173,741	12.8
\$100,000 - \$149,999	4,638	9.2	224,821	16.6
\$150,000 - \$199,999	1,318	2.6	109,075	8.1
\$200,000 or more	<u>1,291</u>	<u>2.6</u>	<u>131,562</u>	<u>9.7</u>
Total:	50,367	100.0 %	1,352,583	100.0 %

Source: U.S. Department of Commerce, Bureau of the Census, Census of Population and Housing, 2000; American Community Survey 2011-2015. Note: As of the 2010 Census, this data is no longer a part of the Census and will be measured as a part of the annual American Community Survey administered by the Census Bureau.

### Educational Attainment

(Years of School Completed, Age 25 and over)

<u>Educational Attainment</u>	<u>City of Bridgeport</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9 <sup>th</sup> grade	11,199	12.0 %	105,725	4.3 %
9 <sup>th</sup> to 12 <sup>th</sup> grade, no diploma	11,613	12.4	144,132	5.9
High school graduate	30,268	32.4	673,973	27.4
Some college, no degree	18,870	20.2	430,129	17.5
Associate's degree	5,485	5.9	183,289	7.4
Bachelor's degree	9,834	10.5	516,001	21.0
Graduate or professional degree	6,141	6.6	409,606	16.6
Percent high school graduate or higher		75.6 %		89.9 %
Percent Bachelor's degree or higher		17.1 %		37.6 %

Source: U.S. Department of Commerce, Bureau of the Census, Census of Population and Housing, 2000; American Community Survey 2011-2015.

Note: As of the 2010 Census, this data is no longer a part of the Census and will be measured as a part of the annual American Community Survey administered by the Census Bureau.

### Number and Size of Households

<u>Household Characteristics</u>	<u>City of Bridgeport</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Persons in households	139,391	--	3,455,945	--
Persons per household (average)	2.72	--	2.52	--
Persons per family	3.35	--	3.08	--
Family households	32,589	63.6%	908,661	66.3%
Non-family households	<u>18,666</u>	<u>36.4</u>	<u>462,426</u>	<u>33.7</u>
All households	<u>51,255</u>	<u>100.0%</u>	<u>1,371,087</u>	<u>100.0%</u>
Family households by type:				
Married couple	16,733	51.3%	672,013	74.0%
Female householders, no spouse	12,425	38.1	176,973	19.5
Male householder, no spouse	<u>3,431</u>	<u>10.5</u>	<u>59,675</u>	<u>6.6</u>
Total family households	<u>32,589</u>	<u>100.0%</u>	<u>908,661</u>	<u>100.0%</u>
Non-family households by type:				
Householders living alone	14,850	79.6%	373,648	80.8%
Other	<u>3,816</u>	<u>20.4</u>	<u>88,778</u>	<u>19.2</u>
Total non-family households	<u>18,666</u>	<u>100.0%</u>	<u>462,426</u>	<u>100.0%</u>

Source: U.S. Department of Commerce, Bureau of the Census, Census of Population and Housing, table DP-1 Profile of General Demographic Characteristics: 2010.

### Age Distribution of Housing

<u>Year Built</u>	<u>City of Bridgeport</u>		<u>State of Connecticut</u>	
	<u>Units</u>	<u>Percent</u>	<u>Units</u>	<u>Percent</u>
Built 2014 or later.....	0	0.0 %	615	0.0 %
Built 2010 to 2013.....	329	0.6	10,812	0.7
Built 2000 to 2009.....	1,571	2.7	103,911	7.0
Built 1990 to 1999.....	1,873	3.2	115,076	7.7
Built 1980 to 1989.....	4,447	7.7	193,595	13.0
Built 1970 to 1979.....	5,073	8.8	199,447	13.4
Built 1960 to 1969.....	6,708	11.6	200,380	13.4
Built 1950 to 1959.....	8,371	14.5	230,868	15.5
Built 1940 to 1949.....	7,048	12.2	105,253	7.1
Built 1939 or earlier.....	<u>22,469</u>	<u>38.8</u>	<u>331,829</u>	<u>22.2 %</u>
	57,889	100.0 %	1,491,786	100.0

Source: U.S. Department of Commerce, Bureau of the Census, and 2000 Census of Population and Housing; American Community Survey, 2011-2015.

Note: As of the 2010 Census, this data is no longer a part of the Census and will be measured as a part of the annual American Community Survey administered by the Census Bureau.

### Number of Housing Units

<u>Fiscal Year</u>	<u>New Construction</u>	<u>Net Increase (Reduction)<sup>1</sup></u>	<u>Total Housing Units<sup>2</sup></u>
2014	134	120	57,335
2013	16	(25)	57,215
2012	175	167	57,240
2011	126	61	55,578
2010	69	67	55,517
2009	92	43	55,450
2008	128	42	55,407
2007	243	38	55,321
2006	305	82	55,116
2005	75	65	55,034
2004	153	18	54,969
2003	81	(361) <sup>3</sup>	54,951
2002	52	(72)	55,312
2001	76	(128)	55,384

Source: State of Connecticut, Connecticut Department of Housing, Connecticut Housing Production and Permit Authorized Construction and City of Bridgeport Building Department.

1. Represents the difference between the reduction and construction of housing units.
2. From 1999-2003, a significant portion of the net reduction in housing units is a result of the City adopting a strategy to demolish buildings in preparation for resale or redevelopment.
3. During 2004, several large scale housing projects were demolished to prepare sites for further economic development.

### Housing Unit Inventory and Vacancy Rates

<u>Housing Units</u>	<u>City of Bridgeport</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Units in structure:				
1 unit, detached	13,716	25.2%	816,706	58.9%
1 unit, attached	4,277	7.9	71,185	5.1
2 to 4 units	20,805	38.2	246,617	17.8
5 to 9 units	3,943	7.3	76,836	5.5
10 or more units	11,581	21.3	162,437	11.7
Mobile home, trailer, other	45	0.1	12,194	0.9
Total Units	<u>54,367</u>	<u>100.0%</u>	<u>1,385,975</u>	<u>100.0%</u>
Occupied housing units <sup>1</sup>	51,255	89.9	1,371,087	92.1
Vacant housing units <sup>1</sup>	<u>5,757</u>	<u>10.1</u>	<u>116,804</u>	<u>7.9</u>
Total units <sup>1</sup>	<u>57,012</u>	<u>100.0%</u>	<u>1,487,891</u>	<u>100.0%</u>
Mean number of rooms per unit	4.7	--	5.6	--
Homeowner vacancy rate	--	2.8%	--	1.9%
Rental vacancy	--	8.6%	--	6.9%

Source: U.S. Department of Commerce, Bureau of the Census, Census of Population and Housing, 2000.

1. Source: 2010 Census data

### Owner-Occupied Housing Units

	<u>City of Bridgeport</u>	<u>State of Connecticut</u>
Total owner-occupied units	22,123	929,560
Persons per unit	2.80	2.66
Median number of rooms	4.8	5.7
Lower quartile	\$ 150,700	\$ 201,100
Median quartile	\$ 206,300	\$ 285,900
Upper quartile	\$ 288,200	\$ 423,500

	<u>City of Bridgeport</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
<i>Specified owner-occupied units</i>				
Less than \$50,000.....	1,327	6.4 %	24620	2.7 %
\$ 50,000 to \$ 99,999.....	2,626	12.6	28771	3.2
\$100,000 to \$149,999.....	3,773	18.1	78066	8.6
\$150,000 to \$199,999.....	5,984	28.7	140,544	15.5
\$200,000 to \$299,999.....	5,186	24.9	251,106	27.7
\$300,000 to \$499,999.....	1,572	7.5	235,670	26.0
\$500,000 to \$999,999.....	246	1.2	106,965	11.8
\$1,000,000 or more.....	<u>147</u>	<u>0.7</u>	<u>40,485</u>	<u>4.5</u>
Total.....	20,861	100.0 %	906,227	100.0 %

Source: U.S. Department of Commerce, Bureau of the Census, Census of Population and Housing, 2000; American Community Survey 2011-2015

Note: As of the 2010 Census, this data is no longer a part of the Census and will be measured as a part of the annual American Community Survey administered by the Census Bureau.

### Building Permits

<u>Fiscal Year</u>	<u>Number</u>	<u>Value</u>
2017	3,276	\$179,252,251
2016	3,451	285,958,105
2015	1,868	69,922,173
2014	2,942	175,166,590 <sup>(1)</sup>
2013	3,114	78,809,066
2012	3,346	65,398,271
2011	2,425	48,862,472
2010	2,522	80,959,003
2009	2,683	173,761,841
2008	2,478	131,211,799
2007	2,386	195,631,366
2006	2,724	183,273,790
2005	2,381	108,551,386

Source: Provided by Building Department, City of Bridgeport.

(1) Includes several large non-recurring public projects and private developments.

### Land Use Summary

<u>Land Use Category</u>	<u>Acres</u>	<u>Percent</u>
Residential	5,135.3	50.0%
Commercial	821.7	8.0
Mixed Use	123.3	1.2
Industrial	965.4	9.4
Parks/Open Space/Recreation	1,242.7	12.1
Institutional/Public	718.9	7.0
Utilities/Infrastructure	133.5	1.3
Vacant	1,129.8	11.0
<b>Total</b>	<b>10,276.6</b>	<b>100.0%</b>

Source: City of Bridgeport, Master Plan of Conservation & Development: 2008

## LEGAL AND OTHER INFORMATION

### Litigation

The City, its officers and its employees are defendants in a number of lawsuits. The ultimate disposition and fiscal consequences of these lawsuits are not presently determinable. The City Attorney's Office has reviewed the status of the pending litigation and reports that it is the opinion of the City Attorney that such pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the City, or settlement which would materially adversely affect its financial position, except that adverse judgment in cases described below could have a fiscal impact in the aggregate and in certain circumstances which might be significant.

#### Personal Injury and Other Actions

There are presently pending certain major personal injury and other claims and lawsuits that the City is actively defending for which, in the event the City is held liable, the amount of recovery could under certain circumstances total between \$10 and \$25 million dollars in the aggregate. Any recovery under such actions will be paid by the City, which is self-insured for such risks.

Wheelabrator Bridgeport, L.P. Real and Personal Property Tax Valuation Appeal

Wheelabrator Bridgeport, L.P. filed tax valuation appeals in the Connecticut Superior Court regarding the assessment of its real and personal property comprising the waste to energy plant located at 95 Howard Street for the 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, and 2015 Tax Grand Lists. The Superior Court entered a judgment in accordance with the stipulation of the parties on February 21, 2017, and this matter is now concluded. This judgment stipulation required the City to provide certain tax credits against the plaintiff's personal property tax bills starting with Fiscal Year 2017. The fiscal impact from all such tax credits was factored into the Fiscal Year 2017 and the Fiscal Year 2018 Budget. There is no material effect on the City's financial position.

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**APPENDIX B – COMPREHENSIVE ANNUAL REPORT**

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# CITY OF BRIDGEPORT, CONNECTICUT



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year  
July 1, 2015 to June 30, 2016

Prepared By:  
DEPARTMENT OF FINANCE

Kenneth A. Flatto  
Director of Finance

**CITY OF BRIDGEPORT, CONNECTICUT  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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 JUNE 30, 2016**

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# **Introductory Section**



JOSEPH P. GANIM  
Mayor

CITY OF BRIDGEPORT  
**DEPARTMENT OF FINANCE**  
**MARGARET E. MORTON GOVERNMENT CENTER**  
999 Broad Street  
Bridgeport, Connecticut 06604  
Telephone 203-576-7251 Fax 203-576-7067

KENNETH A. FLATTO  
Finance Director/CFO

January 30, 2017

Honorable Joe Ganim, Mayor  
Members of the City Council  
Citizens of Bridgeport

State law requires that every general-purpose local government publicly publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2016.

Blum Shapiro has issued an unmodified (“clean”) opinion on the City of Bridgeport, Connecticut’s financial statements for the year ended June 30, 2016. The independent auditors’ report is located at the front of the financial section of this report.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Management’s discussion and analysis (MD&A) immediately follows the independent auditors’ report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

**Profile of the Government**

The City of Bridgeport was incorporated in 1836 and annexed portions of the neighboring towns of Stratford and Fairfield in the late 1800’s. The City of Bridgeport is located on the northern shore of the Long Island Sound, approximately 60 miles northeast of New York City and 60 miles southwest of Hartford. The City is the crossroads of one of the best land, sea, rail and air transportation systems in the Northeast. State Routes 8 and 25, with their links to Interstates 84 and 91; merge with Interstate 95 in downtown Bridgeport. Bridgeport Harbor is one of the three deep-water ports in Connecticut; its 35-foot deep channels and anchorages can accommodate most ocean-going vessels involved with international trade and shipping. Amtrak and Metro-North provide passenger service to the City from the downtown Transportation Center, and ConnDOTRail operates a major freight yard within a quarter-mile of the Port of Bridgeport. With a 2010 U.S. Census population of 144,229 residents, Bridgeport is the largest city in Fairfield County and the State of Connecticut, averaging almost 7,500 people per square mile. Encompassing an area of 19.38 square miles (16.0 square miles of land and 3.38 square miles of water), Bridgeport’s 57,000 housing units are unequaled in the State of Connecticut.

Bridgeport operates under and is governed by the laws of the State of Connecticut and its own charter, which was adopted by the State Legislature in 1907. A major revision to the City's charter was adopted in 1992 that streamlined governmental processes and provided for greater administrative accountability. The Charter provides for a Mayor-Council form of government. The Mayor is the chief executive officer of the City. The City Council, which serves as the City's legislative body, consists of 20 council members elected to two-year terms. On November 3, 1998, voters approved a Charter change providing for four-year terms for the Mayor, City Clerk and Town Clerk, which remains in force.

The City provides a full range of services to its citizens. These include: police and fire protection; sewer and sanitation; education; library; airport; the highways, streets and infrastructure maintenance; parks and recreation; cultural events and organizations; health and welfare; and general administrative services.

### **Budget and Finances**

The annual budget serves as the foundation for the City of Bridgeport's financial planning and control. Budget-to-actual comparisons for FY16 are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on RSI-1 and RSI-2 as part of the required supplementary information for the General Fund.

The City ended the June 30, 2016 year with a slight fiscal budgetary surplus. This was attained in large measure by an across the board set of Administration actions taken since last year to close what could have been a significant budget shortfall. Instead the City ended the FY16 year in balance and set a new Budget for FY17 which has significantly more fiscal flexibility and prudence. The City receives significant state aid for city purposes, for education and for certain school capital projects. The City is fully funding its required pension obligations as recommended by actuaries. The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

### **Reassessment**

The City Assessor conducted a citywide revaluation in FY2016, with the firm Vision Appraisal conducting valuations, and implemented its new Grand List as of October 1, 2015. The Net Taxable Grand List was adopted with a full value of approximately \$6 billion. While this Grand List is less than the previous grand list, the decrease was attributable to the great recession which occurred subsequent to the prior 2008 revaluation. Real property prices and values have stabilized the past few years. The equalization of the reassessment caused an adjustment to the City's mill rate which was set during the FY2017 budget process at 54.37 mills.

### **Local Economy**

The City is a major medical, legal, industrial, financial and entertainment center. Two medical centers - St. Vincent's Medical Center, recently aligned with the M.D. Anderson Cancer Center in Texas, and Bridgeport Hospital, which is part of the Yale-New Haven Hospital system, provide for many of the health care needs of the Greater Bridgeport area. Federal, State, and County courthouses are located within the central business district. Corporate and regional business offices are located downtown, including the principal office of one of the largest Connecticut-based banks, People's United Bank. Major employers residing within the City's boundaries include Bridgeport Hospital, St. Vincent's Medical Center, People's United Bank, Sikorsky Aircraft, University of Bridgeport and Bridgeport Health Care Center. The City, long a major manufacturing center, remains the home of more than 200 manufacturing companies. These companies typically exploit new technologies and occupy unusual or even unique market niches.



The Greater Bridgeport area hosts four institutions of higher learning: Fairfield University, Sacred Heart University, Housatonic Community College and The University of Bridgeport. These educational institutions provide the City's corporate and business communities with skilled personnel and enhance the area's cultural and community activities. University of Bridgeport and Housatonic Community College, located in the heart of the City's central business district, have been fast growing and successful institutes benefiting the City.

Bridgeport is also the home of numerous attractions that enhance the City's economic fortunes. The Barnum Museum showcases the life and times of the former City Mayor and renowned showman, P.T. Barnum. The Ballpark at Harbor Yard and the Webster Bank Arena bring hundreds of thousands of visitors annually to Bridgeport's Downtown to watch minor league baseball, minor league hockey, college basketball, college hockey, concerts and other entertainment. The Beardsley Zoo, Connecticut's only zoo, is one of the most visited tourist attractions in the State. The Discovery Museum, located in the north end of the City, offers interactive science and space displays, and is home to a half-scale replica of the airplane flown by Gustave Whitehead, who was recently recognized by the state Legislature as the first to achieve manned, powered flight.

The City's economic development plans have focused on diversification of the local economic base, tailored to the City's strengths of geographic location and skilled workforce availability. Manufacturing job losses of the 1980's and early 1990's have stabilized and new light manufacturing is looking at Bridgeport as a new destination. The City's strategy of identifying growth industries such as medical, financial services, construction, and film/media is proving successful. In order to enhance the infrastructure that serves the industrial base of the City and assemble the land and facilities necessary to provide for the expansion of existing corporations and accommodate new businesses, redevelopment and new private investment within the City's industrial corridors continues.

#### **Waterfront Development/Steel Point**

Investment in Steel Point is coming to fruition. An approximately 155,000 square foot Bass Pro Shops opened in Autumn 2016 along with a 6,000 square foot retail building housing Starbucks, Chipotle and more. The Bass Pro Shops include a restaurant and bowling alley which draws many visitors to Steel Point from the surrounding region. Several significant additional retail tenants have signed letters of intent for Phase Two which is under construction and scheduled to open by 2018. Following significant public infrastructure investment, the foundation is laid for over 1 million square-feet of additional mixed-use waterfront development.

The City received from the federal government an \$11 million TIGER (Transportation Investment Generating Economic Recovery) grant used along with several million dollars in city match and investment from the regional utilities. Cumulatively, approximately \$18 million has been invested in the districts roads, sewers, water lines, electric power, gas lines, and telecom. Waterfront work has commenced, consisting of bulkhead reconstruction, targeted dredging and continuous linear public access that will add value to the peninsula within a year.

This peninsula plans to include robust public improvements including an approximately 70 foot wide greenway along the waterfront. A nearby site, formerly owned by Cartech, is on the verge of being redeveloped in part to expand activities similar to the Steel Point. In 2009, the City entered into an Amended and Restated Development and Acquisition Agreement with Bridgeport Landing Development (BLD) for this 50-acre project. That agreement and subsequent City Council and State Legislature approvals created the Steel Pointe Infrastructure Improvement District (the "District"), a special taxing district with the

ability to issue as much as \$190 million of bonds secured by property tax incremental financing and additional assessments on property within the District.

### **Downtown Development**

Downtown Bridgeport is at the nexus of road, rail, transit, and water related transportation infrastructure. Its location and existing assets provide the opportunity for Bridgeport to become the transit-oriented development hub of Fairfield County. Bridgeport is increasingly an option for residents and businesses seeking a cost effective and convenient location to live and work. The importance of the City's transportation hub was reinforced by the 2010 census results which showed the first population gain in 60 years. Census data also shows that Bridgeport has the second highest percentage of population in the 20-something age range in Southwestern Connecticut. As an ideal location for permanent workforce housing for the region, the City is positioning its downtown to be an important asset in the sustained growth of the Fairfield County economy.

In late 2016, the City bonded \$20 million for new Bridgeport downtown improvements to infrastructure and to jumpstart new private projects throughout the area. Another \$25 million in state and federal funding will be spent as part of downtown revitalization over the next two years.

The City completed the construction of a \$17 million **Bridgeport ITC Garage** (Intermodal Transportation Center) in 2001. This 1,400-car commuter parking facility helps link the various modes of transportation (Amtrak, Metro North, water ferries, airport limousines, inter and intra-city buses and taxis) with downtown Bridgeport and the region. It also serves as additional event parking for the Ballpark at Harbor Yard and the Webster Bank Arena at night and on weekends. The garage was funded through Federal and State grants intended to reduce highway congestion. The City subsequently secured additional funding to add two more parking decks boosting the original 900 spaces to 1,400. The garage addition was the latest in a line of improvements to Downtown Bridgeport's transportation infrastructure including: the construction of an enclosed, elevated pedestrian walkway system connecting the ITC Garage to the Metro North rail platform and a new state-of-the-art 17 bay bus terminal operated by the Greater Bridgeport Transit Authority.

Started in 2000, the City and the State completed a \$55 million expansion of **Housatonic Community College**, doubling the size of the downtown facility. Since the completion of the expansion, the college's enrollment has increased by more than 1,000 students exceeding 5,989 students. Current enrollment is at an all-time high, and has provided added life to Bridgeport's downtown. An additional expansion is planned for 2016.

Significant private investment is about to occur in Bridgeport. A joint venture of the **Spinnaker Group** and **Forstone Capital** of Norwalk acquired almost two full City blocks of downtown real estate from People's United Bank and is currently creating a redevelopment reuse plan for these holdings. Forstone Capital also acquired the neighboring former Mechanics & Farmers Bank Complex on State Street from the City in furtherance of its plans for the redevelopment of the property into a mixed-use retail and residential complex. Forstone has received state CHAMP support for their next project set to begin construction in 2016 with a conversion of a cluster of historic structures into 32 housing units, two professional offices, a comedy club, and a restaurant. In the summer of 2010, **333 State Street Development** commenced construction of its adaptive reuse project in a former office building in Downtown Bridgeport. The \$12 million project created 65 rental apartments and 15,000 square feet of street-level commercial space in a building that had been vacant for more than a decade.

A significant land swap occurred between Kuchma Corporation (developer of Bijou Square) and the City of Bridgeport that will result in nearly 30 residential units, a downtown gym with pool, a restaurant, and a new senior center for the city's residents. The new senior center was completed in late 2013, providing a modern facility for the city's retired population in the heart of downtown. The first of two new residential buildings with 12 units came on-line in early 2013, leasing fully in approximately one month. The second residential building with an additional 12 units came on-line in the spring of 2014 and was fully leased in several months.

Long vacant, the Downtown North district has seen recent investment and is positioned to be the next development area in downtown. One, three story mixed-use building has been refurbished into new office and retail space and three inter-connected buildings including an 8-story tower will be repurposed to add to the downtown residential housing stock. This project, the **Securities** block, received an over \$4 million CHAMP (Competitive Housing Assistance for Multi-Family Properties) award and over \$1 million in state brownfield remediation assistance. The project, including nearly 75 housing units and just under 10,000 square feet of retail space has started construction in 2016. Just north of those buildings, the city has recently completed negotiations with several development teams to redevelop five city blocks including both historic buildings and vacant land: Spinnaker, POKO, Urban Green Builders, and Navarino. One of those blocks, controlled by Urban Green Builders, received the largest grant from the state's CHAMP program - \$5 million. This project, including 105 housing units and just under 10,000 square feet of retail space commenced interior remediation and demolition. Construction is almost complete at the old Peoples Bank headquarters on Main Street. Projects underway represent over 400 housing units, approximately 100,000 square feet of retail space and over 200,000 square feet of office space.

#### **Industrial Development and Energy Projects**

In the City's West End Redevelopment area, significant industrial investment has occurred in recent years and continues today. A refrigerated facility that was constructed in 2005 became in 2014 the new home of DeYulio's Sausage, relocating to the City of Bridgeport from Stamford, CT. This facility is located adjacent to the AKDO Intertrade, a major importer and distributor of marble, tile, granite and other high-end stone products that moved, in 2006, into a new 115,000 square foot showroom, office and warehouse.

**United Rentals**, the largest equipment rental company in the world, completed construction on a 40,000 square-foot facility in the City in November 2009. The facility is expected to generate more than \$300,000 annually in personal property taxes for the City. The project was developed on what was formerly the long-dormant Bridgeport Brass property, a Brownfield site that had been idle since 1980.

**Fuel Cell Energy** of Danbury completed construction in 2013 of the \$70 million Bridgeport Fuel Cell Energy Park. The project has received full approval of the Connecticut Siting Council and the Connecticut Department of Public Utility Control, and power purchase agreements have been negotiated with utility companies. The project was purchased by Dominion Energy and began producing enough electricity for 15,000 homes in February, 2014.

In late 2013, state regulatory agencies awarded final approval to the city's **Green Energy Park** that will produce 5 megawatt of electricity from solar panels and fuel cells. It will be located on a former landfill visible from I-95 and will provide power to the regional grid. The location and site plan received state approval in late 2014 and the park will commence construction in 2016.

The **Eco-Technology Park** is a collection of green businesses located in the West End and South End neighborhoods. The Eco-Technology Park is growing job opportunities and enhancing adjoining neighborhoods. Green businesses, now there, and those that will join them, help our City and our country redefine waste as a resource, and reduce energy consumption. The state awarded funds in 2014 to complete a new Municipal Development Plan for this district to continue to move the concept forward.

Adjacent to the Eco-Technology Park, a hulking block of vacant industrial buildings is being repurposed as a mixed-use neighborhood. The block attracted \$1.2 million in state brownfield assistance. The Cherry Street project when completed will consist of approximately 325 units of mixed-income housing, a charter school, and approximately 20,000 square feet of retail space. The first phase will include 157 units of housing, the charter school, and open space. State funding has been secured for this project to begin construction by spring 2017.

### **Medical Sector and Senior Living Projects**

As the center for hospital care in Eastern Fairfield County, the City's health care industry continues to grow. ***Bridgeport Hospital***, an employer of over 2,500 people, working together with the City, completed a brand new entrance gateway to the hospital which includes a fountain and pocket park, an enhancement which makes the area more inviting for visitors and residents alike.

***St. Vincent's Medical Center***, which employs more than 2,600, completed construction of a \$140 million expansion project which added parking capacity, 90,000 square feet to its emergency facilities and established a home for the hospital's new cancer center.

Jewish Senior Services (formerly known as the Jewish Home for the Elderly) is completing plans for a \$95 million project to move its Fairfield facility to Park Avenue in Bridgeport. The 367,000 square foot, five-story skilled nursing and assisted living facility is nearing 50% completion. It is estimated to bring nearly 300 jobs to Bridgeport. The City helped finance this project with debt paid for by JSS.

For more information on current development activity in the city of Bridgeport, please see the City's web site at: [www.bridgeportct.gov](http://www.bridgeportct.gov) and click on the Economic Development section.

### **Bridgeport's Major Financial Initiatives**

The City has instituted a number of cost-saving initiatives through charter revision, financial system upgrades, improvement of revenue collection, the reduction of employee benefits, and privatization. Some of the more recent cost-savings initiatives are described below.

#### **Revenue Collection Initiatives**

The City has been active in seeking out and implementing innovative strategies for enhancing its tax revenues, accelerating its receipt of delinquent taxes, non-tax revenues and controlling costs. The City has used many methods to increase collection of real estate taxes, including heightened enforcement and the sale of tax liens. Tax lien sales have proven to be an effective management tool for collecting current and arrears taxes, interest and penalties. Since Fiscal Year 1992, the Tax Collector's Office has conducted 36 lien sales, generating more than \$120 million in tax, interest and lien revenues. The sale of liens enables the City to realize an immediate financial benefit from the delinquent taxes, and relieves the City of incurring the expense and delay associated with ongoing collection efforts. The City conducted its last tax lien sale in May 2016 netting over \$2 million.

### **Internal Service Fund**

In 2007, the City, by ordinance, established an Internal Service Fund to account for self-insured health benefit activities of the City, Board of Education and all other departments. Governmental Accounting Standards allow for the use of Internal Service Funds for risk financing activities. The Internal Service Fund is a proprietary type fund, which utilizes the accrual basis of accounting. The use of an Internal Service Fund, for self-insured benefit activities can help smooth the impact of severe claims fluctuations which, in the past, have occurred in the General Fund. Funding of the Internal Service Fund will be provided through the annual General Fund Budget, the WPCA Budget, and non General Fund employee contributions. As of June 30, 2016, the fund continues to have a deficit which will be considered in the calculation of contributions to be made to the Fund in future years. It is expected that deficits will be amortized and reduced over a reasonable period of 10-12 years.

### **City Investment Policy**

Eligible investments for Connecticut municipalities are governed by the Connecticut General Statutes. It is the policy of the City to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all statutes governing the investment of funds. The City's investment of cash and cash equivalents consist primarily of money market investments as well as money invested in the State Short-Term Investment Fund (STIF).

Because the Connecticut General Statutes do not specify permitted investments for municipal pension funds, the investment of pension funds is generally controlled by the laws applicable to fiduciaries (i.e., prudent person rule) and the provisions of the applicable plan. In accordance with its policy for pension fund investments, the City seeks a long-term, above-average total return consisting of capital appreciation and income, while placing an emphasis on preservation of the principal.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bridgeport, Connecticut, for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2015. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easy to read and well-organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

The City of Bridgeport has received a Certificate of Achievement in each of the last 15 years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

In addition to the award for the Financial Reporting, the GFOA presented a Distinguished Budget Presentation Award to the City of Bridgeport, Connecticut, for the Annual Budget beginning July 1, 2014.

The preparation of the Comprehensive Annual Financial Report was made possible by the tremendous dedication and hard work of the entire staff of the Finance Department, particularly the Comptroller's and Finance Offices, the City Treasurer's Office, and In-Plant Print Shop. We want to express our appreciation for the cooperation, assistance and support of other City departments. Thanks to all the Finance department employees who helped to ensure that this audit report is complete and accurate.

We would like to acknowledge the thorough and professional manner in which our independent auditors, Blum Shapiro, conducted the audit. In closing, the leadership and support of the Mayor and City Council has helped to ensure a professional and dedicated Finance department.

Respectfully submitted,

A handwritten signature in black ink that reads "Kenneth Flatto". The signature is written in a cursive style with a long horizontal stroke extending to the right from the end of the name.

Kenneth A. Flatto  
Director of Finance



Government Finance Officers Association

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

Presented to

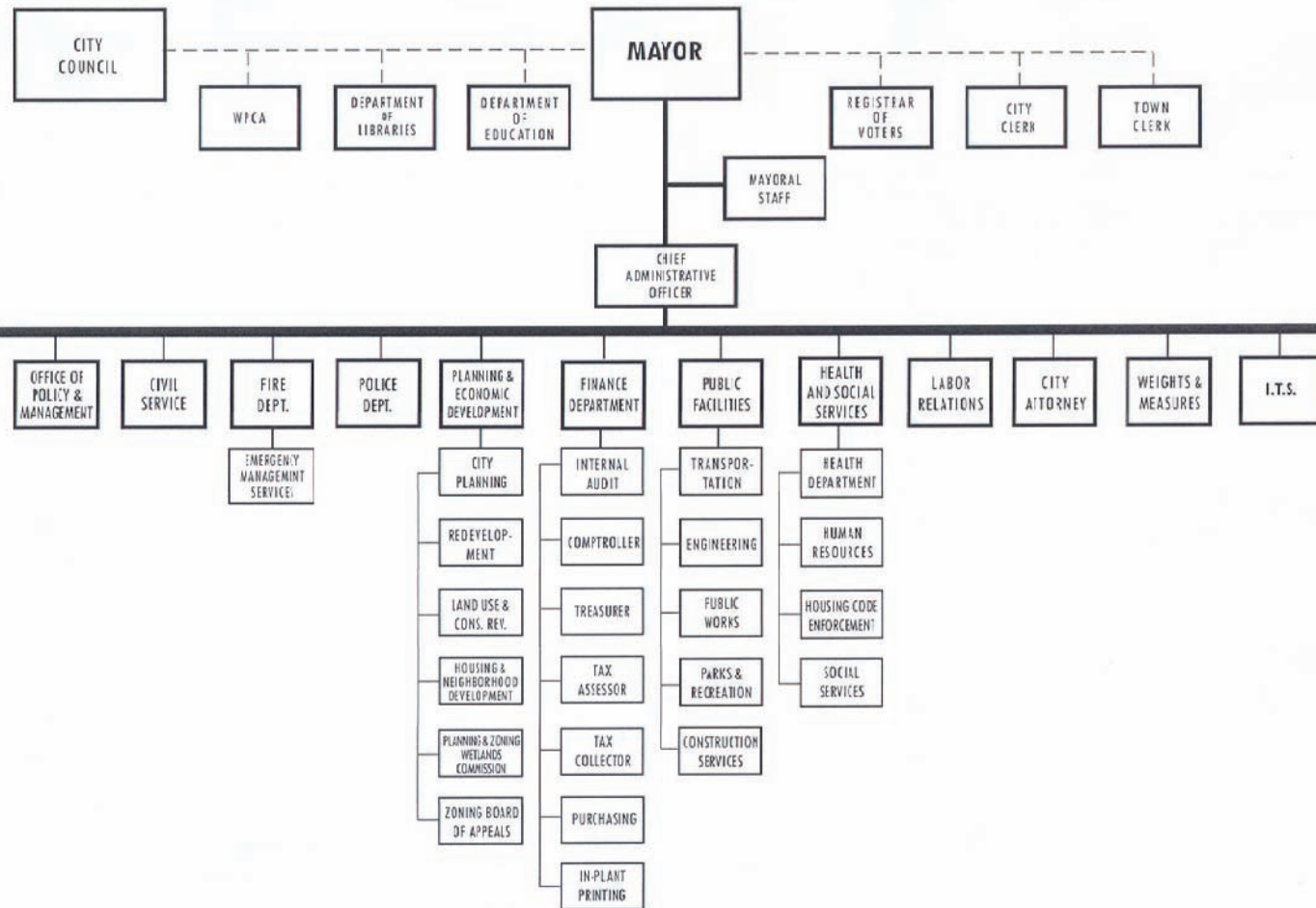
**City of Bridgeport  
Connecticut**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

# CITY OF BRIDGEPORT TABLE OF ORGANIZATION



X



**CITY OF BRIDGEPORT, CONNECTICUT**

**LIST OF PRINCIPAL OFFICERS**

---

<u>Office</u>	<u>Name</u>	<u>Manner of Selection and Term</u>
Mayor	Joseph P. Ganim	Elected - 4 Year Term
City Clerk	Lydia Martinez	Elected - 4 Year Term
Town Clerk	Charles Clemons	Elected - 4 Year Term
Chief Administrative Officer	Kimberly Staley	Appointed by Mayor
Deputy Chief Administrative Officer	John Gomes	Appointed by Mayor
Director of Finance	Kenneth Flatto	Appointed by Mayor
Treasurer/Deputy Director of Finance	Terri Coward	Appointed by Mayor
City Attorney	R. Christopher Meyer	Appointed by Mayor
Director of Office of Policy & Management	Nestor Nkwo	Appointed by Mayor
Superintendent of Schools	Aresta Johnson	Board of Education

# **Financial Section**



Accounting | Tax | Business Consulting

## **Independent Auditors' Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Bridgeport, Connecticut, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Bridgeport, Connecticut's basic financial statements as listed in the table of contents.

### ***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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Bridgeport, Connecticut, as of June 30, 2016 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As discussed in Note 3 to the financial statements, during the fiscal year ended June 30, 2016, the City of Bridgeport, Connecticut adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

## **Prior Period Adjustments**

As discussed in Note 14 to the financial statements, during the fiscal year ended June 30, 2016, prior period adjustments were made with respect to the City's participation in the State of Connecticut Municipal Employees' Retirement System. The System changed its method of accounting for receivables and the City recognized the amount payable to the System for prior service costs. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16, the budgetary comparison information on pages 80 through 84, and the pension schedules on pages 85 through 96 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, which 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.

### *Other Information*

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

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate 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 nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections 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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Bridgeport, Connecticut, as of and for the year ended June 30, 2015 (not presented herein), and have issued our report thereon dated February 15, 2016, which contained unmodified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2015 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2015 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2015 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2015.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2017 on our consideration of the City of Bridgeport, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bridgeport, Connecticut's internal control over financial reporting and compliance.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
January 30, 2017

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

As management of the City of Bridgeport, 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, 2016. We encourage readers to consider the information presented here along with additional information we have furnished in our letter of transmittal, as well as the City's basic financial statements that follow this section.

**Financial Highlights**

- ◆ On a government-wide basis, the assets and deferred outflows of resources of the City were less than its liabilities, resulting in total net position at the close of the fiscal year of \$(142.2) million. The change from prior year is primarily due to the effects of GASB No. 68 regarding the accounting and financial reporting for pensions. Total net position for Governmental Activities at fiscal year-end was \$(244.7) million and total net position for Business-Type Activities was \$102.5 million.
- ◆ On a government-wide basis, during the year, the City's net position decreased by \$55.5 million from \$(197.7) million to \$(142.2) million. Net position increased by \$51.8 million for Governmental Activities and increased by \$3.7 million for Business-Type Activities. Government-wide expenses for governmental activities were \$766.0 million, while revenues were \$821.6 million. The total unrestricted net deficit at June 30, 2016 was \$(1.05 billion) excluding capital assets.
- ◆ At the close of the year, the City's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$93.0 million, an increase of \$0.3 from the prior fiscal year. Of the total fund balance as of June 30, 2016, \$5.9 million represents the restricted fund balance, \$73.7 million committed or assigned and \$13.1 million unassigned in the general fund, special revenue funds, capital projects fund and permanent trust fund. The unassigned fund balance represents the positive fund balance that is available for spending at the City's discretion.
- ◆ At the end of the current fiscal year, the total fund balance for the General Fund alone was \$14.6 million; \$14.3 million is unassigned. Available general fund, fund balance at year-end represents 2.5% of total general fund expenditures, \$570 million.
- ◆ The City's total long-term debt decreased by \$11.8 million during fiscal year 2016.

**Overview of the Financial Statements**

This discussion and analysis 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; and 3) notes to the financial statements. This report also contains other supplementary information and a statistical section as well as the basic financial statements. The statistical section provides comparisons of selected information beginning with fiscal year 2007.

## 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 a 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 and liabilities, with the difference reported as net position. Over time, increases or decreases in net position 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. 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 City's net position 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 encompass most of the City's basic services and include governmental and community services, administration, public safety, health and welfare, operations and education. Property taxes, charges for services and state and federal grants finance most of these activities.
- ◆ Business-type activities of the City consist of the Water Pollution Control Authority. It is reported here, as the City charges a user fee to customers to help cover all or most of the cost of operations.

The government-wide financial statements (statement of net position and statement of activities) can be found on Exhibits I and II 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City has three types of 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 19 individual governmental funds. The General Fund, Education Grants Fund, and the Capital Projects Funds, are considered to be major funds. Information for each of the major governmental funds is provided in the balance sheet – governmental funds and statement of revenues, expenditures and changes in fund balances – governmental funds on Exhibits III and IV. Data from other governmental funds are combined into a single, aggregated presentation as Nonmajor Governmental Funds. Other non-major governmental funds for the City include the Health and Sanitation Fund, the Public Safety Fund, the Miscellaneous and Facility Fund, the Social Services Fund, the Community Development Block Grant Fund, the Housing Opportunities Aids Fund, the Home Program Fund, the Section 108 Loan Guarantee Fund, the Development Administration, the Library Fund, The Education Fund, the Miscellaneous Grants Fund, General Government Fund, all of which are considered Special Revenue Funds. In addition, the Conversion Capital Projects Fund is considered Capital Projects Fund. Permanent Trust Funds consist of the Library Fund and the Education Fund. Individual fund data for each of these nonmajor governmental funds is provided in the combining balance sheets on Exhibit B-1 and in the combining statement of revenues, expenditures and changes in fund balance on Exhibit B-2.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the authorized budget. The schedule of revenues and other financing sources, and the schedule of expenditures and other financing uses on a budgetary basis can be found on exhibits RSI 1 and RSI 2.

The basic governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balance) can be found on Exhibits III and IV of this report.

**Proprietary funds.** The City of Bridgeport maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in government-wide financial statements. The City of Bridgeport uses an enterprise fund to account for its Water Pollution Control Authority. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the City of Bridgeport's various functions. The City of Bridgeport uses an internal service fund to account for its health, workers compensation and heart and hypertension self-insurance plan including its liability for employees and retirees of the City. Because this service predominantly benefits governmental functions rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements can be found on Exhibits V - VII 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's constituency. The City has four pension trust funds. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on Exhibits VIII and IX 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 fund financial statements. The notes to the financial statements can be found on pages 28-79 of this report.

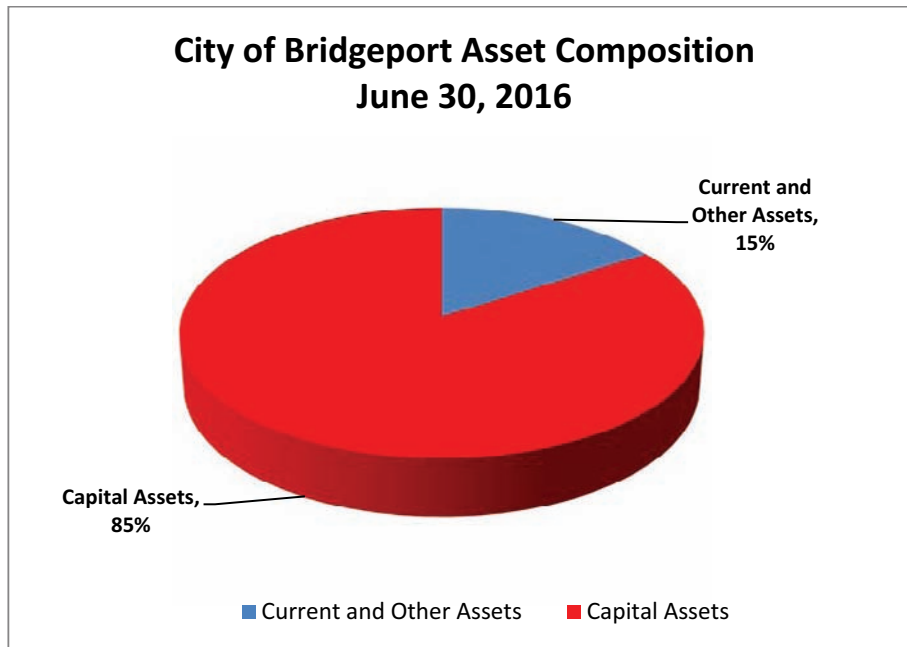
The notes to this report also contain certain information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. On a government-wide basis, the City's assets were less than its liabilities by \$142.2 million at June 30, 2016. This is a decrease of \$55.5 million from last year's net restated position of \$(197.7) million. The change from prior year is primarily due to the effects of GASB No. 68 regarding the accounting and financial reporting for pensions.

#### CITY OF BRIDGEPORT, CONNECTICUT NET POSITION (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015 (as Restated)	2016	2015	2016	2015 (as Restated)
Current and other assets	\$ 219,401	\$ 254,020	\$ 15,109	\$ 15,288	\$ 234,510	\$ 269,308
Capital assets	<u>1,144,054</u>	<u>1,069,358</u>	<u>131,749</u>	<u>128,271</u>	<u>1,275,803</u>	<u>1,197,629</u>
Total assets	<u>1,363,455</u>	<u>1,323,378</u>	<u>146,858</u>	<u>143,559</u>	<u>1,510,313</u>	<u>1,466,937</u>
Deferred outflows of resources	<u>59,973</u>	<u>37,533</u>	<u>-</u>	<u>-</u>	<u>59,973</u>	<u>37,533</u>
Other liabilities	92,030	76,310	3,626	2,906	95,656	79,216
Long-term debt outstanding	<u>1,576,061</u>	<u>1,555,425</u>	<u>40,728</u>	<u>41,872</u>	<u>1,616,789</u>	<u>1,597,297</u>
Total liabilities	<u>1,668,091</u>	<u>1,631,735</u>	<u>44,354</u>	<u>44,778</u>	<u>1,712,445</u>	<u>1,676,513</u>
Deferred inflows of resources	<u>-</u>	<u>25,664</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,664</u>
Net position:						
Net investment in capital assets	813,953	723,868	91,022	86,399	904,975	810,267
Restricted	3,068	3,093			3,068	3,093
Unrestricted	<u>(1,061,684)</u>	<u>(1,023,449)</u>	<u>11,482</u>	<u>12,382</u>	<u>(1,050,202)</u>	<u>(1,011,067)</u>
Total Net Position	<u>\$ (244,663)</u>	<u>\$ (296,488)</u>	<u>\$ 102,504</u>	<u>\$ 98,781</u>	<u>\$ (142,159)</u>	<u>\$ (197,707)</u>



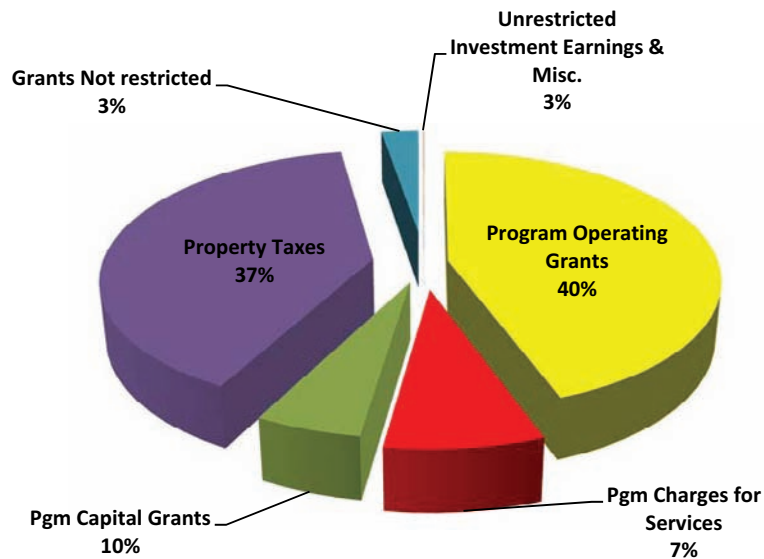
The portion of the City's net position, \$814 million, reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment), net of any outstanding debt related to these assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

- ◆ The portion of the City's net position that is restricted, \$3 million, represents resources that are subject to external restrictions on how they may be used. Unrestricted net deficit of \$(1.05 billion) may not be used to meet the government's ongoing obligations to citizens and creditors, due to the negative balance. The primary reason for the large negative balance is due to the restatement of long-term pension liabilities, pursuant to GASB 68, as well as the issuance of the August 2000 General Obligation Taxable Pension Bonds, which were issued to properly fund pension plans, which were previously funded on a "pay-as-you-go" basis.
- ◆ The decrease in net position can primarily be explained by the decrease in noncurrent liabilities which are due in more than one year. New effects of GASB No. 68 regarding the accounting and financial reporting for pensions.

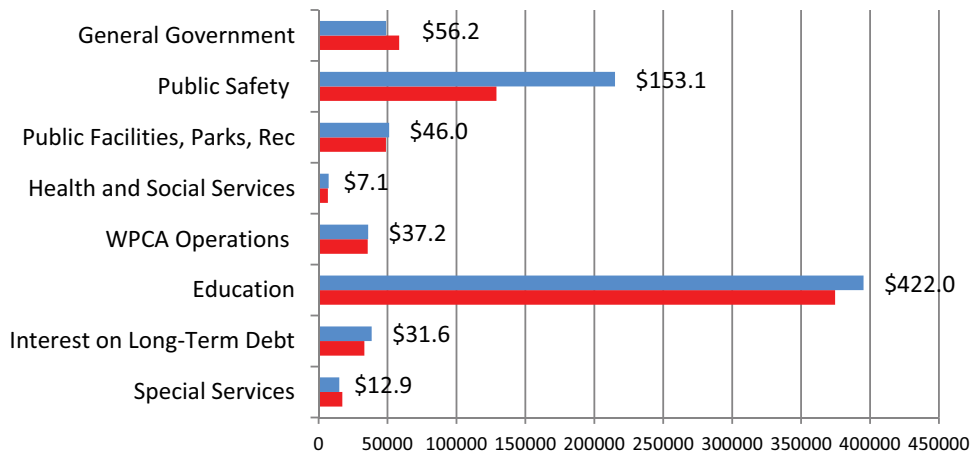
**CITY OF BRIDGEPORT, CONNECTICUT**  
**CHANGES IN NET POSITION**  
(In Thousands)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u> <u>Government-Wide</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues:						
Program revenues:						
Charges for services	\$ 23,801	\$ 20,179	\$ 36,597	\$ 37,891	\$ 60,398	\$ 58,070
Operating grants and contributions	353,450	343,419			353,450	343,419
Capital grants and contributions	75,617	39,642	4,354	1,822	79,971	41,464
General revenues:						
Property taxes	300,053	303,837			300,053	303,837
Grants not restricted to specific programs	25,147	20,206			25,147	20,206
Unrestricted investment earnings	280	252	9	7	289	259
Miscellaneous	2,271				2,271	-
Total revenues	<u>780,619</u>	<u>727,535</u>	<u>40,960</u>	<u>39,720</u>	<u>821,579</u>	<u>767,255</u>
Expenses:						
General government	56,810	49,043			56,810	49,043
Public safety	153,074	215,032			153,074	215,032
Public facilities, parks and recreation, planning and development	46,038	51,210			46,038	51,210
Health and social services	7,053	7,323			7,053	7,323
Operations			37,237	35,944	37,237	35,944
Education	422,865	395,327			422,865	395,327
Interest on long-term debt	31,584	38,508			31,584	38,508
Special services	11,370	15,058			11,370	15,058
Total expenses	<u>728,794</u>	<u>771,501</u>	<u>37,237</u>	<u>35,944</u>	<u>766,031</u>	<u>807,445</u>
Change in net position	51,825	(43,966)	3,723	3,776	55,548	(40,190)
Net Position, beginning	<u>(296,488)</u>	<u>(105,125)</u>	<u>98,781</u>	<u>95,005</u>	<u>(197,707)</u>	290,680
Restatement		<u>(147,397)</u>				<u>(147,397)</u>
Net Position, Ending	<u>\$ (244,663)</u>	<u>\$ (296,488)</u>	<u>\$ 102,504</u>	<u>\$ 98,781</u>	<u>\$ (142,159)</u>	<u>\$ 103,093</u>

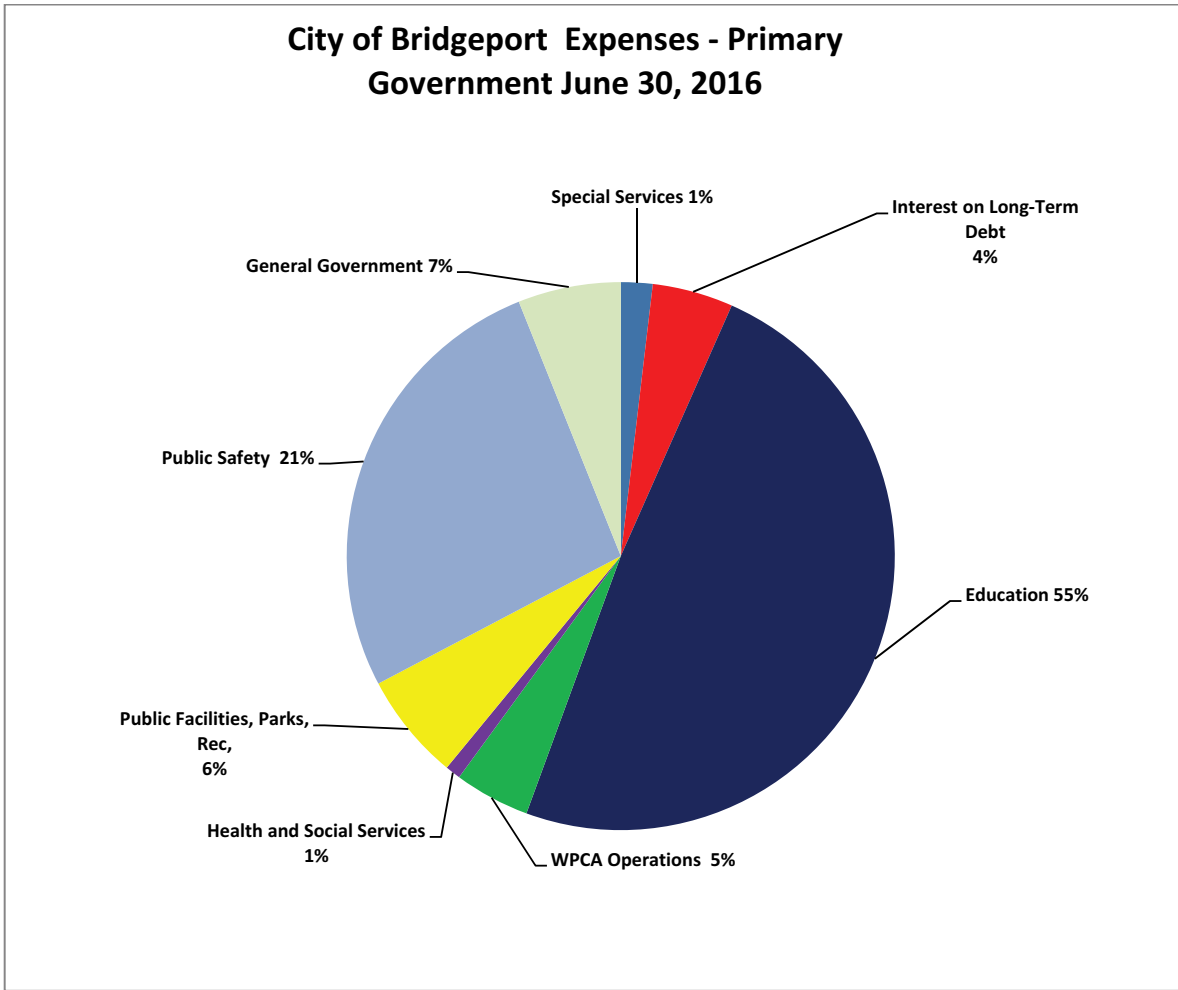
### City of Bridgeport FY16 Revenues



### City of Bridgeport Primary Government Expenditures FY2016 v FY2015 (in Millions)



**City of Bridgeport Expenses - Primary  
Government June 30, 2016**



**Governmental Activities**

Program revenues represented 51.4% of total revenues, followed by property taxes at 38.4%, and program capital other unrestricted grants at 3.2% and program charges for service at 7%.

Major revenue factors included:

- ◆ Property tax revenues recorded for fiscal year 2016 of \$300 million represents a decrease of \$3.8 million from the prior fiscal year ended June 30, 2015.
- ◆ Program Revenue increased \$49.6 million from \$452.9 million, from the prior fiscal year to \$403.2 million, for the fiscal year ended June 30, 2016. Increase is primarily due to school construction projects.

For Government-Wide Activities, 55% of the City’s expenses relate to education; 21% relate to public safety; 1% relate to special services; 4% relate to interest payments on long-term debt; 6% relate to public facilities, libraries and parks and recreation; 5% related to Water Pollution Control Authority operations; 7% relate to general government; and 1% relate to health and welfare.

Major expense factors include:

- ◆ During the 2015-2016 budget process, discretionary expenses remained stable.
- ◆ Police, Fire and Public Facility overtime increased due to safety needs during the year.

### **Financial Analysis of the Fund Financial Statements**

As noted earlier, the City 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 City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$93.0 million, a decrease of \$0.3 from the prior year. Total General Fund balance increased \$ from \$13.7 million to \$14.6 million. \$14.3 million constitutes unassigned fund balance that is available for spending at the City's discretion.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned and assigned fund balance of the General Fund was \$14.3 million. As a measure of the General Fund's liquidity, it may be useful to compare the total fund balance to total fund expenditures. Total General Fund balance represents 2.5% of total General Fund expenditures.

The Capital Bond Issue Fund has a total fund balance of \$69.4 million up from \$63.0 million in the prior year. The change in fund balance can be explained by the timing of resources into and out of this fund for ongoing capital projects.

The Other Governmental Funds have a total fund balance of \$9.6 million, down from \$16.6 million in the prior year, due to fewer committed funds and additional special services expenses for the year.

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

Net position of the proprietary fund consisting of the Water Pollution Control Authority was \$98.9 million, as compared to \$98.8 million in the prior year.

The unrestricted net position of the Water Pollution Control Authority as of June 30, 2016 was \$11.5 million. The Water Pollution Control Authority experienced operating revenues of \$36.6 million from user fees. There was a total operating income for the WPCA of \$.1 million before interest expenditures of \$.7 and capital contributions of \$4.4 million. The change in net position for the fiscal year ended June 30, 2016 was \$3.7 million.

Net position of the Internal Service Fund was \$(68.8) million, as compared to \$(67.9) million in the prior year. This small increase was due to inflationary pressures associated with prescription drug claims.

## General Fund Budgetary Highlights

The City's fiscal 2016 budget was a balanced budget, which kept the 1 mill rate increase for the library funding per a voter-approved millage requirement. Total expenditures and other financing use budget was \$532.3 million versus actual of \$522.8 million showing total expenditures and other financing uses higher than budget by \$5.3 million.

Total revenues and other financing sources had a budgetary basis of 532.3 million versus an actual result of 538.6 resulting in actual above budgetary revenues of 6.3 million. Over all total property taxes were less than the budgetary results for fiscal year 2016 by 2.0 million, due to less arrears tax collections in this fiscal year, while current tax collection rates remained strong at a 98.2%.

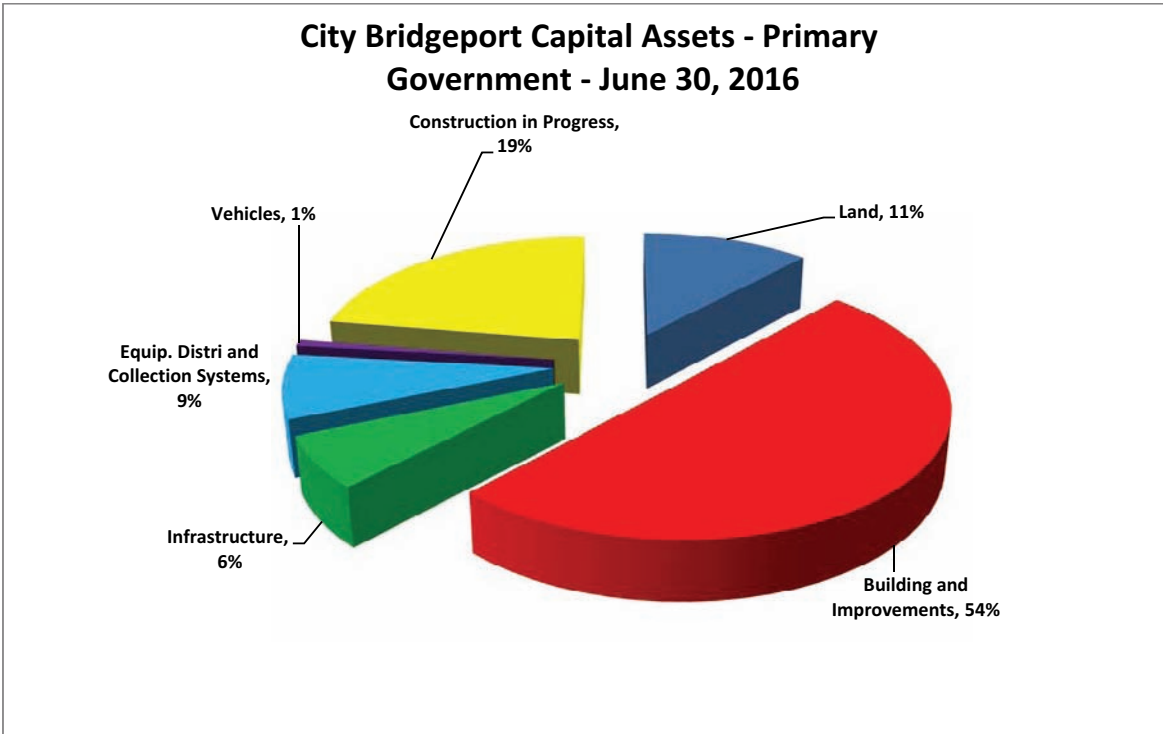
The City of Bridgeport's General Fund ended the FY 2015-2016 with a solid surplus of \$905,681.

## Capital Asset and Debt Administration

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities, as of June 30, 2016, amounted to \$1,275.8 million, net of accumulated depreciation. This investment in capital assets includes land, building and system improvements, machinery and equipment, park facilities, roads, sewers and bridges. The total increase in the City's investment in capital assets for the current fiscal year was \$78.2 million.

**CITY OF BRIDGEPORT, CONNECTICUT**  
**CAPITAL ASSETS (Net of Depreciation)**  
(In Thousands)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Land	\$ 142,289	\$ 142,214	\$	\$	\$ 142,289	\$ 142,214
Buildings and improvements	649,134	553,253	47,939	48,719	697,073	601,972
Infrastructure	73,760	78,450			73,760	78,450
Equipment, distribution and collection systems	35,519	36,788	69,655	60,390	105,174	97,178
Vehicles	8,315	9,210	316	409	8,631	9,619
Construction in progress	235,037	249,443	13,839	18,753	248,876	268,196
<b>Total</b>	<b>\$ 1,144,054</b>	<b>\$ 1,069,358</b>	<b>\$ 131,749</b>	<b>\$ 128,271</b>	<b>\$ 1,275,803</b>	<b>\$ 1,197,629</b>



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

- ◆ Construction, improvements and renovations to school buildings and facilities.
- ◆ Continued rehabilitation of playgrounds and athletic fields.
- ◆ Infrastructure improvements including roads, bridges, and sanitary and sewer projects.
- ◆ Acquisition of parcels and remediation efforts for ongoing city development projects.

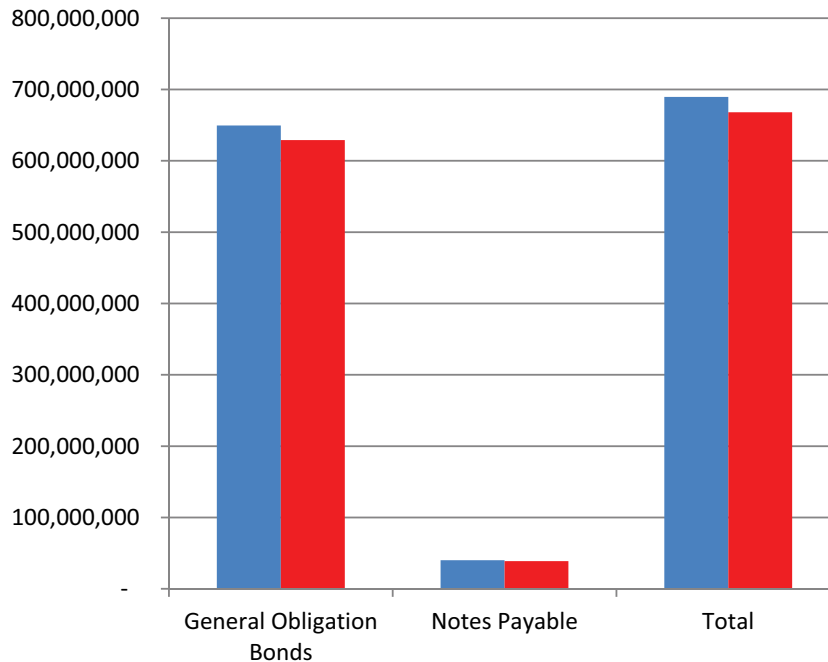
Additional information on the City's capital assets can be found in Note 8 of this report.

#### CITY OF BRIDGEPORT, CONNECTICUT OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds \$	625,787,200	645,979,133	3,267,800	3,475,867	629,055,000	649,455,000
Notes payable	1,583,000	1,826,000	37,347,850	38,276,341	38,930,850	40,102,341
<b>Totals</b>	<b>\$ 627,370,200</b>	<b>\$ 647,805,133</b>	<b>\$ 40,615,650</b>	<b>\$ 41,752,208</b>	<b>\$ 667,985,850</b>	<b>\$ 689,557,341</b>



## Outstanding Debt - General Obligation and Revenue Bonds FY2016 vs FY2015



**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$702,884,727. 100% of this debt is backed by the full faith and credit of the City government. The Water Pollution Control Authority is expected to reimburse the City \$40.7 million through user fee charges.

The City's total long-term debt decreased by \$12.3 million during fiscal 2016.

Moody's Investors Service, Inc. (Moody's), Standard & Poor's Rating Group (Standard & Poor's) and Fitch Ratings, Inc. (Fitch) have each assigned their underlying municipal bond rating of "A2", "A-", and "A", respectively, to the City. With respect to long-term debt of the City that is insured by Assured Guaranty Corp. or Assured Guaranty Municipal Corp. (formally FSA), Moody's and Standard & Poor's have each assigned their municipal bond rating of "AA3" and "AA-", respectively, with the understanding that there is an insurance policy insuring the payment when due of the principal and interest on the bonds. Fitch does not currently rate Assured Guaranty Corp. or Assured Guaranty Municipal Corp.

The overall statutory debt limit for the City is equal to seven times annual receipts from taxation or \$2.09 billion. As of June 30, 2016, the City recorded long-term debt of \$662.2 million related to Governmental Activities and \$40.7 million related to Business-Type Activities, well below its statutory debt limit.

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

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

The City, surrounding towns, and the State are still recuperating from the effects of the national economic downturn but all are starting to show a small improvement in their unemployment rate. As of June 30, 2016, the unemployment rate for the City of Bridgeport was 5.8%, down from 7.1% from the prior year. Connecticut's overall unemployment rate decreased to 4.5% from 6.1%, compared with the same period for the previous year.

## **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 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 999 Broad Street, CT 06604.

## **Basic Financial Statements**

**CITY OF BRIDGEPORT, CONNECTICUT  
STATEMENT OF NET POSITION  
JUNE 30, 2016**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 121,188,946	\$ 5,436,605	\$ 126,625,551
Investments	1,981,246		1,981,246
Receivables, net of allowances for collection losses:			
Property taxes	45,605,506		45,605,506
Sewer user fees and liens		8,268,041	8,268,041
Federal and state governments	44,118,291		44,118,291
Other	3,556,268	1,353,949	4,910,217
Internal balances	139,312	(139,312)	-
Prepaid and other assets	2,811,540	190,000	3,001,540
Total current assets	<u>219,401,109</u>	<u>15,109,283</u>	<u>234,510,392</u>
Noncurrent:			
Capital assets not being depreciated	377,325,478	13,839,812	391,165,290
Capital assets being depreciated, net of depreciation	766,728,742	117,909,435	884,638,177
Total noncurrent assets	<u>1,144,054,220</u>	<u>131,749,247</u>	<u>1,275,803,467</u>
Total assets	<u>1,363,455,329</u>	<u>146,858,530</u>	<u>1,510,313,859</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	7,855,578		7,855,578
Changes in projected pension investment earnings	28,933,586		28,933,586
Changes in proportionate share	1,014,455		1,014,455
Pension contributions made subsequent to measurement date	22,169,395		22,169,395
Total deferred outflows of resources	<u>59,973,014</u>	<u>-</u>	<u>59,973,014</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued expenses	51,372,258	3,626,889	54,999,147
Due to fiduciary funds	2,329,262		2,329,262
Unearned revenue	8,485,705		8,485,705
Notes payable	15,000,000		15,000,000
Accrued interest payable	14,843,585		14,843,585
Current maturities of long-term obligations	71,894,033	4,169,087	76,063,120
Total current liabilities	<u>163,924,843</u>	<u>7,795,976</u>	<u>171,720,819</u>
Noncurrent liabilities:			
Due in more than one year	1,504,166,565	36,558,584	1,540,725,149
Total liabilities	<u>1,668,091,408</u>	<u>44,354,560</u>	<u>1,712,445,968</u>
<b>Net Position:</b>			
Net investment in capital assets	813,952,729	91,021,576	904,974,305
Restricted for:			
Permanent funds, expendable	108,746		108,746
Permanent funds, nonexpendable	498,277		498,277
Self-insured claims	2,461,540		2,461,540
Unrestricted	(1,061,684,357)	11,482,394	(1,050,201,963)
Total Net Position	<u>\$ (244,663,065)</u>	<u>\$ 102,503,970</u>	<u>\$ (142,159,095)</u>

The accompanying notes are an integral part of the financial statements

**CITY OF BRIDGEPORT, CONNECTICUT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ (56,810,111)	\$ 6,691,253	\$ 440,327	\$ 18,100	\$ (49,660,431)	\$	\$ (49,660,431)
Public safety	(153,074,372)	6,933,320	189,018		(145,952,034)		(145,952,034)
Public facilities, parks and recreation	(41,919,358)	4,281,323	5,966,045	1,133,287	(30,538,703)		(30,538,703)
Planning and economic development	(4,117,610)	4,607,067	6,046,274		6,535,731		6,535,731
Health and social services	(7,053,282)	772,288	2,139,543		(4,141,451)		(4,141,451)
Education	(422,865,095)	668,925	326,052,764	74,399,240	(21,744,166)		(21,744,166)
Special services	(11,369,812)	(152,931)	11,708,441	66,670	252,368		252,368
Interest on long-term debt	(31,583,840)		907,552		(30,676,288)		(30,676,288)
Total governmental activities	<u>(728,793,480)</u>	<u>23,801,245</u>	<u>353,449,964</u>	<u>75,617,297</u>	<u>(275,924,974)</u>	<u>-</u>	<u>(275,924,974)</u>
Business-type activities:							
Water Pollution Control Authority	<u>(37,237,285)</u>	<u>36,596,546</u>		<u>4,353,922</u>		<u>3,713,183</u>	<u>3,713,183</u>
Total	<u>\$ (766,030,765)</u>	<u>\$ 60,397,791</u>	<u>\$ 353,449,964</u>	<u>\$ 79,971,219</u>	<u>(275,924,974)</u>	<u>3,713,183</u>	<u>(272,211,791)</u>
General revenues:							
Property taxes					300,053,001		300,053,001
Grants and contributions not restricted to specific programs					25,146,880		25,146,880
Unrestricted investment earnings					279,984	9,231	289,215
Miscellaneous					<u>2,270,522</u>		<u>2,270,522</u>
Total general revenues					<u>327,750,387</u>	<u>9,231</u>	<u>327,759,618</u>
Change in Net Position					51,825,413	3,722,414	55,547,827
Net Position, Beginning of Year, as Restated					<u>(296,488,478)</u>	<u>98,781,556</u>	<u>(197,706,922)</u>
Net Position, End of Year					<u>\$ (244,663,065)</u>	<u>\$ 102,503,970</u>	<u>\$ (142,159,095)</u>

The accompanying notes are an integral part of the financial statements

**CITY OF BRIDGEPORT, CONNECTICUT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	<u>General Fund</u>	<u>Education Grants</u>	<u>Capital Bond Issue</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 44,349,927	\$ 843	\$ 66,935,055	\$ 9,803,381	\$ 121,089,206
Investments				1,981,246	1,981,246
Receivables, net:					
Property taxes	45,605,506				45,605,506
Intergovernmental	27,259,255	5,602,754	588,158	10,668,124	44,118,291
Other	2,907,710		28,036	620,522	3,556,268
Due from other funds	12,669,305	3,585,894	9,038,443	2,935,773	28,229,415
Other assets	350,000				350,000
Total Assets	<u>\$ 133,141,703</u>	<u>\$ 9,189,491</u>	<u>\$ 76,589,692</u>	<u>\$ 26,009,046</u>	<u>\$ 244,929,932</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 18,340,614	\$ 3,400,772	\$ 5,972,364	\$ 3,561,014	\$ 31,274,764
Accrued payroll liabilities	18,004,722	1,315,940		57,041	19,377,703
Due to other funds	18,063,025	756,866	1,257,341	9,341,614	29,418,846
Unearned revenues	714,217	4,319,568		3,451,920	8,485,705
Notes payable	15,000,000				15,000,000
Total liabilities	<u>70,122,578</u>	<u>9,793,146</u>	<u>7,229,705</u>	<u>16,411,589</u>	<u>103,557,018</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	44,926,288				44,926,288
Unavailable revenue - school construction	3,473,695				3,473,695
Total deferred inflows of resources	<u>48,399,983</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,399,983</u>
Fund Balances:					
Nonspendable	350,000				350,000
Restricted				5,902,507	5,902,507
Committed			69,359,987	4,296,293	73,656,280
Unassigned	14,269,142	(603,655)		(601,343)	13,064,144
Total fund balances	<u>14,619,142</u>	<u>(603,655)</u>	<u>69,359,987</u>	<u>9,597,457</u>	<u>92,972,931</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 133,141,703</u>	<u>\$ 9,189,491</u>	<u>\$ 76,589,692</u>	<u>\$ 26,009,046</u>	<u>\$ 244,929,932</u>

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**CITY OF BRIDGEPORT, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2016**

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Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position:

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

Fund balances - total governmental funds	\$	92,972,931
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Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$	1,542,277,161	
Less accumulated depreciation		<u>(398,222,941)</u>	
Net capital assets			1,144,054,220

Other long-term assets and deferred outflows are not available to  
pay for current-period expenditures and, therefore,  
are not recorded in the funds:

Property tax receivables greater than 60 days	22,025,782
Interest receivable on property taxes	22,900,506
Receivable from the state for school construction projects	3,473,695
Deferred outflows - changes in projected pension investment earnings	28,933,586
Deferred outflows - changes in MERS proportionate share	1,014,455
Deferred outflows - pension contributions made subsequent to measurement date	22,169,395

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 reported with governmental activities  
in the statement of net position.

	(68,808,941)
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Long-term liabilities and deferred inflows, are not due and payable  
in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(627,370,200)
Bond issuance premiums	(34,786,856)
Deferred amounts for refunding	7,855,578
Compensated absences	(23,522,813)
OPEB obligation	(251,076,329)
MERS prior service costs	(204,907,263)
Net pension liability	(364,747,226)
Interest payable on bonds and notes	<u>(14,843,585)</u>

Net Position of Governmental Activities (Exhibit I)	\$	<u><u>(244,663,065)</u></u>
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The accompanying notes are an integral part of the financial statements

**CITY OF BRIDGEPORT, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	General Fund	Education Grants	Capital Bond Issue	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 299,380,641				\$ 299,380,641
Intergovernmental	234,246,831	114,406,896	79,775,718	18,928,891	447,358,336
Fees, permits and licenses	22,139,661				22,139,661
Interest	62,160		176,048	41,777	279,985
Other	11,421,003		25,000	1,163,212	12,609,215
Total revenues	<u>567,250,296</u>	<u>114,406,896</u>	<u>79,976,766</u>	<u>20,133,880</u>	<u>781,767,838</u>
Expenditures:					
Current:					
General government	36,072,199			7,070	36,079,269
Public safety	135,416,264				135,416,264
Public facilities	35,862,313				35,862,313
Planning and economic development	4,228,157				4,228,157
Health and social services	5,162,250			2,157,741	7,319,991
Libraries	6,243,197			1,242,653	7,485,850
Education	273,774,169	114,406,896		2,466	388,183,531
Special services	1,610,253			19,958,708	21,568,961
Debt service:					
Principal retirements	38,679,933				38,679,933
Interest and other charges	32,878,001		2,000,000		34,878,001
Capital outlay			95,861,461		95,861,461
Total expenditures	<u>569,926,736</u>	<u>114,406,896</u>	<u>97,861,461</u>	<u>23,368,638</u>	<u>805,563,731</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,676,440)</u>	<u>-</u>	<u>(17,884,695)</u>	<u>(3,234,758)</u>	<u>(23,795,893)</u>
Other Financing Sources (Uses):					
Transfers in	3,313,024		209,530	790,777	4,313,331
Transfers out	(316,915)		(973,862)	(4,522,554)	(5,813,331)
Bonds issued			23,195,000		23,195,000
Bond refunding issue	59,640,000				59,640,000
Premium on bonds issued	10,505,915		1,831,630		12,337,545
Payment to escrow agent	(69,559,903)				(69,559,903)
Total other financing sources (uses)	<u>3,582,121</u>	<u>-</u>	<u>24,262,298</u>	<u>(3,731,777)</u>	<u>24,112,642</u>
Net Change in Fund Balances	905,681	-	6,377,603	(6,966,535)	316,749
Fund Balances at Beginning of Year	<u>13,713,461</u>	<u>(603,655)</u>	<u>62,982,384</u>	<u>16,563,992</u>	<u>92,656,182</u>
Fund Balances at End of Year	<u>\$ 14,619,142</u>	<u>\$ (603,655)</u>	<u>\$ 69,359,987</u>	<u>\$ 9,597,457</u>	<u>\$ 92,972,931</u>

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**CITY OF BRIDGEPORT, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016**

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Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund  
Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 316,749
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	104,340,588
Depreciation expense	(29,644,539)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Property tax receivable - accrual basis change	53,052
Property tax interest and lien revenue - accrual basis change	414,869
School building grant receipts	(1,616,862)
Deferred outflows - changes in projected pension investment earnings	19,665,289
Deferred outflows - changes in MERS proportionate share	1,014,455
Deferred outflows - pension contributions made subsequent to measurement date	(2,235,408)

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 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 amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

General obligation bonds issued	(23,195,000)
Refunding bonds issued	(59,640,000)
Bond and note principal payments	38,679,933
Payments to refunding bond escrow agent	69,559,903

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 the governmental funds:

Change in unamortized issuance premiums	(9,249,391)
Change in deferred amounts on refunding	(973,611)
Compensated absences	6,031,403
Landfill post closure care	54,946
OPEB obligation	(42,138,323)
MERS prior service costs	2,575,437
Net pension liability	(48,158,969)
Accrued interest	1,179,618
Deferred inflows - changes in projected pension investment earnings	25,664,428

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.

(873,154)

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 51,825,413</u>
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The accompanying notes are an integral part of the financial statements

**CITY OF BRIDGEPORT, CONNECTICUT**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2016**

	<u>Business-Type Activities Enterprise Fund</u>	<u>Governmental Activities Internal Service Fund</u>
Assets:		
Current:		
Cash and cash equivalents	\$ 5,436,605	\$ 99,740
Receivables, net		
Unbilled usage charges	8,268,041	
Other receivables	1,353,949	
Due from other funds		9,591,965
Prepaid asset	<u>190,000</u>	<u>2,461,540</u>
Total current assets	<u>15,248,595</u>	<u>12,153,245</u>
Noncurrent:		
Capital assets not being depreciated	13,839,812	
Capital assets being depreciated, net of accumulated depreciation	<u>117,909,435</u>	
Total noncurrent assets	<u>131,749,247</u>	<u>-</u>
Total assets	<u>146,997,842</u>	<u>12,153,245</u>
Liabilities:		
Current:		
Current portion of long-term debt	4,169,087	
Accounts payable and accrued expenses	2,593,418	719,791
Accrued interest payable	220,555	
Construction contracts payable	812,916	
Due to other funds	139,312	10,592,484
Claims payable - current portion		<u>16,485,656</u>
Total current liabilities	<u>7,935,288</u>	<u>27,797,931</u>
Noncurrent:		
Claims payable - noncurrent portion		53,164,255
Long-term debt less current portion	<u>36,558,584</u>	
Total noncurrent liabilities	<u>36,558,584</u>	<u>53,164,255</u>
Total liabilities	<u>44,493,872</u>	<u>80,962,186</u>
Net Position:		
Net invested in capital assets	91,021,576	
Restricted for self-insured claims		2,461,540
Unrestricted	<u>11,482,394</u>	<u>(71,270,481)</u>
Total Net Position	<u>\$ 102,503,970</u>	<u>\$ (68,808,941)</u>

The accompanying notes are an integral part of the financial statements

**CITY OF BRIDGEPORT, CONNECTICUT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Business-Type Activities Enterprise Fund</u>	<u>Governmental Activities Internal Service Fund</u>
Operating revenues:		
Sewer user fees	\$ 35,481,622	\$
Miscellaneous income	1,114,924	
Charges for services		106,378,573
Total operating revenues	<u>36,596,546</u>	<u>106,378,573</u>
Operating expenses:		
Operation and maintenance	28,711,057	
Depreciation	7,741,045	
Claims		108,751,727
Total operating expenses	<u>36,452,102</u>	<u>108,751,727</u>
Operating income (expense)	<u>144,444</u>	<u>(2,373,154)</u>
Nonoperating revenue (expense):		
Interest income	9,231	
Interest expense	<u>(785,183)</u>	
Total nonoperating expense	<u>(775,952)</u>	<u>-</u>
Income (loss) before capital contributions	(631,508)	(2,373,154)
Capital contributions	<u>4,353,922</u>	<u>-</u>
Transfer In		<u>1,500,000</u>
Change in Net Position	3,722,414	(873,154)
Net Position, Beginning of Year	<u>98,781,556</u>	<u>(67,935,787)</u>
Net Position, End of Year	<u>\$ 102,503,970</u>	<u>\$ (68,808,941)</u>

The accompanying notes are an integral part of the financial statements

**CITY OF BRIDGEPORT, CONNECTICUT  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Enterprise Fund</b>	<b>Internal Service Fund</b>
Cash Flows from Operating Activities:		
Receipts from customers and users	\$ 37,602,573	\$
Payments to suppliers	(27,856,452)	
Payments to employees	(873,844)	
Cash received for interfund services used		6,836,399
Cash paid for interfund services used	(583,404)	
Cash received from charges for services		106,378,573
Cash paid to vendors and beneficiaries		(115,717,590)
Net cash provided by (used in) operating activities	<u>8,288,873</u>	<u>(2,502,618)</u>
Cash Flows from Capital and Related Financing Activities:		
Principal payments on debt	(5,628,426)	
Interest paid on debt	(923,894)	
Proceeds from notes payable	4,491,868	
Proceeds received on capital grants	4,353,922	
Purchase of capital assets	(10,538,282)	
Net cash provided by (used in) capital and related financing activities	<u>(8,244,812)</u>	<u>-</u>
Cash Flows from Noncapital Financing Activities:		
Transfer from other funds		<u>1,500,000</u>
Cash Flows from Investing Activities:		
Interest received on investments	<u>9,231</u>	
Net increase (decrease) in cash and cash equivalents	53,292	(1,002,618)
Cash and Cash Equivalents at Beginning of Year	<u>5,383,313</u>	<u>1,102,358</u>
Cash and Cash Equivalents at End of Year	<u>\$ 5,436,605</u>	<u>\$ 99,740</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating income (loss)	\$ 144,444	\$ (2,373,154)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	7,741,045	
(Increase) decrease in accounts receivable and unbilled usage charges	1,074,673	
(Increase) decrease in other receivables	(192,160)	
(Increase) decrease in prepaids	(190,000)	
Increase (decrease) in provision for uncollectible accounts	123,514	
(Increase) decrease in due to (from) other funds	(583,404)	6,836,399
Increase (decrease) in accounts payable and accrued expenses	170,761	(465,797)
Increase (decrease) in claims payable		<u>(6,500,066)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 8,288,873</u>	<u>\$ (2,502,618)</u>

The accompanying notes are an integral part of the financial statements

**CITY OF BRIDGEPORT, CONNECTICUT**  
**STATEMENT OF NET POSITION - FIDUCIARY FUNDS**  
**JUNE 30, 2016**

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
Assets:		
Cash and cash equivalents	\$ 7,585,982	\$ 625,655
Investments:		
Certificates of deposit	251,533	
U.S. government agencies	1,295,449	
U.S. government securities	7,874,678	
Corporate bonds	10,456,957	
Common stocks	69,394,794	
Mutual funds	58,146,390	
Alternative investments	11,442,583	
Total investments	<u>158,862,384</u>	<u>-</u>
Due from other funds	2,329,262	
Contributions receivable	<u>98,018</u>	<u>-</u>
Total assets	<u>168,875,646</u>	<u>\$ 625,655</u>
Liabilities:		
Other liabilities	20	
Due to student groups	<u>                    </u>	<u>\$ 625,655</u>
Total liabilities	<u>20</u>	<u>\$ 625,655</u>
Net Position Restricted for Pensions	<u>\$ 168,875,626</u>	

The accompanying notes are an integral part of the financial statements

**CITY OF BRIDGEPORT, CONNECTICUT  
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 16,284,557
Annuity proceeds	1,015,234
Total contributions	<u>17,299,791</u>
Investment income (loss):	
Net change in fair value of investments	(6,183,656)
Interest and dividends	2,599,842
	<u>(3,583,814)</u>
Less investment expenses:	
Investment management fees	<u>(1,159,027)</u>
Net investment income (loss)	<u>(4,742,841)</u>
Total additions	<u>12,556,950</u>
Deductions:	
Benefits	40,816,362
Administration	306,525
Total deductions	<u>41,122,887</u>
Change in Net Position	(28,565,937)
Net Position, Beginning of Year	<u>197,441,563</u>
Net Position, End of Year	<u>\$ 168,875,626</u>

The accompanying notes are an integral part of the financial statements

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Bridgeport, Connecticut (the City) was founded in 1639, incorporated as a town in 1821, and as a city in 1836. The City operates under a Mayor - City Council form of government.

Accounting principles generally accepted in the United States of America require that the reporting entity include 1) the primary government, 2) organizations for which the primary government is financially accountable, and 3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in the Codification, Section 2100, have been considered, and, as a result, there are no agencies or entities that should be, but are not, combined with the basic financial statements of the City.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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 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.

**C. 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, except for Agency Funds, which 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. Intergovernmental grants and entitlements 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.

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

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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 and expenditures related to compensated absences, which are recorded only when payment is due (matured).

Property taxes when levied for intergovernmental revenues, when eligibility requirements are met, licenses, 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.

The City reports the following major governmental funds.

The General Fund is the City'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 Education Grants Fund accounts for U.S. Department of Education grants as well as local grants relating to education.

The Capital Bond Issue Fund accounts for various construction projects that are funded out of proceeds from the capital bond issues and other sources of revenue.

The City reports the following major proprietary fund:

The Water Pollution Control Authority of the City of Bridgeport (the WPCA) accounts for the activities of the two sewage treatment plants, sewage pumping stations and collection systems of the City.

Additionally, the City reports the following fund types:

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

The Agency Fund accounts for monies held as a custodian for outside groups.

The Internal Service Fund accounts for the revenues and related expenses for the health, workers compensation and heart and hypertension self-insurance plan for the employees and retirees of the City.

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 WPCA 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 WPCA are charges to customers for user fees. Operating expenses include the cost of operations and maintenance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.



**CITY OF BRIDGEPORT, CONNECTICUT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2016**

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When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

**D. Cash and Cash Equivalents**

The City considers all highly liquid short-term investment funds, including those that are classified as restricted assets, and all certificates of deposit and treasury bills with an original maturity of three months or less, to be cash equivalents.

**E. Investments**

Investments are primarily stated at fair value using quoted market prices.

**F. Property Taxes**

Property taxes are assessed as of October 1, are levied on the following July 1, and are due in two installments - July 1 and the following January 1. Liens are filed on the last day of the fiscal year.

**G. Capital Assets**

In the government-wide and proprietary fund financial statements, capital assets include property, plant, equipment and infrastructure assets. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Purchased and constructed assets are recorded at cost. Donated capital assets are recorded at fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the WPCA during the current fiscal year was \$785,183. Of this amount, \$152,107 was included as part of the cost of capital assets under construction in connection with wastewater treatment facilities' construction projects.

Property, plant and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20
Public domain infrastructure	50
System infrastructure	30
Vehicles	3-5
Office equipment	5
Computer equipment	5

In the governmental fund financial statements, capital assets are reported as expenditures and no depreciation expense is reported.

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**H. 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 pensions in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. For the year ended June 30, 2016, the City does not report any deferred inflows of resources in the government-wide financial statements. 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 and long-term school construction receivables. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

**I. Claims and Judgments**

This liability relates to the City's self-insurance programs. The obligation consists of claims incurred and incurred but not reported for medical self-insurance, the estimated loss for probable general liability matters and an actuarial estimate for claims incurred and incurred but not reported for workers compensation claims. This liability is paid out of the Internal Service Fund.

**J. 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 if they have matured, for example, as a result of employee resignations and retirements. The liability is typically paid out of the General Fund.

**K. Long-Term Obligations**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The governmental fund financial statements recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

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sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**L. 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.

**M. Net OPEB Obligations**

The net OPEB obligation represents the cumulative difference between the annual OPEB cost and the City's contributions to the plans. These amounts are calculated on an actuarial basis and are recorded as noncurrent assets and/or noncurrent liabilities, accordingly, in the government-wide financial statements.

**N. Fund Equity and Net Position**

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

**Net Investment in Capital Assets**

This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

**Restricted Net Position**

This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

**Unrestricted Net Position**

This category represents the amount not restricted for any project or other purpose or the deficiency that will need to be provided for from future operations.

The equity of the fund financial statements is defined as "fund balance" and is classified in the following categories:

**Nonspendable Fund Balance**

This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

**Restricted Fund Balance**

This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors, or laws and regulations of their governments.

**Committed Fund Balance**

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (City Council). Amounts remain committed until action is taken by the City Council (resolution) to remove or revise the limitations.

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**Assigned Fund Balance**

This represents amounts constrained for the intent to be used for a specific purpose by City Council, which has been delegated authority to assign amounts by the City Charter.

**Unassigned Fund Balance**

This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

**O. Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as either restricted, committed or assigned fund balance depending on the level of restriction, as they do not constitute expenditures or liabilities.

**P. Accounting Estimates**

The preparation of the basic 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

**2. BUDGETS AND BUDGETARY ACCOUNTING**

The City follows the procedures outlined below in establishing its General Fund budget:

**Mayor Recommended Preparation**

City departments begin preparation and documentation processes for the budget in January. The Office of Policy & Management reviews all submitted department requested documents, verifies contractual obligation thresholds, calculates all formula-driven data, and presents a draft budget to the Mayor and selected staff. In accordance with the City Charter, Chapter 9, Section 5(c) the Mayor, no later than the first Tuesday in April of each year, must present to the City Council a proposed budget for the ensuing fiscal year as prescribed in that same section.

**City Council Process**

The City Council's Budget and Appropriations Committee, under City Council rules, will set a schedule for budget deliberations and in accordance with City Charter, shall hold at least one public hearing before taking final action on the proposed budget and mill rate. The City Council Budgets & Appropriations Committee reports its changes to the Council as a whole in the form of a budget amendment resolution. The City Council has the power to reduce or delete any item in the budget recommended by the Mayor by a majority vote of the council members present and voting. It shall have the power to increase any item in said budget or add new items to said budget only on a two-thirds (2/3) affirmative vote of the entire membership of the Council. The budget adopted by the City Council shall be submitted to the Mayor not later than the second Tuesday in May of each year. The Mayor shall sign the adopted budget or within fourteen days after adoption of the budget, the Mayor may veto any action taken by the City Council. The veto power of the Mayor shall be that of line item veto only, and any such veto may be overridden by a two-thirds (2/3) vote of the entire membership of

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

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the City Council. If the Mayor shall disapprove any action of the City Council, he shall, no later than the close of business of the fourteenth day, return the proposed budget to the City Council with a statement of objections. Thereupon, the President of the City Council shall call a meeting to be held no later than seven days after the receipt of the Mayor's veto. If the City Council fails to adopt a budget by the second Tuesday in May of any year, the proposed budget of the Mayor shall become the budget of the City for the ensuing year.

In the General Fund, encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order or other commitment is issued, and, accordingly, encumbrances outstanding at year-end are recognized in budgetary reports as expenditures of the current year. Generally, all unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the next year.

General governmental revenues and expenditures accounted for in the General Fund are controlled by formal integrated budgetary accounting systems in accordance with various legal requirements which govern the City's operations. The City is required to adopt a budget for its General Fund. The City is not required to prepare budgets for special revenue, capital project, proprietary and trust funds. Accordingly, the budget and actual comparisons are only presented for the General Fund.

For financial statement comparisons, budgetary results have been reconciled to GAAP. Budgeted amounts are as originally adopted or as amended by the City Council. No supplemental budget amendments were made to the adopted fiscal year 2016 General Fund budget.

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

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During the year ended June 30, 2016, the following line items had overexpended appropriations:

	<u>Final Appropriation</u>	<u>Expenditures, Encumbrances and Other Financing Uses</u>	<u>Balance Overexpended</u>
Registrars of voters	\$ 684,840	\$ 887,035	\$ 202,195
City clerk	431,659	453,762	22,103
Archives and records	93,164	99,535	6,371
Civil services	903,671	959,905	56,234
Town clerk	776,735	807,608	30,873
Police department	89,426,565	100,470,903	11,044,338
Fire department	59,711,146	63,132,959	3,421,813
Weights and measures	152,233	172,432	20,199
Airport	1,327,944	1,390,051	62,107
Roadway	3,538,101	3,813,542	275,441
Recreation	926,967	1,079,706	152,739
Department on aging	544,829	572,966	28,137
Parks administration	511,950	554,060	42,110
Zoo	1,468,956	1,487,468	18,512
Zoning commission	563,175	621,150	57,975
Vital statistics	309,966	318,331	8,365
Communicable disease clinic	474,962	530,551	55,589
Lead prevention program	158,608	181,842	23,234
Veterans' affairs	159,354	164,214	4,860
Lighthouse/Youth services	1,755,249	1,756,474	1,225
Food Services	14,046,472	14,301,185	254,713

**Special Revenue Funds**

The City does not have legally adopted annual budgets for its 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 of the grantor agencies. Such budgets are nonlapsing and may comprise more than one fiscal year.

**Capital Projects Fund**

Legal authorization for expenditures of the Capital Projects Fund is provided by the related bond ordinances. Capital appropriations do not lapse until completion of the applicable projects.

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**Deficit Fund Equity**

Fund balance and net position deficits existed as of June 30, 2016 in the following funds:

Special Revenue Fund:		
Education Grants	\$	603,655
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Housing Opportunities AIDS		456,205
Social Services		145,138
Proprietary Funds:		
Internal Service Fund		68,808,941

The City anticipates eliminating the fund deficits through future grants and revenues. The Education Grants fund deficit will be funded by the Board of Education through transfers from the operating budget.

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an “out of state bank” as defined by the Statutes, which is not a “qualified public depository.”

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 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. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF). The investment pool is under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**Deposits**

**Deposit Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk-based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$120,976,000 of the City's bank balance of \$122,976,000 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 108,678,400
Uninsured and collateral held by the pledging bank's trust department, not in the City's name	<u>12,297,600</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 120,976,000</u>

**Cash Equivalents**

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2016 the City's cash equivalents amounted to \$18,913,623. The following table provides a summary of the City's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Standard &amp; Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm
People's Securities*	
UBS*	
Raymond James*	
Dain Rauscher*	
Wright Investors*	
Merrill Lynch*	
Morgan Stanley*	
US Bank*	
Fidelity*	

\* Not rated



**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**B. Investments**

The investment and credit risk policies of the City conform to the policies as set forth by the State of Connecticut. The City policy allows investments in the pension funds in the following: 1) equity securities, including exchange-traded and over-the-counter common and preferred stocks, warrants, rights, convertible securities, depository receipts and shares, trust certificates, limited partnership interests, shares of other investment companies and real estate investment trusts and equity participations; 2) securities of certain foreign entities and securities quoted or denominated in foreign currencies; 3) fixed income securities, including bonds, notes, mortgage-related and asset-backed securities, CMOs, convertible securities, Eurodollar and Yankee dollar instruments, preferred stocks and money market instruments subject to approved issuance requirements and credit and diversification restrictions; 4)\* fixed income securities that are within approved credit ratings; 5)\* unrated securities of the U.S. Treasury and U.S. Government Agencies are permitted; 6)\* money market funds and money market instruments of an investment grade commonly held in money market funds such as repurchase agreements, bankers' acceptances, and commercial paper; 7)\* SEC registered mutual funds and bank and insurance company commingled funds that invest in stocks and bonds; 8)\* closed end SEC registered mutual funds that invest within the overall policy of allowable investments; 9) real estate properties determined to be appropriate for investment, including appropriate limited partnerships and real estate investment trusts; 10) futures contracts only when used by the fund as a hedge against portfolio loss, or if used by an equity index fund as a temporary substitute for investment in equity securities, or if used by a debt index fund as a temporary substitute for investment in debt securities; and 11) notwithstanding other limitations included herein, assets may be invested in certain hedge fund investments subject to the guidelines set forth in the Supplemental Investment Policy Statement for Hedge Fund Investments that may be adopted by the Trustees. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short Term Investment Fund and the Tax Exempt Proceeds Fund.

\* Investments in the General Fund are restricted to the investment types marked by an asterisk

The pension fund asset allocation parameters are explained in more detail in Note 11.

**Interest Rate Risk**

The City and pension funds have policies 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 ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds or similar investment pools.

**Concentrations**

The City's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from overconcentration of assets in a specific issuer.

**Custodial Credit Risk**

This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) in a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City and the pension funds do not have a custodial credit risk policy for investments.

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

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Investments of the City consist of the following at June 30, 2016:

Investments:	
Permanent Trust Fund:	
U.S. Government Securities	\$ <u>401,000</u> *
Special Revenue Fund:	
U.S. Government Securities	<u>1,580,246</u> *
Pension Trust Funds:	
Certificate of Deposit	251,533
U.S. Government Agencies	1,295,449 *
U.S. Government Securities	7,874,678 *
Corporate Bonds	10,456,957 *
Common Stocks	69,394,794 *
Mutual Funds	58,146,390
Alternative Investments	<u>11,442,583</u> *
Total Pension Trust Funds	<u>158,862,384</u>
Total Investments	\$ <u><u>160,843,630</u></u>

\* These investments are uninsured and unregistered, with securities held by the counterparty's trust department or agent, but not in the City's name.

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

Statement of net position:	
Cash and cash equivalents	\$ 126,625,551
Investments	<u>1,981,246</u>
	<u>128,606,797</u>
Fiduciary funds:	
Cash and cash equivalents	8,211,637
Investments	<u>158,862,384</u>
	<u>167,074,021</u>
Total Cash, Cash Equivalents and Investments	\$ <u><u>295,680,818</u></u>

**CITY OF BRIDGEPORT, CONNECTICUT  
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**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. The City does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing 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:

	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-10 Years</u>	<u>Over 10 Years</u>
Interest-bearing investments:				
Certificate of Deposit	\$ 251,533	\$ 251,533	\$	\$
U.S. Government Securities	9,855,924	1,797,574	7,964,648	93,702
U.S. Government Agencies	1,295,449	907,313	263,744	124,392
Corporate Bonds	<u>10,456,957</u>	<u>501,308</u>	<u>8,861,458</u>	<u>1,094,191</u>
Total	<u>\$ 21,859,863</u>	<u>\$ 3,457,728</u>	<u>\$ 17,089,850</u>	<u>\$ 1,312,285</u>

**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. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. Presented below is the rating of investments for each debt type investment.

<u>Average Rating</u>	<u>Corporate Bonds</u>	<u>U.S. Government Securities</u>	<u>U.S. Government Agencies</u>	<u>Certificate of Deposit</u>
Aaa	\$	\$ 9,855,924	\$ 1,295,449	\$
Aa1	232,952			
Aa2	53,060			
Aa3	204,576			
A1	3,015,607			
A2	2,705,834			
A3	1,419,149			
Baa1	971,423			
Baa2	930,127			
Baa3	234,867			
B1	151,875			
Caa2	18,431			
Caa3	185,654			
Ca	113,417			
C	16,920			
Unrated	<u>203,065</u>			<u>251,533</u>
	<u>\$ 10,456,957</u>	<u>\$ 9,855,924</u>	<u>\$ 1,295,449</u>	<u>\$ 251,533</u>

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The City adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. The new disclosure is presented below:

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The City has the following recurring fair value measurements as of June 30, 2016:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
U.S. Government Securities	\$ 9,855,924	\$ 9,855,924	\$	\$
U.S. Government Agencies	1,295,449	1,295,449		
Corporate Bonds	10,456,957	10,456,957		
Common Stock	69,394,794	69,394,794		
Mutual Funds	58,146,390	58,146,390		
Total investments by fair value level	<u>149,149,514</u>	<u>149,149,514</u>	<u>-</u>	<u>-</u>
Investments measured at the net asset value (NAV)				
Other - Alternative Investments	<u>11,442,583</u>			
Total investments measured at fair value	160,592,097			
Certificate of Deposits	<u>251,533</u>			
Total Investments	<u>\$ 160,843,630</u>			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. The valuation process for alternative investments takes into consideration factors such as interest rate changes, movement in credit spreads, default rate assumptions, prepayment assumptions, type and quality of collateral and market dislocation.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table:

	<u>Value</u>	<u>Commitments</u>	<u>Currently Eligible)</u>	<u>Period</u>
Alternative Investments	\$ 2,890,746	\$ 3,463,354	N/A	N/A
Alternative Investments	4,842,143		Yearly	60 days
Alternative Investments	<u>3,709,694</u>		Quarterly	60 days
Total Investments Measured at NAV	<u>\$ 11,442,583</u>			

The above includes investments in alternative investments which invest in various types of investments. The fair value of the investments in this type have been determines using the NAV per share of the investments.

**CITY OF BRIDGEPORT, CONNECTICUT  
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**4. RECEIVABLES - FUND BASIS**

Receivables at June 30, 2016 for the City's individual major funds and nonmajor and fiduciary funds in aggregate, including the applicable allowances for collection losses, are as follows:

	<u>General</u>	<u>Education Grants</u>	<u>Capital Bond Issue</u>	<u>Enterprise</u>	<u>Nonmajor and Other Funds</u>	<u>Totals</u>
Property taxes	\$ 47,012,485	\$	\$	\$	\$	\$ 47,012,485
Interest on property taxes	22,900,506					22,900,506
Contributions					98,018	98,018
Sewer user fees				13,566,180		13,566,180
Intergovernmental	27,259,255	5,602,754	588,158		10,668,124	44,118,291
Other	<u>2,907,710</u>		<u>28,036</u>	<u>1,353,949</u>	<u>620,522</u>	<u>4,910,217</u>
Gross receivables	100,079,956	5,602,754	616,194	14,920,129	11,386,664	132,605,697
Less allowance for collection losses	<u>24,307,485</u>			<u>5,298,139</u>		<u>29,605,624</u>
Net Receivables	<u>\$ 75,772,471</u>	<u>\$ 5,602,754</u>	<u>\$ 616,194</u>	<u>\$ 9,621,990</u>	<u>\$ 11,386,664</u>	<u>\$ 103,000,073</u>

**CITY OF BRIDGEPORT, CONNECTICUT  
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**5. INTERFUND ACCOUNTS**

As of June 30, 2016, amounts due from and to other funds were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 12,669,305	\$ 18,063,025
Education Grants	<u>3,585,894</u>	<u>756,866</u>
Capital Bond Issue Fund	<u>9,038,443</u>	<u>1,257,341</u>
Special Revenue Funds:		
Health and sanitation	128,344	
Public safety		773,080
Facility and miscellaneous	202,315	1,789,290
Social services	286,077	202,315
Community Development Block Grant		1,503,736
Housing Opportunities AIDS		1,148,286
HOME Program	25,246	1,743,572
Section 108 Loan Guarantee		743,882
Development administration state grant	4,130	1,669,144
Library	2,421	
Library operations	2,031,206	
Miscellaneous grants	62,339	
General government	422,414	
Total special revenue funds	<u>3,164,492</u>	<u>9,573,305</u>
Capital Projects Funds:		
Conversion capital projects	<u>2,204</u>	
Permanent Trust Funds:		
Education	<u>768</u>	
Enterprise Funds:		
WPCA		<u>139,312</u>
Pension Trust Funds:		
Public Safety Plan A	<u>2,329,262</u>	
Internal Service Fund:		
City health insurance	<u>9,591,965</u>	<u>10,592,484</u>
Nonmajor Governmental Fund elimination	<u>(231,691)</u>	<u>(231,691)</u>
Total	<u>\$ 40,150,642</u>	<u>\$ 40,150,642</u>

**CITY OF BRIDGEPORT, CONNECTICUT  
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The balances, as stated above, are the result of the time lag between the dates payments occur between funds for various activities. Such balances are expected to be paid or collected within one year.

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

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Capital Bond Issue	\$ 500,000
General Fund	Nonmajor Governmental Funds	2,813,024
Capital Bond Issue	Nonmajor Governmental Funds	209,530
Nonmajor Governmental Funds	General Fund	316,915
Nonmajor Governmental Funds	Capital Bond Issue	473,862
Nonmajor Governmental Funds	Internal Service Fund	<u>1,500,000</u>
	Total	<u>\$ 5,813,331</u>

Transfers are used for regularly recurring operation transfers. Interfund transfers are used to supplement revenues to other funds such as the General Fund, Capital Bond Issue Fund and Nonmajor Governmental Funds in accordance with budget authorizations.

**6. BULK LIEN SALES**

During the year ended June 30, 2016, the City executed a bulk sale of property tax liens and collected proceeds of \$8,493,974. The City retains no interest in the assigned liens. The purchaser bears all risks relating to its ability to collect the amounts owed and, should it acquire title to the underlying real estate through foreclosure or otherwise, will bear all risks associated with the ownership and sale of the real property.

**CITY OF BRIDGEPORT, CONNECTICUT  
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**7. CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposal/ Transfers</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 142,214,368	\$ 75,000	\$	\$ 142,289,368
Construction in progress	249,441,931	97,596,185	(112,002,006)	235,036,110
Total capital assets not being depreciated	<u>391,656,299</u>	<u>97,671,185</u>	<u>(112,002,006)</u>	<u>377,325,478</u>
Capital assets being depreciated:				
Buildings and improvements	752,261,303	112,908,908		865,170,211
Machinery and equipment	68,664,518	3,755,433		72,419,951
Infrastructure	177,955,821	1,062,018		179,017,839
Vehicles	48,507,830	945,050	(1,109,198)	48,343,682
Total capital assets being depreciated	<u>1,047,389,472</u>	<u>118,671,409</u>	<u>(1,109,198)</u>	<u>1,164,951,683</u>
Less accumulated depreciation for:				
Buildings and improvements	199,006,603	17,028,014		216,034,617
Machinery and equipment	31,876,995	5,024,053		36,901,048
Infrastructure	99,506,283	5,752,016		105,258,299
Vehicles	39,297,719	1,840,456	(1,109,198)	40,028,977
Total accumulated depreciation	<u>369,687,600</u>	<u>29,644,539</u>	<u>(1,109,198)</u>	<u>398,222,941</u>
Total capital assets being depreciated, net	<u>677,701,872</u>	<u>89,026,870</u>	<u>-</u>	<u>766,728,742</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,069,358,171</u>	<u>\$ 186,698,055</u>	<u>\$ (112,002,006)</u>	<u>\$ 1,144,054,220</u>

	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Disposals/ Transfers</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 18,754,074	\$ 9,624,576	\$ (14,538,838)	\$ 13,839,812
Capital assets being depreciated:				
Buildings and improvements	115,181,992	3,915,672		119,097,664
Machinery and equipment	13,519,471	477,474		13,996,945
Distribution and collection systems	77,110,100	11,706,964		88,817,064
Vehicles	2,727,281	33,300		2,760,581
Total capital assets being depreciated	<u>208,538,844</u>	<u>16,133,410</u>	<u>-</u>	<u>224,672,254</u>
Less accumulated depreciation for:				
Buildings and improvements	66,463,318	4,695,696		71,159,014
Machinery and equipment	8,495,288	1,219,522		9,714,810
Distribution and collection systems	21,744,560	1,699,795		23,444,355
Vehicles	2,318,608	126,032		2,444,640
Total accumulated depreciation	<u>99,021,774</u>	<u>7,741,045</u>	<u>-</u>	<u>106,762,819</u>
Total capital assets being depreciated, net	<u>109,517,070</u>	<u>8,392,365</u>	<u>-</u>	<u>117,909,435</u>
Business-Type Activities Capital Assets, Net	<u>\$ 128,271,144</u>	<u>\$ 18,016,941</u>	<u>\$ (14,538,838)</u>	<u>\$ 131,749,247</u>



**CITY OF BRIDGEPORT, CONNECTICUT  
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 4,354,590
Public safety	2,185,648
Public facilities, parks and recreation	7,928,801
Health and social services	8,423
Libraries	273,544
Education	<u>14,893,533</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u>29,644,539</u>
 Business-Type Activities:	
WPCA	<u>\$ 7,741,045</u>

**8. LONG-TERM DEBT**

**Changes in Long-Term Liabilities**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds and notes payable:					
General obligation bonds	\$ 645,979,133	\$ 82,835,000	\$ 103,026,933	\$ 625,787,200	\$ 38,171,694
Notes payable	1,826,000		243,000	1,583,000	273,000
Premium	<u>25,537,465</u>	<u>12,337,544</u>	<u>3,088,153</u>	<u>34,786,856</u>	<u>3,671,970</u>
Total bonds and notes payable	673,342,598	95,172,544	106,358,086	662,157,056	42,116,664
Claims and judgments	76,149,977	89,186,492	95,686,558	69,649,911	16,485,656
Compensated absences	29,554,216	7,093,012	13,124,415	23,522,813	5,880,703
Landfill closure costs	54,946		54,946	-	
OPEB obligation	208,938,006	42,138,323		251,076,329	
MERS prior service costs	207,482,700		2,575,437	204,907,263	7,411,010
Net pension liability	<u>316,588,257</u>	<u>48,158,969</u>		<u>364,747,226</u>	
 Governmental Activity Long-Term Liabilities	 <u>\$ 1,512,110,700</u>	 <u>\$ 281,749,340</u>	 <u>\$ 217,799,442</u>	 <u>\$ 1,576,060,598</u>	 <u>\$ 71,894,033</u>
Business-type activities:					
Bonds and notes payable:					
General obligation bonds	\$ 3,475,867		\$ 208,067	\$ 3,267,800	\$ 213,306
Bond premiums	119,515		7,494	112,021	
Notes payable	<u>38,276,341</u>	<u>4,491,868</u>	<u>5,420,359</u>	<u>37,347,850</u>	<u>3,955,781</u>
 Business-Type Activity Long-Term Liabilities	 <u>\$ 41,871,723</u>	 <u>\$ 4,491,868</u>	 <u>\$ 5,635,920</u>	 <u>\$ 40,727,671</u>	 <u>\$ 4,169,087</u>

**CITY OF BRIDGEPORT, CONNECTICUT  
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Compensated absences, OPEB obligation and net pension liability are generally liquidated by the General Fund.

**Notes Payable**

Notes payable as of June 30, 2016 include the following:

Governmental Activities:	
Department of Housing and Urban Development Section 108 Loans, due in varying installments plus interest at 2.00% - 7.64% through 2025	\$ 1,583,000
Business-Type Activities:	
Clean Water Program, due in varying installments, plus interest at 2% through 2039	<u>37,347,850</u>
Total	<u>\$ 38,930,850</u>

**General Obligation Bonds**

As of June 30, 2016, the City had the following general obligation bonds outstanding:

Governmental Activities:	
Pension, 2.5% to 7.6%	\$ 254,840,000
General Purpose, 2.5% to 6.6%	247,376,738
School, 4.0% to 6.8%	<u>123,570,462</u>
	<u>\$ 625,787,200</u>
Business-Type Activities:	
General Purpose, 1.68% to 6.388%	<u>\$ 3,267,800</u>

**CITY OF BRIDGEPORT, CONNECTICUT  
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A schedule of bonds at June 30, 2016 is presented below:

<u>Date</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Original Issue</u>	<u>General Obligation Bonds</u>	<u>Fiscal Year Maturity</u>
08/29/00	Pension	6.92 - 7.64%	\$ 350,000,000	\$ 254,840,000	2030
08/12/04	General Purpose	3.0 - 5.50%	48,035,600	31,381,400	2022
08/12/04	Schools	3.0 - 5.50%	10,544,400	6,888,600	2022
04/27/06	General Purpose-Refunding	4.0 - 4.5%	18,456,000	99,000	2017
04/27/06	Schools-Refunding	4.0 - 4.5%	12,304,000	66,000	2017
06/06/06	General Purpose	4.0 - 5.0%	30,789,200	655,200	2017
06/06/06	Schools	4.0 - 5.0%	28,420,800	604,800	2017
12/15/09	General Purpose	3.98 - 6.571%	13,614,785	12,820,375	2029
12/15/09	Schools	3.98 - 6.571%	15,520,215	14,614,625	2029
12/15/09	Schools	6.821%	4,000,000	4,000,000	2030
07/22/10	General Purpose	1.68 - 6.388%	19,440,000	15,305,000	2030
07/22/10	General Purpose-Refunding	2.50 - 3.0%	6,324,318	3,294,837	2019
07/22/10	Schools-Refunding	2.50 - 3.0%	3,685,682	1,920,163	2019
06/14/12	General Purpose	3.0 - 5.0%	55,940,355	48,664,733	2032
06/14/12	Schools	3.0 - 5.0%	11,989,645	10,430,267	2032
07/12/12	General Purpose-Refunding	2.0 - 5.0%	41,971,000	28,021,200	2022
07/12/12	Schools-Refunding	2.0 - 5.0%	13,254,000	8,848,800	2022
07/11/13	General Purpose-Refunding	5.0%	8,235,327	2,867,093	2019
07/11/13	Schools-Refunding	5.0%	6,054,673	2,107,907	2019
08/28/14	General Purpose	3.525%	43,077,260	43,077,260	2034
08/28/14	Schools	3.525%	23,502,740	23,502,740	2034
11/18/14	General Purpose-Refunding	4.0-4.5%	11,027,900	10,951,400	2026
11/18/14	Schools-Refunding	4.0-4.5%	21,407,100	21,258,600	2026
03/04/16	General Purpose	2.125 - 5.0%	13,917,000	13,917,000	2036
03/04/16	Schools	2.125 - 5.0%	9,278,000	9,278,000	2036
03/04/16	General Purpose-Refunding	4.0 - 5.0%	21,503,160	21,503,160	2026
03/04/16	Schools-Refunding	4.0 - 5.0%	15,096,840	15,066,840	2026
03/04/16	General Purpose-Refunding	4.0 - 5.0%	18,086,880	18,086,880	2025
03/04/16	Schools-Refunding	4.0 - 5.0%	4,983,120	4,983,120	2025
	Total		<u>\$ 880,460,000</u>	629,055,000	
	Less amount representing business-type activities			<u>(3,267,800)</u>	
	Total Outstanding, Governmental Activities			<u>\$ 625,787,200</u>	

**Designation of 2010 Series B Bonds as Build America Bonds**

The federal American Recovery and Reinvestment Act of 2009, Pub. L No. 111-5, 123 Stat. 115 (2009), enacted February 17, 2009 (the Recovery Act) permits the City to issue taxable bonds referred to as "Build America Bonds" to finance capital expenditures for which it could otherwise issue tax-exempt bonds, and to elect to receive payments from the federal government equal to 35% of the corresponding interest payable on such taxable bonds (the BAB Subsidy Payments). The City elected to designate the 2010 Series B Bonds as "Build America Bonds" for purposes of the Recovery Act and to receive BAB Subsidy Payments from the United States Treasury in connection therewith. BAB Subsidy Payments for the 2010 Series B Bonds will be paid to the City on or about each interest payment date; the holders of

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the 2010 Series B Bonds are not entitled to a tax credit. Such BAB Subsidy Payments are not pledged to pay the 2010 Series B Bonds, nor is their receipt by the City a condition of payment of any portion of the principal and interest on the 2010 Series B Bonds. For the fiscal year ended June 30, 2016, the City received \$802,569 in interest subsidy.

The annual debt service requirements relative to the outstanding notes payable and general obligation bonds are as follows:

Year Ending June 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 38,444,694	\$ 37,753,673	\$ 76,198,367	\$ 4,169,087	\$ 748,661	\$ 4,917,748
2017	39,760,671	34,684,679	74,445,350	3,912,042	663,212	4,575,254
2018	42,699,187	32,420,066	75,119,253	3,891,943	822,397	4,714,340
2019	42,362,256	30,064,140	72,426,396	3,878,510	625,959	4,504,469
2020	38,365,209	27,818,647	66,183,856	2,348,710	555,292	2,904,002
2021	40,482,480	25,587,255	66,069,735	2,291,633	503,578	2,795,211
2022	43,269,076	23,196,068	66,465,144	2,289,963	450,175	2,740,138
2023	45,899,878	20,567,834	66,467,712	2,122,605	400,810	2,523,415
2024	46,900,451	17,824,582	64,725,033	2,117,187	349,230	2,466,417
2025	47,061,846	15,053,929	62,115,775	2,050,424	300,950	2,351,374
2026	38,732,893	12,458,744	51,191,637	1,953,314	253,802	2,207,116
2027	37,333,267	10,044,861	47,378,128	1,922,484	207,380	2,129,864
2028	39,802,027	7,480,299	47,282,326	1,774,094	160,773	1,934,867
2029	42,425,564	4,750,547	47,176,111	1,562,079	117,211	1,679,290
2030	10,690,671	1,980,047	12,670,718	904,655	85,929	990,584
2031	11,200,030	1,465,682	12,665,712	858,870	65,155	924,025
2032	6,415,000	911,275	7,326,275	519,095	46,241	565,336
2033	6,740,000	582,400	7,322,400	499,113	36,255	535,368
2034	7,095,000	236,525	7,331,525	445,860	26,437	472,297
2035	1,690,000	29,575	1,719,575	324,098	19,007	343,105
2036				322,711	12,581	335,292
2037				322,711	6,157	328,868
2038				134,462	670	135,132
Total	<u>\$ 627,370,200</u>	<u>\$ 304,910,828</u>	<u>\$ 932,281,028</u>	<u>\$ 40,615,650</u>	<u>\$ 6,457,862</u>	<u>\$ 47,073,512</u>

The State of Connecticut reimburses the City for eligible school bond principal and interest costs. The amount of principal reimbursement for the year ended June 30, 2016 was \$1,616,862. Additional principal reimbursements of \$3,473,695 are expected to be received through the bonds' maturity dates.

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**Legal Debt Limit**

The City's indebtedness does not exceed the legal debt limitation as provided by Connecticut General Statutes and as reflected in the following schedule:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 672,203,900	\$ 291,441,334	\$ 380,762,566
Schools	1,344,407,801	196,033,876	1,148,373,925
Sewers	1,120,339,834	40,615,650	1,079,724,184
Urban renewal	970,961,189	1,583,000	969,378,189

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$2,091,301,023. All long-term debt obligations are retired through General Fund appropriations or user charges.

Indebtedness above includes bonds authorized, but not issued as follows:

General purpose	\$ 29,064,596
Schools	<u>75,937,109</u>
	<u>\$ 105,001,705</u>

**Tax Anticipation Notes Payable**

On June 27, 2016, the City issued a tax anticipation note in the amount of \$15,000,000 to fund cash flows for operating expenses. The note matured on July 27, 2016 with an interest rate of .48%.

On November 22, 2016, the City issued a tax anticipation note in the amount of \$20,000,000 to fund cash flows for operating expenses. The note will mature on February 1, 2017 with an interest rate of 1.54%.

On December 22, 2016, the City issued a tax anticipation note in the amount of \$20,000,000 to fund cash flows for operating expenses. The note will mature on February 1, 2017 with an interest rate of 1.44%.

**General Obligation Bonds Refunding**

On March 4, 2016, the City issued \$23,070,000 of general obligation refunding bonds with interest rates of 4.0-5.0%. The bonds were issued to pay outstanding principal amounts of the 2006A general obligation bonds of the City. The net proceeds of \$26,360,385 (after an original issue premium of \$3,562,197 and payment of \$250,578 in underwriter's fees and other issuance costs) were deposited in an irrevocable trust fund under an escrow agreement dated March 18, 2016 between the Escrow Agent and the City. The Escrow Agent will use such proceeds to purchase a portfolio of United States Treasury State and Local Government Securities. All investment income on and the maturing principal of the escrow securities held in the escrow deposit fund will be irrevocably deposited by the City for payment of the refunded bonds. The City refunded the above bonds to reduce total debt service payments over the next 9 years by \$2,728,473 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$2,546,292. The refunded

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bonds are considered defeased. As of June 30, 2016, the amount of defeased debt outstanding but removed from the governmental activities column of the statement of net position is \$25,815,000 and the escrow balance is \$26,360,385.

On March 4, 2016, the City issued \$36,570,000 of general obligation refunding bonds with interest rates of 4.0-5.0%. The bonds were issued to pay outstanding principal amounts of the 2006B and 2012A general obligation bonds of the City, along with a 2016 Note. The net proceeds of \$43,199,518 (after an original issue premium of \$6,943,718 and payments of \$529,722 in underwriter's fees and other issuance costs) were deposited in an irrevocable trust fund under an escrow agreement dated November 18, 2014 between the Escrow Agent and the City. The Escrow Agent will use such proceeds to purchase a portfolio of United States Treasury State and Local Government Securities. All investment income on and the maturing principal of the escrow securities held in the escrow deposit fund will be irrevocably deposited by the City for payment of the refunded bonds. The City refunded the above bonds to reduce total debt service payments over the next 10 years by \$917,904 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$3,083,947. The refunded bonds are considered defeased. As of June 30, 2016, the amount of defeased debt outstanding but removed from the governmental activities column of the statement of net position is \$38,675,000 and the escrow balance is \$39,660,903.

**9. FUND BALANCE**

The components of fund balance for the governmental funds at June 30, 2016 are as follows:

	<b>General Fund</b>	<b>Education Grants Fund</b>	<b>Capital Bond Issue Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
Fund balances:					
Nonspendable:					
Prepays	\$ 350,000	\$	\$	\$	\$ 350,000
Restricted for:					
Grants				5,295,484	5,295,484
Library trust fund				498,277	498,277
Education trust fund				108,746	108,746
Committed to:					
General government projects			1,930,350		1,930,350
Public safety projects			5,345,995		5,345,995
Public facilities projects			30,914,043		30,914,043
OPED and other projects			31,169,599	8,141	31,177,740
Library				4,051,366	4,051,366
Education				236,786	236,786
Unassigned	<u>14,269,142</u>	<u>(603,655)</u>		<u>(601,343)</u>	<u>13,064,144</u>
<b>Total Fund Balances</b>	<b><u>\$ 14,619,142</u></b>	<b><u>\$ (603,655)</u></b>	<b><u>\$ 69,359,987</u></b>	<b><u>\$ 9,597,457</u></b>	<b><u>\$ 92,972,931</u></b>

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**10. COMMITMENTS AND CONTINGENCIES**

The City, its officers and its employees are defendants in a number of lawsuits. The ultimate disposition and fiscal consequences of these lawsuits are not presently determinable. The City Attorney's Office has reviewed the status of the pending litigation and reports that it is the opinion of the City Attorney that such pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the City, or settlement that would materially adversely affect its financial position, except that adverse judgment in cases described below could have a fiscal impact in the aggregate and in certain circumstances which might be significant.

**Personal Injury and Other Actions**

There are presently pending certain major personal injury and other claims and lawsuits that the City is actively defending for which, in the event the City is held liable, the amount of recovery should not be financially material in relation to future fiscal years. Any payments for such claims are normally paid from City operating finances as they become due.

**Wheelabrator Bridgeport, L.P. Real and Personal Property Tax Valuation Appeal**

Wheelabrator Bridgeport L.P. (Wheelabrator), operator of the solid waste to energy facility, which is currently the City's largest taxpayer, has filed tax valuation appeals for the 2007, 2008, 2009, 2010, 2011, 2012, 2013 and 2014 Tax Grand Lists.

The City assessed Wheelabrator's property at the following assessed values (70% of fair market value): for 2007 - \$256 million for real property and \$12 million for personal property; for 2008 - \$281 million for real property and \$7.3 million for personal property; for 2009 - \$281 million for real property and \$39 million for personal property; for 2010 - \$285 million for real property and \$32.5 million for personal property; for 2011 - \$310 million for real property and \$33.2 million for personal property; for 2012 - \$310 million for real property and \$33.5 million for personal property; and for 2013 - \$310 million for real property and \$33.2 million for personal property.

These assessed valuations formed the basis for tax bills as follows: For the last six months of 2007 - \$5,704,846 for real property and \$538,414 for personal property; 2008 - \$10,891,255 for real property and \$286,353 for personal property; 2009 - \$11,144,279 for real property and \$1,535,398 for personal property; 2010 - \$11,308,437 for real property and \$1,290,862 for personal property; 2011 - \$12,772,848 for real property and \$1,367,586 for personal property; 2012 - \$13,004,319 for real property and \$1,402,211 for personal property; and for 2013 - \$13,110,889 for real property and \$1,403,210 for personal property.

The trial of the Wheelabrator tax valuation appeals concluded in March 2012. On June 28, 2013, Judge Trial Referee Arnold W. Aronson rendered the Court's decision. Wheelabrator's appeal of its real property and personal property assessments on the 2007, 2008 and 2009 Grand Lists were dismissed on jurisdictional grounds. The assessor's valuation of Wheelabrator's real property on the 2010, 2011 and 2012 Grand Lists was reduced to a fair market value of \$314,017,430 (an assessed value of \$219,812,201 (70% of fair market value)). The assessments of its personal property on the 2010, 2011, and 2012 Grand Lists were not reduced.

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On July 18, 2013, Wheelabrator appealed the Superior Court's decision to the Connecticut Appellate Court. The City filed a cross appeal of the Court's decision pertaining to the 2010, 2011 and 2012 Grand List real property assessments to the Connecticut Appellate Court. On March 3, 2014, the Connecticut Supreme Court transferred this appeal to itself. Wheelabrator's appeal brief was filed on June 20, 2014. The City's appeal brief was filed on or about October 24, 2014. The tax bills pertaining to Wheelabrator's real property will not be changed unless required by subsequent judicial action.

In July 2013, Wheelabrator commenced a separate appeal of the penalty assessments imposed with respect to the 2010, 2011 and 2012 Grand Lists for which Wheelabrator failed to file certain Income and Expense Information with the City. By statute, the assessor is required to impose a 10% penalty on the assessed value of the real property for a taxpayer's failure to file the requested Income and Expense Information. The City is asserting that Wheelabrator did not timely appeal the imposition of the penalties for the 2010 and 2011 Grand Lists and is seeking to bar these claims. The foregoing assessed values and tax bills for all grand lists include any penalty applied.

In June 2014, Wheelabrator filed another appeal, which appears to repeat and amplify earlier claims. The appeal relates to Wheelabrator's real property tax values on the 2010, 2011, and 2012 Grand Lists which have already been addressed by the Superior Court decision discussed above. This appeal also concerns Wheelabrator's real and personal property tax values on the 2013 Grand List and any subsequent grand list.

On January 27, 2016, the Supreme Court reversed the Superior Court's decision to dismiss the 2007, 2008, and 2009 Grand List appeals and remanded this case for a new trial. The Supreme Court also reversed the Superior Court's ruling on the 2010, 2011 and 2012 Grand Lists and remanded those appeals for a new trial as to valuation.

The City and Wheelabrator are currently in serious discussions, prior to the start of a pre-trial as a result of the Supreme Court's 2016 decision. These discussions are continuing in Fiscal Year 2017 with the hope of reaching an amicable conclusion, which will not have any adverse impact on the City's financial position.

**Beardsley Zoo**

On May 13, 1997, the City sold the land, buildings, equipment and animals comprising the Beardsley Zoological Gardens (the Zoo) to the Connecticut Zoological Society (the Society). Under the sale agreement, if the Society is no longer willing or able to operate and maintain the Zoo, the responsibilities associated with it, and the trust assets, will revert back to the City.

The City also entered into a service agreement with the Society in which the City is required to provide operating assistance to the Society for such costs as personnel, supplies, services, materials, utilities, maintenance, equipment and vehicles, that it currently provides to the Zoo, which approximated \$1.5 million during the year ended June 30, 2016, before the subsidy referred to below. These levels can be adjusted up or down depending on changes to the Zoo such as expansion. However, the Society is required to pay the City any subsidy received from the State. A subsidy of \$310,224 was received for the year ended June 30, 2016. The Society retains any revenues from admissions, vending, concessions, other grants or bequests.



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**WPCA Privatization Agreement**

On October 8, 2013, the WPCA entered into a ten-year agreement (the Agreement) with a new independent contractor Severn Trent (the Contactor) to provide operations, maintenance and management services to its two wastewater treatment facilities and collection system. This agreement took effect on January 1, 2014. The City of Bridgeport and the Town of Trumbull have resolved all litigation regarding the amounts Trumbull users pay to the Bridgeport WPCA.

**Consent Decrees**

Under various consent decrees issued by the State of Connecticut Department of Environmental Protection (consent decrees), the WPCA is required to bring both of its treatment facilities in compliance with federal standards and eliminate certain combined storm and sanitary sewers. The estimated cost of these improvements was originally \$244,000,000. As of June 30, 2016, approximately \$201,061,105 relating to these projects, including capitalized interest, has been incurred and included in property and equipment. Based on current engineering estimates, completion of these projects will be within the next five years. Funding for these improvements is being provided by the State of Connecticut's Clean Water Fund in the form of loans and grants. As of June 30, 2016, the State is committed to providing the WPCA additional funding in the form of loans and grants of approximately \$3,624,141 and \$3,592,153, respectively.

**Municipal Solid Waste Service Agreement**

Bridgeport is one of twelve municipalities that has entered into a 2009 Successor Municipal Service Agreement (the 2009 MSA) with the Connecticut Resources Recovery Authority (the Authority) for the disposal of solid waste through the Greater Bridgeport Resource Recovery System (the System), including a solid waste disposal and processing facility (the Facility) located in Bridgeport and operated by Wheelabrator Bridgeport L.P. (Wheelabrator). Each municipality which has signed such 2009 MSA (a Participating Municipality) has agreed to deliver or cause to be delivered to the System all "Acceptable Waste," as defined in the 2009 MSA, generated within its boundaries. The Facility began commercial operation in July 1988 and is designed to process up to 2,250 tons of solid waste per day. The 2009 MSA expired on June 30, 2014.

On or about January 21, 2014, the City notified the Authority that it would not be extending the 2009 MSA which expired on June 30, 2014. As an alternative, the Bridgeport City Council authorized and directed the Mayor to enter into a Greater Bridgeport Regional Solid Waste Interlocal Agreement (Interlocal Agreement) which creates the Greater Bridgeport Regional Solid Waste Committee ("Operating Committee") as a public body comprised of various southwest Connecticut municipalities (including but not limited to Bridgeport, Trumbull, Fairfield, Milford and Westport) for the purpose of, and with the authority to, contract with a solid waste facility for the disposal of municipal solid waste after June 30, 2014.

On or about March 20, 2014, Wheelabrator agreed to the Operating Committee's proposed contract terms of \$60.00 per ton up to 175,000 aggregate annual tonnage for a term of up to 20 years with a \$1.00 per ton decrease for each new 25,000 tons the Operating Committee attracts and an annual Consumer Price Index escalator at 75% of the change, subject to an executable contract and Wheelabrator Board approvals. A final agreement was signed on June 27, 2014.

Bridgeport is also part of an Inter-Community Agreement dated September 15, 1989 establishing a regional recycling program. The Southwest Connecticut Regional Recycling Operating Committee ("SWEROC") was established to implement a regional recycling program to meet the State of Connecticut mandated program for recycling, per Sections 22a-241 through 22a-241i of the Connecticut

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General Statutes. Bridgeport is one of seventeen "Contracting Communities" participating in the SWEROC recycling program. The City is committed to supply recyclables annually consisting of: food and beverage containers made of glass, metal and certain plastics, and newspapers. Other defined residential recyclables are cardboard.

## **11. PENSION PLANS**

### **A. Municipal Employees' Retirement System**

#### **Plan Description**

All full-time employees of the City, except for Board of Education personnel, police, firefighters, janitors and engineers who participate in other plans described below, participate in the Municipal Employees' Retirement System (MERS). MERS is a cost-sharing multiple-employer public employee retirement system established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits to employees of participating municipalities. Chapters 7-425 to 7-451 of the State of Connecticut General Statutes, which can be amended by legislative action, establishes MERS benefits, member contribution rates and other plan provisions. MERS is considered to be part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports can be obtained at [www.ct.gov](http://www.ct.gov).

#### **Benefit Provisions**

The plan provides retirement, disability and death benefits and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 55 with 5 years of continuous service, or 15 year of active aggregate service, or 25 years of aggregate service. In addition, compulsory retirement is at age 65 for police and fire members.

#### **Normal Retirement**

For members not covered by social security, retirement benefits are calculated as 2% of the average of the three highest paid years of service times the years of service. For members covered by social security, retirement benefits are calculated as 1 1/2% of the average of the three highest paid years of service not in excess of the year's breakpoint plus 2% of average of the three highest paid years of service in excess of the year's breakpoint, times years of service. The year's breakpoint is defined as \$10,700 increased by 6.0% each year after 1982, rounded to the nearest multiple of \$100. Maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually.

#### **Early Retirement**

Members must have 5 years of continuous or 15 years of active aggregate service. Benefits are calculated as a service retirement allowance on the basis of the average of the three highest paid years of service to the date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

#### **Disability Retirement - Service Connected**

Employees who are totally and permanently disabled and such disability has arisen out of an in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50% of compensation at the time of disability. are eligible after 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 with reduced benefit amounts.

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**Disability Retirement - Non-Service Connected**

Employees who have 10 years of service and are totally and permanently disabled. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability.

**Death Benefit**

Employees who are eligible for service, disability or early retirement and married for at least 12 months preceding death. Benefits are calculated based on the average of the three highest paid years of service and creditable service at date of death, payable to the spouse. Benefit is equal to 50% of the average of the life annuity allowance and reduced 50% joint and survivor allowance.

**Contributions**

*Member*

Contributions for members not covered by social security are 5% of compensation; for members covered by social security, 2 ¼% of compensation up to the social security taxable wage base plus 5%, if any, in excess of such base.

*Employer*

Participating employers make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment, which covers the liabilities of MERS not met by member contributions.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2016, the City reports a total liability of \$31,237,539 in Exhibit I for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2016, the City's proportion of liability is 13.23%. The increase or decrease in proportion from June 30, 2015 is 13.23%.

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For the year ended June 30, 2016, the City recognized pension expense of \$(5,336,822) in Exhibit II. At June 30, 2016, the City reported deferred outflows of resources related to pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>
Net difference between projected and actual earning on pension plan investments	\$ 9,195,388
City's employer change in proportionate share	1,014,455
Contributions made subsequent to the measurement date	<u>22,169,395</u>
Total	<u>\$ 32,379,238</u>

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

**Year Ended June 30,**

2017	\$ 965,841
2018	965,841
2019	965,841
2020	7,312,320

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increase	4.25-11.00%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Mortality Table for annuitants and non-annuitants (set forward one year for males and set back one year for females).

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

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The long-term expected rate of return on pension plan 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 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. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. equities	16.0%	5.8%
Developed non-U.S. equities	14.0%	6.6%
Emerging markets (non-U.S.)	7.0%	8.3%
Core fixed income	8.0%	1.3%
Inflation linked bond fund	5.0%	1.0%
Emerging market bond	8.0%	3.7%
High yield bonds	14.0%	3.9%
Real estate	7.0%	5.1%
Private equity	10.0%	7.6%
Alternative investments	8.0%	4.1%
Liquidity fund	3.0%	0.4%
Total	<u>100.0%</u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 8.00%. 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 contribution rates in the 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.

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**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the City's proportionate share of the net pension liability, calculated using the discount rate of 8.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.00%) or 1 percentage point higher (9.00%) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
City's proportionate share of the net pension liability (asset) \$	119,518,938 \$	31,237,539 \$	(59,411,864)

**Plan Fiduciary Net Position**

For the fiscal year ended June 30, 2015, the fiduciary net position of the MERS plan was restated to change the method of accounting for contributions receivable from a present value method to a gross method. The result of the restatement was to decrease the net pension liability and increase the July 1, 2014 fiduciary net position by \$139,565,000. The effect on the City's financial statements was to decrease the net pension liability and increase the governmental activities' net position of \$60,085,945 as shown in Note 14.

**Payable to MERS**

The City had recorded \$204,907,263 as a long-term payable to MERS at June 30, 2016. This amount represents prior service costs calculated when the City entered the plan, as such, the City has restated beginning net position. The effect of the restatement was to decrease beginning net position and increase accounts payable to MERS as shown in Note 14.

**B. Teachers Retirement**

**Plan Description**

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 pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at [www.ct.gov](http://www.ct.gov).

**Benefit Provisions**

The plan provides retirement, disability and death benefits. Employees are eligible to retire 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.

**Normal Retirement**

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

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**Early Retirement**

Employees are eligible after 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 with reduced benefit amounts.

**Disability Retirement**

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

**Contributions**

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), 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.

*Employer (School Districts)*

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

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

*Employees*

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2016, the City reports no amounts for its proportionate share of the net pension 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 pension liability, the related state support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the City		<u>329,265,255</u>
Total	\$	<u>329,265,255</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. At June 30, 2016, the City has no proportionate share of the net pension liability.

For the year ended June 30, 2016, the City recognized pension expense and revenue of \$26,382,439 in Exhibit II for on-behalf amounts for the benefits provided by the State.

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**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increase	3.75-7.00%, including inflation
Investment rate of return	8.50%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

Future cost-of-living increases for members who retire on or after September 1, 1992 are assumed to be an annual cost-of-living adjustment of 2%.

The long-term expected rate of return on pension plan 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 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. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
Core fixed income	7.0%	1.3%
Inflation linked bond	3.0%	1.0%
Emerging market bond	5.0%	3.7%
High yield bonds	5.0%	3.9%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Cash	6.0%	0.4%
Total	<u>100.0%</u>	



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**Discount Rate**

The discount rate used to measure the total pension liability was 8.50%. 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 State contributions will be made at the actuarially determined contribution rates in the 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 City's proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

**Pension Plan Fiduciary Net Position**

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

**Other Information**

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

**C. Single Employer Defined Benefit Plans**

**Pension Trust Funds**

The City maintains and administers four single employer defined benefit pension plans that cover substantially all of the employees of the City with the exception of those covered under Municipal Employees' Retirement System and the Connecticut State Teachers' Retirement System. The costs of administering the plans are paid by each individual plan. Stand-alone plan reports are not available for these plans. The four City plans are as follows:

- i) Public Safety Plan A Investment and Pension Trust (Plan A)
- ii) Police Retirement Plan B
- iii) Firefighters' Retirement Plan B
- iv) Janitors' and Engineers' Retirement Plan

Management of the plans rests with the Trustees for each pension plan. The Trustees of pension Plan A consist of 3 members, The Mayor, The Finance Director and the Treasurer. The police commissioners for plan B consist of seven members and are also the Trustees for Police pension plan B. The Mayor, in December of each odd numbered year, shall appoint with the approval of the city council. The Fire commissioners for plan B consist of seven members and are also the Trustees for the Fire pension plan B. The Mayor, in December of each odd numbered year, shall appoint with the approval of the city council. The Board of Education committee members are also the trustees for the Engineers and Janitors pension plan. The committee consists of nine members.

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The Police Retirement Plan B and Firefighters' Retirement Plan B are funded on an actuarial basis; the Janitors' and Engineers' Retirement Plan is funded on a "pay-as-you-go" basis; that is, the City's contribution to the plan is the amount necessary to pay annual benefits. The City makes contributions to Plan A as is actuarially determined. Plan A is a closed plan and as such no new enrollments have been allowed since January 1, 1984.

In August 1985, the City purchased an annuity contract for approximately \$75 million to fund a portion of the net pension liability for Plan A. The plan assets available for benefits and the net pension liability amounts for Plan A exclude the plan assets and pension liability covered by the above-mentioned annuity contract. For the year ended June 30, 2016, \$1,015,234 of benefits was provided through this annuity contract.

In August 2000, the City issued \$350,000,000 of taxable general obligation pension funding bonds. The proceeds of these bonds were transferred into Plans A's Investment Trust (the A Trust). The proceeds and any future investment earnings are to be used to make contributions to the Plan A or to pay benefits on behalf of the Plan. The City can, however, withdraw from the Plan A Trust the greater of: 1) 20% of the amount by which the Plan A Trust assets exceed the present value of accrued Plan benefits (\$351,341,616 based on the July 1, 2015 actuarial valuation) or 2) the amount of the Plan A Trust assets in excess of 110% of the present value of accrued Plan benefits.

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Under State statutes regarding pension obligation bonds, the City shall make a contribution to such pension plan as follows: (a) at the beginning of each fiscal year, the City's actuary shall determine the unfunded actuarial accrued liability for such pension plan using actuarial methods and assumptions based on actuarial standards of practice, and a level per cent amortization of the unfunded actuarial accrued liability using a five per cent growth rate; (b) the amortization period shall be twenty-four years for the fiscal year ended June 30, 2013, and shall decline by one year annually for each subsequent fiscal year; and (c) the amount of contribution shall be recalculated each fiscal year, so any gains and losses experienced by such pension plan are taken into account. For the fiscal year ended June 30, 2016, the actuarially required contribution is \$15,488,177, of which the City contributed \$15,488,177.

<b>Provisions of Pension Plans</b>	<b>Public Safety Plan A</b>	<b>Police Retirement Plan B</b>	<b>Firefighters' Retirement Plan B</b>	<b>Janitors' and Engineers' Retirement Plan</b>
Employees covered	All police and fire employed before 6/4/81 and 1/1/84, respectively	All police employed on or after 6/4/81	All firefighters employed on or after 1/1/84	All employees hired before 1985
Plan Status	Closed	Closed, Active participants transferred to CMERS effective July 1, 2013	Closed, Active participants transferred to CMERS effective April 1, 2012	Closed
Benefit provisions	50% of compensation plus 2-1/2% for each year of service in excess of 20 years, maximum 75%	2% of annual salary for each full year of service plus 50% of subsequent compensation increase, maximum 70%	2% of annual salary for each year of service plus 50% of subsequent compensation increase, maximum 70%	2% of 3 year average compensation for each year of service, up to 33 years plus 1% of 3 year compensation thereafter
Definition of "Compensation"	Maximum yearly compensation currently being paid to members in the department in the same position that the employee held at the time of retirement	Maximum yearly compensation currently being paid to members in the department in the same position which the employee held at the time of retirement	Maximum yearly compensation currently being paid to members in the department in the same position which the employee held at the time of retirement	Average of three highest years
Eligibility requirements	Vest after 10 years of service	Vest after 5 years of service	Vest after 5 years of service	Vest after the earlier of 10 years of continuous or 15 years of aggregate service
Obligation to contribute in accordance with funding policy:				
Employee	8% of earnings	6% of earnings	6% of earnings	5% of earnings
Employer	\$ 15,488,177 (Normal Cost)	\$ 2,002,083	\$ 310,155	Pay as you go
Authority under which benefit provisions established	Contract negotiation	Contract negotiation	Contract negotiation	Contract negotiation

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At June 30, 2016, Plan membership consisted of the following:

	<u>Public Safety Plan A</u>	<u>Police Retirement Plan B</u>	<u>Firefighters' Retirement Plan B</u>	<u>Janitors' and Engineers' Retirement Plan</u>
Inactive employees or beneficiaries currently receiving benefits	711	128	69	30
Inactive employees entitled to but not yet receiving benefits		6	9	
Active employees				
Total Number of Participants	<u>711</u>	<u>134</u>	<u>78</u>	<u>30</u>

**Summary of Significant Accounting Policies**

**Basis of Accounting**

Financial statements are prepared using the accrual basis of accounting for the three defined benefit pension plans. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

**Method Used to Value Investments**

Investments are reported at market value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

**Investments**

**Investment Policy**

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the PERS Board by a majority vote of its members. It is the policy of the PERS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

**Rate of Return**

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense for each pension plan is as follows:

Public Safety Plan A	-5.52%
Police Retirement Plan B	0.73%
Firefighters' Retirement Plan B	-0.77%

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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**Net Pension Liability of the City**

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

	<u>Public Safety Plan A</u>	<u>Police Retirement Plan B</u>	<u>Firefighters' Retirement Plan B</u>	<u>Janitors' and Engineers' Retirement Plan</u>
Total pension liability	\$ 327,252,219	\$ 120,239,065	\$ 45,528,031	\$ 9,365,998
Plan fiduciary net position	<u>76,643,488</u>	<u>56,525,923</u>	<u>35,702,782</u>	<u>3,433</u>
Net Pension Liability	<u>\$ 250,608,731</u>	<u>\$ 63,713,142</u>	<u>\$ 9,825,249</u>	<u>\$ 9,362,565</u>
Plan fiduciary net position as a percentage of the total pension liability	23.42%	47.01%	78.42%	0.04%

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2016, and the total pension liability was used to calculate the net pension liability as of that date, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Public Safety Plan A</u>	<u>Police Retirement Plan B</u>	<u>Firefighters' Retirement Plan B</u>	<u>Engineers' Retirement Plan</u>
Inflation	2.0%	2.0%	2.0%	N/A
Salary increases including inflation	N/A	N/A	N/A	N/A
Actuarial cost method	N/A - All participants are inactive	N/A - All participants are inactive	N/A - All participants are inactive	N/A - All participants are inactive

Mortality rates were based on the RP-2014 (adjusted back to 2006), projected generationally with Scale MP2016.

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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 arithmetic real rates of return for each major asset class included in the pension plan's and target asset allocation as of June 30, 2016 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<b>Public Safety, Plan A</b>		
<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Real Rate of Return</b>
Domestic equity	50.0%	6.75%
International equity	10.0%	7.45%
Core fixed income	12.5%	1.75%
High yield fixed income	12.5%	4.95%
Emerging market equity	5.0%	9.85%
Hedge Funds and alternatives	10.0%	3.75%
Total	<u>100.0%</u>	

<b>Police Retirement Plan B</b>		
<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Real Rate of Return</b>
Domestic equity	79.0%	6.75%
High yield fixed income	12.0%	4.95%
Core fixed income	9.0%	1.75%
Total	<u>100.0%</u>	

<b>Firefighters' Retirement Plan B</b>		
<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Real Rate of Return</b>
Domestic equity	65.0%	6.75%
Core fixed income	35.0%	1.75%
Total	<u>100.0%</u>	

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**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% for Public Safety Plan A, 3.57% for Police Retirement Plan B, 4.96% for Firefighters' Plan B and 2.85% for Janitors' and Engineers' Retirement Plan. 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 contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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.

**Changes in the Net Pension Liability**

	<b>Public Safety Plan A</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a)-(b)</b>
Balances as of June 30, 2015	\$ 351,341,616	\$ 97,991,000	\$ 253,350,616
Changes for the year:			
Interest on total pension liability	23,461,582		23,461,582
Differences between expected and actual experience	(3,217,484)		(3,217,484)
Changes in assumptions	(12,438,135)		(12,438,135)
Employer contributions		15,488,177	(15,488,177)
Net investment income (loss)		(4,940,329)	4,940,329
Benefit payments, including refund to employee contributions	(31,895,360)	(31,895,360)	-
Net changes	<u>(24,089,397)</u>	<u>(21,347,512)</u>	<u>(2,741,885)</u>
Balances as of June 30, 2016	<u>\$ 327,252,219</u>	<u>\$ 76,643,488</u>	<u>\$ 250,608,731</u>

	<b>Police Retirement Plan B</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a)-(b)</b>
Balances as of June 30, 2015	\$ 103,489,274	\$ 61,251,485	\$ 42,237,789
Changes for the year:			
Interest on total pension liability	4,622,718		4,622,718
Differences between expected and actual experience	715,864		715,864
Changes in assumptions	16,313,199		16,313,199
Net investment income (loss)		176,428	(176,428)
Benefit payments, including refund to employee contributions	(4,901,990)	(4,901,990)	-
Net changes	<u>16,749,791</u>	<u>(4,725,562)</u>	<u>21,475,353</u>
Balances as of June 30, 2016	<u>\$ 120,239,065</u>	<u>\$ 56,525,923</u>	<u>\$ 63,713,142</u>

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**Firefighters' Retirement Plan B**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2015	\$ 47,570,840	\$ 38,195,645	\$ 9,375,195
Changes for the year:			
Interest on total pension liability	2,476,699		2,476,699
Differences between expected and actual experience	(850,563)		(850,563)
Changes in assumptions	(1,461,547)		(1,461,547)
Net investment income (loss)		(285,465)	285,465
Benefit payments, including refund to employee contributions	(2,207,398)	(2,207,398)	-
Net changes	<u>(2,042,809)</u>	<u>(2,492,863)</u>	<u>450,054</u>
Balances as of June 30, 2016	<u>\$ 45,528,031</u>	<u>\$ 35,702,782</u>	<u>\$ 9,825,249</u>

**Janitors' and Engineers' Retirement Plan**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2015	\$ 8,692,592	\$ 3,433	\$ 8,689,159
Changes for the year:			
Interest on total pension liability	315,328		315,328
Differences between expected and actual experience	(115,639)		(115,639)
Changes in assumptions	1,270,097		1,270,097
Employer contributions		796,380	(796,380)
Benefit payments, including refund to employee contributions	(796,380)	(796,380)	-
Net changes	<u>673,406</u>	<u>-</u>	<u>673,406</u>
Balances as of June 30, 2016	<u>\$ 9,365,998</u>	<u>\$ 3,433</u>	<u>\$ 9,362,565</u>



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**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the City, calculated using the current discount rate, as well as what the City's net pension liability would be for each Retirement Plan if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

*Public Safety Plan A*

	<b>1% Decrease 6.00%</b>	<b>Current Discount Rate 7.00%</b>	<b>1% Increase 8.00%</b>
Net Pension Liability	\$ <u>279,036,222</u>	\$ <u>250,608,731</u>	\$ <u>226,103,945</u>

*Police Retirement Plan B*

	<b>1% Decrease 2.57%</b>	<b>Current Discount Rate 3.57%</b>	<b>1% Increase 4.57%</b>
Net Pension Liability	\$ <u>86,592,504</u>	\$ <u>63,713,142</u>	\$ <u>46,138,784</u>

*Firefighters' Retirement Plan B*

	<b>1% Decrease 3.96%</b>	<b>Current Discount Rate 4.96%</b>	<b>1% Increase 5.96%</b>
Net Pension Liability	\$ <u>16,852,341</u>	\$ <u>9,825,249</u>	\$ <u>4,228,899</u>

*Janitors' and Engineers' Retirement Plan*

	<b>1% Decrease 1.85%</b>	<b>Current Discount Rate 2.85%</b>	<b>1% Increase 3.85%</b>
Net Pension Liability	\$ <u>10,281,317</u>	\$ <u>9,362,565</u>	\$ <u>8,587,671</u>

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**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources  
 Related to Pensions**

For the year ended June 30, 2016, the City recognized pension expense of \$25,671,584. At June 30, 2016, the City reported deferred outflows of resources related to pension from the following sources:

<b>Public Safety Plan A</b>	<b>Deferred Outflows of Resources</b>
Net difference between projected and actual earning on pension plan investments	\$ <u>13,704,603</u>
<b>Police Retirement Plan B</b>	<b>Deferred Outflows of Resources</b>
Net difference between projected and actual earning on pension plan investments	\$ <u>3,609,155</u>
<b>Firefighters' Retirement Plan B</b>	<b>Deferred Outflows of Resources</b>
Net difference between projected and actual earning on pension plan investments	\$ <u>2,424,440</u>

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

<b><u>Year Ended June 30,</u></b>	
2017	\$ 5,513,819
2018	5,513,819
2019	5,513,816
2020	3,196,744

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**Schedule of Plan Net Position - June 30, 2016**

	<b>Public Safety Investment and Pension Trust Plan A</b>	<b>Police Retirement Plan B</b>	<b>Firefighters' Retirement Plan B</b>	<b>Janitors' and Engineers' Retirement Plan</b>	<b>Total</b>
<b>Assets:</b>					
Cash and cash equivalents	\$ 4,938,370	\$ 1,372,346	\$ 1,271,833	\$ 3,433	\$ 7,585,982
Investments, at fair value:					
Certificate of deposits		251,533			251,533
U.S. Government Agencies		233,853	1,061,596		1,295,449
U.S. Government Securities		4,050,064	3,824,614		7,874,678
Corporate bonds	504,302	5,663,122	4,289,533		10,456,957
Common stocks	27,510,839	21,469,981	20,413,974		69,394,794
Mutual funds - equities	29,820,114	23,485,024	4,841,252		58,146,390
Alternative investments	11,442,583				11,442,583
Total investments	<u>69,277,838</u>	<u>55,153,577</u>	<u>34,430,969</u>	<u>-</u>	<u>158,862,384</u>
Due from other funds of the City of Bridgeport	<u>2,329,262</u>				<u>2,329,262</u>
Contributions receivable	<u>98,018</u>				<u>98,018</u>
Total assets	<u>76,643,488</u>	<u>56,525,923</u>	<u>35,702,802</u>	<u>3,433</u>	<u>168,875,646</u>
<b>Liabilities:</b>					
Other liabilities			20		20
Total Net Position	<u>\$ 76,643,488</u>	<u>\$ 56,525,923</u>	<u>\$ 35,702,782</u>	<u>\$ 3,433</u>	<u>\$ 168,875,626</u>

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

	<b>Public Safety Investment and Pension Trust Plan A</b>	<b>Police Retirement Plan B</b>	<b>Firefighters' Retirement Plan B</b>	<b>Janitors' and Engineers' Retirement Plan</b>	<b>Total</b>
Additions:					
Contributions:					
Employer	\$ 15,488,177	\$	\$	\$ 796,380	\$ 16,284,557
Annuity proceeds	1,015,234				1,015,234
Total contributions	<u>16,503,411</u>	<u>-</u>	<u>-</u>	<u>796,380</u>	<u>17,299,791</u>
U.S. Government Agencies					
U.S. Government Securities					
Net change in					
fair value of investments	(4,829,595)	(553,891)	(800,170)		(6,183,656)
Interest and dividends	600,392	1,169,853	829,597		2,599,842
	<u>(4,229,203)</u>	<u>615,962</u>	<u>29,427</u>	<u>-</u>	<u>(3,583,814)</u>
Less investment management fees	(711,126)	(133,009)	(314,892)		(1,159,027)
Net investment income	<u>(4,940,329)</u>	<u>482,953</u>	<u>(285,465)</u>	<u>-</u>	<u>(4,742,841)</u>
Total additions	<u>11,563,082</u>	<u>482,953</u>	<u>(285,465)</u>	<u>796,380</u>	<u>12,556,950</u>
Deductions:					
Benefits	32,910,594	4,901,990	2,207,398	796,380	40,816,362
Administration		306,525			306,525
Total deductions	<u>32,910,594</u>	<u>5,208,515</u>	<u>2,207,398</u>	<u>796,380</u>	<u>41,122,887</u>
Change in net position	(21,347,512)	(4,725,562)	(2,492,863)	-	(28,565,937)
Net position - Beginning of year	<u>97,991,000</u>	<u>61,251,485</u>	<u>38,195,645</u>	<u>3,433</u>	<u>197,441,563</u>
Net Position - End of Year	<u>\$ 76,643,488</u>	<u>\$ 56,525,923</u>	<u>\$ 35,702,782</u>	<u>\$ 3,433</u>	<u>\$ 168,875,626</u>

**12. OTHER POSTEMPLOYMENT BENEFITS**

**A. Plan Description**

The City, in accordance with various collective bargaining agreements, provides retiree medical benefits for the lifetime of the retired member and covered dependents. The plan covers City, Board of Education, Police and Fire employees as further defined in collective bargaining agreements and other written materials. Eligibility and premium sharing information is detailed in the various collective bargaining agreements. The postemployment health care benefits plan is a single-employer plan administered by the City of Bridgeport. The City does not issue separate stand-alone financial statements for the plan.

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At July 1, 2014, plan membership consisted of the following:

Number of members:	
Active	3,946
Retired members	<u>3,130</u>
Total participants	<u><u>7,076</u></u>

**B. Funding Policy**

The City currently pays for postemployment health care benefits on a pay-as-you-go basis. As of June 30, 2016, the City has not established a trust fund to irrevocably segregate assets to fund the liability associated with the postemployment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines. The contribution requirements of plan members and the City are also negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums as follows:

Eligibility:

- City employees can retire on or after reaching the earlier of 25 years of service or age 55 and completing 15 years of service.
- Board of Education (non-teachers) employees can retire the earlier of 25 years of service or age 55 and 15 years of service.
- Board of Education (teachers) employees can retire the earlier of 35 years of service or age 60 and 25 years of service.
- If an employee is a police or fire employee, attainment of age 45 and 25 years.

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Medical Benefit:

- Medical coverage continues for the lifetime of the retiree.
- Substitute Teachers, Part-time employees and Crossing Guards are not eligible for coverage.
- The eligible retirees pay a percentage of the cost of coverage calculated at the time of retirement. The percentage, based on group, is shown below:

<u>Group</u>	<u>Level</u>	<u>Retiree Contribution Varies with Actives</u>
AFSCME	12%	No
NAGE	12%	No
Social Workers*	12%	No
Unaffiliated	12%	No
Appointed	12%	No
BCSA	12%	No
Elected	12%	No
BCAS	30%	Yes
BEA	60%	Yes
Building Trades	12%	Yes
Attorneys	12%	Yes
Hygienists	12%	Yes
LIUNA	12%	Yes
Nurses	12%	Yes
Printers	12%	Yes
Teamsters	12%	Yes
Firefighters*	12%	No
Police	12%	Partial

\*Assumed from current negotiations, currently Social Workers are at 2.5% and Firefighters pay \$78/month.

- Spousal coverage is available for life of the retiree, based on the percentages above.

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JUNE 30, 2016**

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**Annual OPEB Cost and Net OPEB Obligations**

The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (asset):

Annual required contribution (ARC)	\$ 71,905,518
Interest on net OPEB obligation	9,402,210
Adjustment to annual required contribution	<u>(7,278,007)</u>
Annual OPEB cost	74,029,721
Contributions made	<u>31,891,398</u>
Change in net OPEB obligation	42,138,323
Net OPEB obligation, beginning of year	<u>208,938,006</u>
Net OPEB Obligation, End of Year	<u>\$ 251,076,329</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three fiscal years is presented below.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2014	\$ 53,928,632	\$ 28,451,770	52.8%	\$ 169,984,050
6/30/2015	72,299,057	33,345,101	46.1	208,938,006
6/30/2016	74,029,721	31,891,398	43.1	251,076,329

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. The following schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**Schedule of Funding Progress**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Underfunded AAL (OAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>OAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
7/1/2010	\$ -	\$ 915,806,973	\$ 915,806,973	0.00%	\$ 180,948,566	506.1%
7/1/2012	-	723,711,649	723,711,649	0.00%	221,438,910	326.8%
7/1/2014	-	1,003,337,378	1,003,337,378	0.00%	236,179,687	424.8%

**Schedule of Employer Contributions**

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2011	\$ 57,100,111	51.9%
2012	61,100,372	54.1
2013	47,743,386	54.0
2014	51,062,573	55.7
2015	70,570,886	47.3
2016	71,905,518	44.4

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

In the July 1, 2014 actuarial valuation, the entry age normal cost method was used. The ARC effects a closed 30-year, level percent amount amortization of the unfunded actuarial accrued liability (AAL). The actuarial assumptions include an inflation rate of 3%, a 4.5% discount rate and projected salary increase of 4.5%. The medical assumption begins at 8% and decreases to a 5.0% long-term trend rate for all healthcare benefits after 9 years. The dental assumption is a long-term trend rate of 4.0%. Additionally, the Medicare Part B assumption is a long-term trend rate of 5.0%.

**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; injuries to employees; and natural disasters. The City carries commercial insurance for insurable risks of loss except for general liability, workers' compensation and employee health and dental insurance. Coverage has not been materially reduced, nor have settled claims exceeded commercial coverage in any of the past three years.



**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**Workers' Compensation**

The City carries no insurance coverage for losses arising out of workers' compensation claims. These claims are paid from the Internal Service Fund. The City estimates a liability for workers' compensation claims payable and for claims incurred but not reported based on an actuarial valuation. This is accounted for in the Internal Service Fund.

**Group Health Insurance**

The City maintains a group health plan providing both insured and self-insured medical, prescription drug, dental and vision plan benefits as described below:

The following programs are provided under self-insured administrative only contracts:

- Medical benefits for all employees and Non-Medicare-Eligible Retirees
- Prescription benefits for all employees and all retirees except Medicare-eligible fire and police retirees
- Dental benefit for all employees and retired teachers and school system administrators
- Vision plan benefits for City and BOE employees excluding teachers and school system administrators

The following programs are provided under fully insured contracts:

- Medical benefits for Medicare-eligible retirees
- Prescription benefits for Medicare-eligible fire and police retirees
- Dental HMO benefits for approximately 300 people

Approximately 4,181 employees and 3,736 retirees receive their health benefits through these plans. Payments related to these claims are made by outside administrators under administrative services contracts and are accounted for in the Internal Service Fund. The current contracts require that approximately \$2,461,540 be deposited with amount being recorded as a prepaid asset in the accompanying balance sheet. As of June 30, 2016, the amount of prepaid asset in the fund is \$2,461,540.

**Reconciliation of Liabilities**

The liability for general liability, workers' compensation and group health insurance includes all known claims reported plus a provision for those claims incurred but not reported, net of estimated recoveries. The liability is based on past experience adjusted for current trends and includes incremental claim expenditures. The liability for workers' compensation claims is calculated using actuarial methods. Changes in the reported liability are as follows:

	<b>Beginning of Fiscal Year Liability</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>End of Fiscal Year Liability</b>
2015	\$ 100,760,078	\$ 76,864,705	\$ 101,474,806	\$ 76,149,977
2016	76,149,977	89,186,492	95,686,558	69,649,911



# **Required Supplementary Information**

**CITY OF BRIDGEPORT, CONNECTICUT  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues and Other Financing Sources:				
Property taxes:				
Current taxes	\$ 292,702,427	\$ 292,702,427	\$ 293,718,057	\$ 1,015,630
Interest - current	1,705,480	1,705,480	1,840,601	135,121
Arrears - principal	5,004,769	5,004,769	2,568,197	(2,436,572)
Arrears - interest	1,810,000	1,810,000	1,066,925	(743,075)
Lien fees	175,000	175,000	186,861	11,861
Total property taxes	<u>301,397,676</u>	<u>301,397,676</u>	<u>299,380,641</u>	<u>(2,017,035)</u>
Intergovernmental:				
Elderly exemption refund	753,000	753,000	757,668	4,668
Elderly freeze program	16,334	16,334	23,612	7,278
Distressed municipalities	211,000	211,000	358,073	147,073
Education cost sharing	164,895,344	164,895,344	164,189,303	(706,041)
School construction refunds	1,872,098	1,872,098	1,721,845	(150,253)
Transportation	1,540,627	1,540,627	1,412,908	(127,719)
Aid to non-public schools	155,000	155,000	134,851	(20,149)
Town aid roads	1,383,106	1,383,106	1,387,630	4,524
Legally blind	140,000	140,000		(140,000)
Miscellaneous PILOTs	1,251,215	1,251,215	1,090,860	(160,355)
Tax exempt colleges and hospitals	7,500,503	7,500,503	7,499,641	(862)
Breakfast program:				
State	206,064	206,064	120,672	(85,392)
Federal	4,459,647	4,459,647	4,662,648	203,001
Nutrition Center:				
Federal	152,000	152,000	158,802	6,802
State	8,791,351	8,791,351	8,990,846	199,495
Mashantucket Pequot funds	6,255,073	6,255,073	6,295,715	40,642
Manufacturing Machinery & Equipment	896,106	896,106		(896,106)
Beardsley Zoo subsidy	372,539	372,539	310,224	(62,315)
Build America Bonds subsidy	883,285	883,285	802,569	(80,716)
State-owned property	2,828,175	2,828,175	2,353,126	(475,049)
Total intergovernmental	<u>204,562,467</u>	<u>204,562,467</u>	<u>202,270,993</u>	<u>(2,291,474)</u>
Fees, permits and licenses:				
Finance:				
Comptroller Copies/Books/Miscellaneous	225,100	225,100	568,431	343,331
Comptroller Court Fine/CARC	35,000	35,000	36,953	1,953
Information Technology Services	250	250	862	612
Total finance	<u>260,350</u>	<u>260,350</u>	<u>606,246</u>	<u>345,896</u>
Town Clerk:				
Licenses and Town Fund	1,200	1,200	1,262	62
Notaries/late fees	2,800	2,800	2,587	(213)
Farm fund	25,000	25,000	25,394	394
Assignments	900,000	900,000	1,463,713	563,713
Certification	425,000	425,000	594,102	169,102
Other licenses	23,100	23,100	3,613	(19,487)
Total town clerk	<u>1,377,100</u>	<u>1,377,100</u>	<u>2,090,671</u>	<u>713,571</u>

(Continued on next page)

**CITY OF BRIDGEPORT, CONNECTICUT  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Building Department:</b>				
Building permits	\$ 4,864,700	\$ 4,864,700	\$ 3,859,419	\$ (1,005,281)
Sign permits	18,000	18,000	23,670	5,670
Certificate of occupancy fees	62,500	62,500	78,650	16,150
Copies	500	500	3,130	2,630
Total building department	4,945,700	4,945,700	3,964,869	(980,831)
<b>Police Department:</b>				
Traffic violations	1,100,000	1,100,000	1,026,580	(73,420)
Photocopy fees	16,500	16,500	5,464	(11,036)
Outside overtime	4,948,000	4,948,000	5,152,499	204,499
Overtime surcharge	100,000	100,000	225,109	125,109
Reclaimed dog fees	5,000	5,000	4,403	(597)
Vendor annual registration fees	25,000	25,000	34,440	9,440
Towing fines	182,000	182,000	100,054	(81,946)
Alarms	25,600	25,600	16,424	(9,176)
Other	177,480	177,480	358,852	181,372
Total police department	6,579,580	6,579,580	6,923,825	344,245
<b>Public facilities:</b>				
Dump license fees	18,000	18,000	16,800	(1,200)
Commercial dump fees	65,000	65,000	65,392	392
Street excavation license	3,300	3,300	600	(2,700)
Public facility enforcement	19,400	19,400	13,564	(5,836)
Sewer permits	4,000	4,000	1,220	(2,780)
CRRA host revenue	130,000	130,000	139,342	9,342
Congress Plaza	10,000	10,000	9,000	(1,000)
Annual rent	445,000	445,000	73,636	(371,364)
Parking meters	420,000	420,000	432,913	12,913
Engineering map sales	5,000	5,000	2,967	(2,033)
Contractors license	127,500	127,500	88,100	(39,400)
Zoning appeals fees	37,000	37,000	31,319	(5,681)
Tavern zoning permits	248,400	248,400	269,176	20,776
Other revenues	170,000	170,000	75,257	(94,743)
Total public facilities	1,702,600	1,702,600	1,219,286	(483,314)
<b>Parks and recreation:</b>				
Golf course revenues	1,865,000	1,865,000	1,810,914	(54,086)
Wonderland of Ice	137,106	137,106	84,000	(53,106)
Kennedy Stadium	10,000	10,000		(10,000)
Leases/W.I.C.C.	10,500	10,500	10,500	-
Flea market/ball field	67,000	67,000	64,177	(2,823)
Miscellaneous	2,761,000	2,761,000	2,879,875	118,875
Parking stickers	30,000	30,000	56,695	26,695
Apartment rental	6,000	6,000	4,800	(1,200)
City concessions	10,000	10,000		(10,000)
Total parks and recreation	4,896,606	4,896,606	4,910,961	14,355
<b>Civil service:</b>				
Label/Admin fees	80,200	80,200	60,898	(19,302)

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**CITY OF BRIDGEPORT, CONNECTICUT  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Health Department:				
Vital statistics	\$ 490,100	\$ 490,100	\$ 416,202	\$ (73,898)
Business license	354,200	354,200	307,130	(47,070)
Housing code	17,700	17,700	19,890	2,190
Total health department	<u>862,000</u>	<u>862,000</u>	<u>743,222</u>	<u>(118,778)</u>
Education and Nutrition Center:				
Cafeteria	695,000	695,000	643,925	(51,075)
Summer school tuition	25,000	25,000	25,000	-
Total Education and Nutrition Center	<u>720,000</u>	<u>720,000</u>	<u>668,925</u>	<u>(51,075)</u>
Sikorsky Airport:				
Airport fees	65,000	65,000	42,397	(22,603)
Shared revenue	85,000	85,000	96,168	11,168
Airport leases	741,700	741,700	625,061	(116,639)
Total Sikorsky Airport	<u>891,700</u>	<u>891,700</u>	<u>763,626</u>	<u>(128,074)</u>
Fire Department:				
Firewatch reimbursement	115,150	115,150	112,074	(3,076)
Copies	1,500	1,500	8,298	6,798
Permit	97,775	97,775	64,095	(33,680)
Tank installation	3,000	3,000	2,665	(335)
Total fire department	<u>217,425</u>	<u>217,425</u>	<u>187,132</u>	<u>(30,293)</u>
Total fees, permits and licenses	<u>22,533,261</u>	<u>22,533,261</u>	<u>22,139,661</u>	<u>(393,600)</u>
Interest	<u>125,000</u>	<u>125,000</u>	<u>62,160</u>	<u>(62,840)</u>
Other:				
Property rental	75,000	75,000	259,067	184,067
O.T.B. income	450,000	450,000	280,910	(169,090)
State Bingo	200	200	20	(180)
Weights and measures	76,000	76,000	80,030	4,030
Sale of City-owned property	275,000	275,000	6,972,624	6,697,624
Miscellaneous	231,100	231,100	195,254	(35,846)
Foreclosure cost recovery	5,000	5,000		(5,000)
Restitution	5,000	5,000	13,098	8,098
Comptroller miscellaneous revenue	2,134,505	2,134,505	3,620,000	1,485,495
Total other	<u>3,251,805</u>	<u>3,251,805</u>	<u>11,421,003</u>	<u>8,169,198</u>
Total revenues	<u>531,870,209</u>	<u>531,870,209</u>	<u>535,274,458</u>	<u>3,404,249</u>
Other financing sources:				
Transfers in	<u>500,000</u>	<u>500,000</u>	<u>3,313,024</u>	<u>2,813,024</u>
Total Revenues and Other Financing Sources	<u>\$ 532,370,209</u>	<u>\$ 532,370,209</u>	<u>538,587,482</u>	<u>\$ 6,217,273</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.	26,382,439
The Board of Education does not budget for excess cost grant payments, which are credited against expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial statement purposes.	5,593,399
Proceeds from bond refunding.	59,640,000
Proceeds from premium on bond refunding.	<u>10,505,915</u>

Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV \$ 640,709,235

**CITY OF BRIDGEPORT, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
General government:				
Mayor's office	\$ 995,820	\$ 995,820	\$ 891,533	\$ 104,287
Central grants	422,394	422,394	398,938	23,456
Finance divisions	6,522,187	6,522,187	6,078,516	443,671
Registrar of voters	684,840	684,840	887,035	(202,195)
City clerk	431,659	431,659	453,762	(22,103)
City attorney	4,598,279	4,598,279	4,525,264	73,015
Archives and records	93,164	93,164	99,535	(6,371)
Civil service	903,671	903,671	959,905	(56,234)
Labor relations/benefits/pensions	16,299,223	16,299,223	16,090,532	208,691
Town Clerk	776,735	776,735	807,608	(30,873)
Legislative department	287,446	287,446	148,567	138,879
Office of policy and management	754,408	754,408	702,175	52,233
Ethics commission	3,089	3,089	360	2,729
Chief administrative officer	1,097,221	1,097,221	976,245	120,976
Information technology service	3,040,245	3,040,245	2,902,981	137,264
Minority business enterprise office	225,350	225,350	149,243	76,107
Total general government	<u>37,135,731</u>	<u>37,135,731</u>	<u>36,072,199</u>	<u>1,063,532</u>
Public Safety:				
Police department	89,426,565	89,426,565	100,470,903	(11,044,338)
Fire department	59,711,146	59,711,146	63,132,959	(3,421,813)
Weights and measures	152,233	152,233	172,432	(20,199)
Emergency Operation Center	5,401,388	5,401,388	5,351,708	49,680
Total public safety	<u>154,691,332</u>	<u>154,691,332</u>	<u>169,128,002</u>	<u>(14,436,670)</u>
Public facilities:				
Airport	1,327,944	1,327,944	1,390,051	(62,107)
Engineering	571,647	571,647	567,644	4,003
Harbor master	192,385	192,385	73,832	118,553
Maintenance	11,447,736	11,447,736	10,513,003	934,733
Municipal garage	2,676,346	2,676,346	2,160,936	515,410
Public facilities administration	16,370,006	16,370,006	13,611,906	2,758,100
Roadway	3,538,101	3,538,101	3,813,542	(275,441)
Sanitation	5,624,851	5,624,851	5,562,884	61,967
Transfer station	1,988,786	1,988,786	1,842,904	145,882
Recreation	926,967	926,967	1,079,706	(152,739)
Department on aging	544,829	544,829	572,966	(28,137)
Parks administration	511,950	511,950	554,060	(42,110)
Parks	2,639,278	2,639,278	2,511,053	128,225
Zoo	1,468,956	1,468,956	1,487,468	(18,512)
Golf course	1,538,443	1,538,443	1,490,786	47,657
Total public facilities	<u>51,368,225</u>	<u>51,368,225</u>	<u>47,232,741</u>	<u>4,135,484</u>

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**CITY OF BRIDGEPORT, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Planning and Economic Development:				
OPED administration	\$ 10,269,018	\$ 10,269,018	\$ 9,352,310	\$ 916,708
Building department	1,372,038	1,372,038	1,368,408	3,630
Zoning board of appeals	102,055	102,055	89,907	12,148
Zoning commission	563,175	563,175	621,150	(57,975)
Total planning and economic development	<u>12,306,286</u>	<u>12,306,286</u>	<u>11,431,775</u>	<u>874,511</u>
Health and social services:				
Health and social services administration	513,720	513,720	392,018	121,702
Vital statistics	309,966	309,966	318,331	(8,365)
Communicable disease clinic	474,962	474,962	530,551	(55,589)
Environmental health	826,439	826,439	773,689	52,750
Housing code enforcement	634,921	634,921	633,693	1,228
Lead prevention program	158,608	158,608	181,842	(23,234)
Human services administration	141,486	141,486	117,821	23,665
Persons with disabilities	46,119	46,119	30,182	15,937
Veterans' affairs	159,354	159,354	164,214	(4,860)
Lighthouse/Youth services	1,755,249	1,755,249	1,756,474	(1,225)
Social services	379,873	379,873	263,433	116,440
Total health and social services	<u>5,400,697</u>	<u>5,400,697</u>	<u>5,162,248</u>	<u>238,449</u>
Libraries	<u>6,829,089</u>	<u>6,829,089</u>	<u>6,829,089</u>	<u>-</u>
Special services:				
Other financing uses	2,221,217	2,221,217	1,119,625	1,101,592
Supportive contributions	493,275	493,275	467,536	25,739
Citywide memberships	24,000	24,000	23,092	908
Debt service	3,275,778	3,275,778	2,354,810	920,968
Total special services	<u>6,014,270</u>	<u>6,014,270</u>	<u>3,965,063</u>	<u>2,049,207</u>
Education:				
Schools	227,519,364	227,519,364	227,497,146	22,218
Food services	14,046,472	14,046,472	14,301,185	(254,713)
Board of education debt service	17,058,743	17,058,743	16,062,353	996,390
Total education	<u>258,624,579</u>	<u>258,624,579</u>	<u>257,860,684</u>	<u>763,895</u>
Total Expenditures and Other Financing Uses	\$ <u>532,370,209</u>	\$ <u>532,370,209</u>	537,681,801	\$ <u>(5,311,592)</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.

26,382,439

The Board of Education does not budget for excess cost payments made by the State Department of Education, which are credited against expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial statement purposes.

5,593,399

Payment to escrow agent for refunding bonds  
Bond refunding costs not budgeted by the City

69,559,903  
586,012

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV



**CITY OF BRIDGEPORT, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**PUBLIC SAFETY PLAN A**  
**LAST THREE FISCAL YEARS\***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:			
Interest	\$ 23,461,582	\$ 22,225,409	\$ 24,079,006
Changes of benefit terms			
Differences between expected and actual experience	(3,217,484)	13,730,638	(22,337,660)
Changes of assumptions	(12,438,135)	54,487,379	(22,732,874)
Benefit payments, including refunds of member contributions	(31,895,360)	(33,838,820)	(30,964,004)
Net change in total pension liability	<u>(24,089,397)</u>	<u>56,604,606</u>	<u>(51,955,532)</u>
Total pension liability - beginning	351,341,616	294,737,010	346,692,542
Total pension liability - ending	<u>327,252,219</u>	<u>351,341,616</u>	<u>294,737,010</u>
Plan fiduciary net position:			
Contributions - employer	15,488,177	11,407,599	11,600,000
Contributions - member		12,334	143,974
Net investment income (loss)	(4,940,329)	778,674	15,837,803
Benefit payments, including refunds of member contributions	(31,895,360)	(33,838,820)	(30,964,004)
Net change in plan fiduciary net position	<u>(21,347,512)</u>	<u>(21,640,213)</u>	<u>(3,382,227)</u>
Plan fiduciary net position - beginning	97,991,000	119,631,213	123,013,440
Plan fiduciary net position - ending	<u>76,643,488</u>	<u>97,991,000</u>	<u>119,631,213</u>
Net Pension Liability - Ending	<u>\$ 250,608,731</u>	<u>\$ 253,350,616</u>	<u>\$ 175,105,797</u>
Plan fiduciary net position as a percentage of the total pension liability	23.42%	27.89%	40.59%
Covered-employee payroll	N/A	N/A	N/A
Net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A
Discount rate	7.00%	7.00%	8.00%

\* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

**Notes to Schedule:**

Benefit changes: None

Assumption changes:

**2016:**

Inflation 2.0% (previously 2.30%)  
Cost of living adjustment 2.5% for the Police and Fire groups. Previously, 3.0% for the Fire group and 2.5% for the Police group  
Mortality RP - 2014 (adjusted back to 2006), projected generationally with Scale MP2016.  
Previously, RP - 2014 (adjusted back to 2006), projected generationally with Scale MP2015

**2015:**

Mortality The mortality table was updated to RP-2014 (adjusted back to 2006), projected generationally with Scale MP2015 as of June 30, 2015

**CITY OF BRIDGEPORT, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**POLICE RETIREMENT PLAN B**  
**LAST THREE FISCAL YEARS\***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:			
Interest	\$ 4,622,718	\$ 4,100,080	\$ 4,435,830
Differences between expected and actual experience	715,864	7,644,858	(991,025)
Changes of assumptions	16,313,199	10,329,185	(6,081,926)
Benefit payments, including refunds of member contributions	<u>(4,901,990)</u>	<u>(3,839,612)</u>	<u>(3,804,480)</u>
Net change in total pension liability	16,749,791	18,234,511	(6,441,601)
Total pension liability - beginning	<u>103,489,274</u>	<u>85,254,763</u>	<u>91,696,364</u>
Total pension liability - ending	<u>120,239,065</u>	<u>103,489,274</u>	<u>85,254,763</u>
Plan fiduciary net position:			
Contributions - member		44,368	181,840
Net investment income	176,428	427,232	9,633,316
Benefit payments, including refunds of member contributions	(4,901,990)	(3,839,612)	(3,852,737)
Administrative expense		<u>(305,157)</u>	<u>(215,762)</u>
Net change in plan fiduciary net position	(4,725,562)	(3,673,169)	5,746,657
Plan fiduciary net position - beginning	<u>61,251,485</u>	<u>64,924,654</u>	<u>59,177,997</u>
Plan fiduciary net position - ending	<u>56,525,923</u>	<u>61,251,485</u>	<u>64,924,654</u>
Net Pension Liability - Ending	<u>\$ 63,713,142</u>	<u>\$ 42,237,789</u>	<u>\$ 20,330,109</u>
Plan fiduciary net position as a percentage of the total pension liability	47.01%	59.19%	76.15%
Covered-employee payroll	N/A	N/A	N/A
Net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A
Discount rate	3.57%	4.58%	4.92%

\* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

**Notes to Schedule:**

Benefit changes: None

Assumption changes:

**2016:**

Inflation 2.0% (previously 2.30%)

Mortality RP - 2014 (adjusted back to 2006), projected generationally with Scale MP2016.

Previously, RP - 2014 (adjusted back to 2006), projected generationally with Scale MP2015

**2015:**

Mortality The mortality table was updated to RP-2014 (adjusted back to 2006), projected generationally with Scale MP2015 as of June 30, 2015

**CITY OF BRIDGEPORT, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**FIREFIGHTERS' RETIREMENT PLAN B**  
**LAST THREE FISCAL YEARS\***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:			
Interest	\$ 2,476,699	\$ 2,281,088	\$ 2,283,352
Differences between expected and actual experience	(850,563)	130,083	(133,251)
Changes of assumptions	(1,461,547)	1,779,805	63,339
Benefit payments, including refunds of member contributions	<u>(2,207,398)</u>	<u>(2,171,567)</u>	<u>(2,170,390)</u>
Net change in total pension liability	(2,042,809)	2,019,409	43,050
Total pension liability - beginning	<u>47,570,840</u>	<u>45,551,431</u>	<u>45,508,381</u>
Total pension liability - ending	<u>45,528,031</u>	<u>47,570,840</u>	<u>45,551,431</u>
Plan fiduciary net position:			
Net investment income (loss)	(285,465)	942,785	5,310,728
Benefit payments, including refunds of member contributions	(2,207,398)	(2,171,567)	(2,170,390)
Administrative expense	(4,879)	(4,879)	(23,230)
Net change in plan fiduciary net position	<u>(2,492,863)</u>	<u>(1,233,661)</u>	<u>3,117,108</u>
Plan fiduciary net position - beginning	<u>38,195,645</u>	<u>39,429,306</u>	<u>36,312,198</u>
Plan fiduciary net position - ending	<u>35,702,782</u>	<u>38,195,645</u>	<u>39,429,306</u>
Net Pension Liability - Ending	<u>\$ 9,825,249</u>	<u>\$ 9,375,195</u>	<u>\$ 6,122,125</u>
Plan fiduciary net position as a percentage of the total pension liability	78.42%	80.29%	86.56%
Covered-employee payroll	N/A	N/A	N/A
Net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A
Discount rate	4.96%	5.33%	5.13%

\* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

**Notes to Schedule:**

Benefit changes: None

Assumption changes:

**2016:**

Inflation 2.0% (previously 2.30%)

Mortality RP - 2014 (adjusted back to 2006), projected generationally with Scale MP2016.

Previously, RP - 2014 (adjusted back to 2006), projected generationally with Scale MP2015

**CITY OF BRIDGEPORT, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**JANITORS' AND ENGINEERS' RETIREMENT PLAN**  
**LAST THREE FISCAL YEARS\***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:			
Interest	\$ 315,328	\$ 361,880	\$ 401,794
Differences between expected and actual experience	(115,639)		
Changes of assumptions	1,270,097	330,555	226,706
Benefit payments, including refunds of member contributions	(796,380)	(861,495)	(889,803)
Net change in total pension liability	<u>673,406</u>	<u>(169,060)</u>	<u>(261,303)</u>
Total pension liability - beginning	<u>8,692,592</u>	<u>8,861,652</u>	<u>9,122,955</u>
Total pension liability - ending	<u>9,365,998</u>	<u>8,692,592</u>	<u>8,861,652</u>
Plan fiduciary net position:			
Contributions - employer	796,380	861,495	889,803
Benefit payments, including refunds of member contributions	(796,380)	(861,495)	(889,803)
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning	<u>3,433</u>	<u>3,433</u>	<u>3,433</u>
Plan fiduciary net position - ending	<u>3,433</u>	<u>3,433</u>	<u>3,433</u>
Net Pension Liability - Ending	<u>\$ 9,362,565</u>	<u>\$ 8,689,159</u>	<u>\$ 8,858,219</u>
Plan fiduciary net position as a percentage of the total pension liability	0.04%	0.04%	0.04%
Covered-employee payroll	N/A	N/A	N/A
Net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A
Discount rate at end of year	2.85%	3.80%	4.29%

\* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

**Notes to Schedule:**

Benefit changes: None

Assumption changes:

**2016:**

Mortality RP-2014 (adjusted back to 2006), projected generationally with Scale MP2016. Previously, UP 1994 Projected with Scale AA to 2015

**CITY OF BRIDGEPORT, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
PUBLIC SAFETY PLAN A  
LAST TEN FISCAL YEARS  
(In Thousands)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarially determined contribution	\$ 15,488	\$ 11,408	\$ 12,624	\$ 11,554	\$ 9,794	\$ 13,557	\$ 12,352	\$ 9,621	\$ 8,876	\$ 8,115
Contributions in relation to the actuarially determined contribution	<u>15,488</u>	<u>11,408</u>	<u>11,600</u>	<u>10,500</u>	<u>7,000</u>	<u>50,000</u>	<u>4,726</u>	<u>6,220</u>	<u>4,552</u>	<u>3,125</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,024</u>	\$ <u>1,054</u>	\$ <u>2,794</u>	\$ <u>(36,443)</u>	\$ <u>7,626</u>	\$ <u>3,401</u>	\$ <u>4,324</u>	\$ <u>4,990</u>
Covered-employee payroll	N/A	N/A	N/A	\$ 1,675	\$ 2,077	\$ 2,556	\$ 2,551	\$ 307	\$ 3,617	\$ 4,326
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	626.87%	337.02%	1956.18%	185.26%	2026.06%	125.85%	72.24%

**Notes to Schedule**

Valuation timing Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	N/A. All participants are inactive.
Amortization method	Closed, increasing 5% per year
Remaining amortization period	20 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.00%
Inflation	2.0% (previously 2.30%)
Salary increases	N/A
Cost of living adjustment	2.5% for the Police and Fire groups. Previously, 3.0% for the Fire group and 2.5% for the Police group
Mortality	RP - 2014 (adjusted back to 2006), projected generationally with Scale MP2016. Previously, RP - 2014 (adjusted back to 2006), projected generationally with Scale MP2015

**CITY OF BRIDGEPORT, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POLICE RETIREMENT PLAN B  
LAST TEN FISCAL YEARS  
(In Thousands)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2009</u>	<u>2010</u>	<u>2008</u>	<u>2007</u>
Actuarially determined contribution	\$ 2,002	\$ 1,333	\$ 1,852	\$ 7,793	\$ 6,314	\$ 5,351	\$ 3,544	\$ 4,481	\$ 3,617	\$ 3,212
Contributions in relation to the actuarially determined contribution				5,895	5,475	6,176	3,396	4,340	4,590	3,188
Contribution Deficiency (Excess)	<u>\$ 2,002</u>	<u>\$ 1,333</u>	<u>\$ 1,852</u>	<u>\$ 1,898</u>	<u>\$ 839</u>	<u>\$ (825)</u>	<u>\$ 148</u>	<u>\$ 141</u>	<u>\$ (973)</u>	<u>\$ 24</u>
Covered-employee payroll	N/A	N/A	N/A	N/A	\$ 26,876	\$ 25,620	\$ 23,937	\$ 24,797	\$ 24,832	\$ 22,511
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	20.37%	24.11%	14.19%	17.50%	18.48%	14.16%

**Notes to Schedule**

Valuation timing Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	N/A. All participants are inactive.
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	22 years
Asset valuation method	Market value of assets.
Actuarial assumptions:	
Investment rate of return	6.25%
Inflation	2.0% (previously 2.3%)
Salary increases	N/A
Cost of living adjustment	2.5%
Mortality	RP - 2014 (adjusted back to 2006), projected generationally with Scale MP2016. Previously, RP - 2014 (adjusted back to 2006), projected generationally with Scale MP2015

**CITY OF BRIDGEPORT, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FIREFIGHTERS' RETIREMENT PLAN B  
LAST TEN FISCAL YEARS  
(In Thousands)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarially determined contribution	\$ 310	\$ 515	\$ 519	\$	\$ 4,300	\$ 3,937	\$ 3,351	\$ 2,505	\$ 2,157	\$ 1,885
Contributions in relation to the actuarially determined contribution					2,939	4,207	3,302	2,435	2,485	1,773
Contribution Deficiency (Excess)	<u>\$ 310</u>	<u>\$ 515</u>	<u>\$ 519</u>	<u>\$ -</u>	<u>\$ 1,361</u>	<u>\$ (270)</u>	<u>\$ 49</u>	<u>\$ 70</u>	<u>\$ (328)</u>	<u>\$ 112</u>
Covered-employee payroll	N/A	N/A	N/A	N/A	\$ 15,918	\$ 16,163	15,815	\$ 16,018	\$ 14,364	\$ 13,727
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	18.46%	26.03%	20.88%	15.20%	17.30%	12.92%

**Notes to Schedule**

Valuation timing Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	N/A. All participants are inactive.
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	22 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return	6.25%
Inflation	2.0% (previously 2.3%)
Salary increases	N/A
Cost of living adjustment	2.5% (previously 3.0%)
Mortality	RP - 2014 (adjusted back to 2006), projected generationally with Scale MP2016. Previously, RP - 2014 (adjusted back to 2006), projected generationally with Scale MP2015

**CITY OF BRIDGEPORT, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
JANITORS' AND ENGINEERS' RETIREMENT PLAN  
LAST TEN FISCAL YEARS  
(In Thousands)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarially determined contribution	\$ 818	\$ 836	\$ 873	\$ 893	\$ 895	\$ 6	\$ 877	\$ 877	\$ 897	\$ 897
Contributions in relation to the actuarially determined contribution	<u>796</u>	<u>861</u>	<u>890</u>	<u>936</u>	<u>914</u>	<u>891</u>	<u>985</u>	<u>1,032</u>	<u>1,013</u>	<u>1,020</u>
Contribution Deficiency (Excess)	\$ <u>22</u>	\$ <u>(25)</u>	\$ <u>(17)</u>	\$ <u>(43)</u>	\$ <u>(19)</u>	\$ <u>(885)</u>	\$ <u>(108)</u>	\$ <u>(155)</u>	\$ <u>(116)</u>	\$ <u>(123)</u>
Covered-employee payroll	N/A	N/A	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Notes to Schedule**

Valuation timing Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	N/A - All participants are inactive
Amortization method	None
Remaining amortization period	N/A
Asset valuation method	Market Value
Actuarial assumptions:	
Cost of living adjustment	3%
Salary increases	N/A
Retirement age	N/A
Mortality	RP-2014 (adjusted back to 2006), projected generationally with Scale MP2016. Previously, UP 1994 Projected with Scale AA to 2015



**CITY OF BRIDGEPORT, CONNECTICUT  
SCHEDULE OF INVESTMENT RETURNS  
PENSION PLANS  
LAST THREE FISCAL YEARS\***

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	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense:			
Public Safety Plan A	-5.52%	0.72%	14.26%
Police Retirement Plan B	0.73%	0.68%	16.82%
Firefighters' Retirement Plan B	-0.77%	2.46%	15.11%

\* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

**CITY OF BRIDGEPORT, CONNECTICUT  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS RETIREMENT PLAN  
LAST TWO FISCAL YEARS\***

	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.00%	0.00%
City's proportionate share of the net pension liability	\$ -	\$ -
State's proportionate share of the net pension liability associated with the City	<u>329,265,255</u>	<u>304,339,743</u>
Total	<u>\$ 329,265,255</u>	<u>\$ 304,339,743</u>
City's covered-employee payroll	\$ 120,969,490	\$ 118,922,621
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	59.50%	61.51%

\* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

**Notes to Schedule**

Changes in benefit terms

Changes of assumptions

During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.

Actuarial cost method

Amortization method

Remaining amortization period

Asset valuation method

Entry age

Level percent of salary, closed

21.4 years

4-year smoothed market

**CITY OF BRIDGEPORT, CONNECTICUT  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET AND LIABILITY  
MUNICIPAL EMPLOYEES RETIREMENT FUND  
LAST TWO FISCAL YEARS\***

	<b>2016</b>	<b>2015 (as Restated)</b>
City's proportion of the net pension liability	11.28%	1.51%
City's proportionate share of the net pension liability	\$ 31,237,539	\$ 2,935,498
City's covered-employee payroll	\$ 146,586,378	145,741,934
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	21.31%	2.01%
Plan fiduciary net position as a percentage of the total pension liability	16.21%	2.98%

\* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

**Notes to Schedule**

Changes in benefit terms	None
Changes of assumptions	During 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to 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, 2012.
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	27 years
Asset valuation method	5-year smoothed market

**CITY OF BRIDGEPORT, CONNECTICUT**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS - MUNICIPAL EMPLOYEES RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarially determined contribution	\$ 22,169,395	\$ 24,404,803	\$ 20,033,088	\$ 12,847,194	\$ 9,589,103	\$ 7,199,397	\$ 5,559,696	\$ 5,243,868	\$ 5,410,000	\$ 5,312,000
Contributions in relation to the actuarially determined contribution	<u>22,169,395</u>	<u>24,404,803</u>	<u>20,033,088</u>	<u>12,847,194</u>	<u>9,589,103</u>	<u>7,199,397</u>	<u>5,559,696</u>	<u>5,243,868</u>	<u>5,410,000</u>	<u>5,312,000</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered employee payroll	\$ 146,586,378	\$ 145,741,934	\$ 139,687,029	\$ 110,276,343	\$ 82,309,897	\$ 75,783,126	\$ 79,424,228	\$ 74,912,400	\$ 77,285,714	\$ 75,885,714
Contributions as a percentage of covered employee payroll	15.12%	16.75%	14.34%	11.65%	11.65%	9.50%	7.00%	7.00%	7.00%	7.00%

**Notes to Schedule**

Valuation date: June 30, 2014

Measurement date: June 30, 2015

Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method

Entry Age

Amortization method

Level dollar, closed

Single equivalent amortization period

27 years

Asset valuation method

5 years smoothed market (20% write up)

Inflation

3.25%

Salary increases

4.25% - 11%, including inflation

Investment rate of return

8%, net of investment related expense

Changes in assumptions:

In 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to more closely reflect actual and anticipated experience.

# **COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

**General Fund**

## **GENERAL FUND**

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

**CITY OF BRIDGEPORT, CONNECTICUT  
GENERAL FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 44,349,927	\$ 26,753,392
Receivables:		
Property taxes, net of allowance for uncollectible amounts of \$24,307,485 in 2016 and \$25,012,077 in 2015	45,605,506	45,019,835
Intergovernmental	27,259,255	29,143,884
Other	2,907,710	2,701,449
Due from other funds	12,669,305	9,374,922
Other assets	<u>350,000</u>	<u>350,000</u>
Total Assets	<u>\$ 133,141,703</u>	<u>\$ 113,343,482</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
Liabilities:		
Accounts and other payables	\$ 18,340,614	\$ 18,201,047
Accrued liabilities	18,004,722	15,981,125
Due to other funds	18,063,025	14,849,261
Unearned revenue	714,217	1,049,664
Notes payable	<u>15,000,000</u>	
Total liabilities	<u>70,122,578</u>	<u>50,081,097</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	44,926,288	44,458,367
Unavailable revenue - school construction	<u>3,473,695</u>	<u>5,090,557</u>
Total deferred inflows of resources	<u>48,399,983</u>	<u>49,548,924</u>
Fund Balances:		
Nonspendable	350,000	350,000
Unassigned	<u>14,269,142</u>	<u>13,363,461</u>
Total fund balances	<u>14,619,142</u>	<u>13,713,461</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 133,141,703</u>	<u>\$ 113,343,482</u>



**CITY OF BRIDGEPORT, CONNECTICUT  
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING  
FOR THE YEAR ENDED JUNE 30, 2016**

Grand List Year	Balance Uncollected July 1, 2015	Current Levy	Net Adjustments	Transfers to Suspense	Adjusted Taxes Collectible	Collections				Balance Uncollected June 30, 2016
						Taxes	Interest	Lien Fees	Total	
2000	\$ 1,795,685		\$ (1,686)	\$ (1,216)	\$ 1,792,783	\$ 8,212	\$ 21,626	\$ 118	\$ 29,956	\$ 1,784,571
2001	2,028,855		(200)	(21,080)	2,007,575	14,086	33,134	234	47,454	1,993,489
2002	1,895,431		289	(43,815)	1,851,905	13,512	32,513	202	46,227	1,838,393
2003	1,154,424		(10,058)	(1,857)	1,142,509	9,725	18,674	276	28,675	1,132,784
2004	1,456,272		(13,438)	(2,960)	1,439,874	9,475	24,623	287	34,385	1,430,399
2005	1,653,052		(9,401)	(14,670)	1,628,981	18,218	30,135	440	48,793	1,610,763
2006	2,092,689		(9,432)	(45,457)	2,037,800	28,256	58,400	372	87,028	2,009,544
2007	3,670,812		(24,127)	(159,458)	3,487,227	57,768	87,909	166	145,843	3,429,459
2008	3,655,972		(76,687)	(138,148)	3,441,137	79,402	108,734	266	188,402	3,361,735
2009	3,954,608		(240,477)	(141,016)	3,573,115	(62,165)	100,008	912	38,755	3,635,280
2010	5,575,076		(204,875)	(113,524)	5,256,677	(13,049)	89,899	1,243	78,093	5,269,726
2011	4,663,303		(132,874)	(33,952)	4,496,477	123,530	108,717	767	233,014	4,372,947
2012	6,948,577		(130,460)	(17,071)	6,801,046	319,219	149,385	4,475	473,079	6,481,827
2013	5,070,884		(168,198)	(9,136)	4,893,550	1,203,933	253,546	19,220	1,476,699	3,689,617
2014		304,518,632	(6,132,264)	(7,536)	298,378,832	293,406,881	1,877,228	118,948	295,403,057	4,971,951
	<u>\$ 45,615,640</u>	<u>\$ 304,518,632</u>	<u>\$ (7,153,888)</u>	<u>\$ (750,896)</u>	<u>\$ 342,229,488</u>	<u>\$ 295,217,003</u>	<u>\$ 2,994,531</u>	<u>\$ 147,926</u>	<u>\$ 298,359,460</u>	<u>\$ 47,012,485</u>

**Nonmajor Governmental Funds**

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**Health and Sanitation Fund** - is used to account for U.S. Department of Health and Human Services, U.S. Department of Agriculture and Connecticut Department of Health Services grants, as well as local grants relating to health services.

**Public Safety Fund** - is used to account for state and federal grants used for public safety programs such as victim assistance, weed and seed; JAG; and other homeland security special revenues.

**Facility and Miscellaneous Fund** - is used to account for state and local grants for such programs as Veteran Affairs and Light House programs; School Security and other special revenue projects. The new fund is now called Facility and Miscellaneous (fund 24). Please provide description.

**Social Services Fund** - is used to account for U.S. Department of Labor, U.S. Department of Health and Human Services and Connecticut Office of Policy and Management grants for such programs as employment for senior citizens, summer feeding for school-age children and home care maintenance for the handicapped.

**Community Development Block Grant Fund** - is used to account for U.S. Department of Housing and Urban Development (HUD) and Connecticut Department of Housing grants used for such activities as housing programs, community facilities, economic development and public services.

**Housing Opportunities AIDS** - is used to account for the U.S. Department of Housing and Urban Development (HUD) grant used for such activities as devising long-term strategies for meeting the housing needs of persons with acquired immunodeficiency syndrome (AIDS).

**HOME Program Fund** - is used to account for HUD grants used to expand the supply of affordable housing including home ownership opportunities, rental housing and tenant based rental assistance.

**Section 108 Loan Guarantee Fund** - is used to account for development projects funded through the HUD Section 108 Loan Guarantee Program.

**Development Administration State Grant Fund** - is used to account for Connecticut Department of Social Services and Connecticut Department of Economic Development grants used for such programs as community centers, low and middle income housing, and neighborhood rehabilitation.

**Library Fund** - is used to account for donations and income from the investments of donations and endowments restricted for library-related activities.

**Library Operations Fund** - is used to account for charges for services, donations and income from miscellaneous sources to fund library-related activities.

**Education Fund** - is used to account for donations and income from the investment of donations restricted for scholarship grants to qualified recipients.

**Miscellaneous Grants Fund** - is used to account for Local Capital Improvement (LOCIP), as well as other miscellaneous federal and state grants.

**General Government Fund** - is used to account for special revenues for Library Historic Document Preservation; Business Expo and other general government grants.

### **Capital Projects Funds**

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

**Conversion Capital Projects Fund** - is used to account for older miscellaneous projects bonded for prior to 1997 for miscellaneous construction and renovation projects

### **Permanent Funds**

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

**Library Fund** - is used to account for endowments and donations, the income from which is restricted for library-related activities.

**Education Fund** - is used to account for endowments and donations, the income from which is restricted for scholarship grants to qualified recipients.

**CITY OF BRIDGEPORT, CONNECTICUT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	Special Revenue Funds								
	Health and Sanitation	Public Safety	Facility and Miscellaneous	Social Services	Community Development Block Grant	Housing Opportunities AIDS	HOME Program	Section 108 Loan Guarantee	Development Administration State Grant
<b>ASSETS</b>									
Cash and cash equivalents	\$	\$ 380,797	\$ 3,229,311	\$	\$ 831,859	\$ 487,014	\$ 1,228,815	\$ 576,910	\$ 2,121,440
Investments									
Receivables:									
Intergovernmental	275,231	6,516,576	18,065	29,050	1,145,212	398,556	494,211	1,039,237	751,886
Other							577,522		
Due from other funds	128,344		202,315	286,077			25,246		4,130
Total Assets	<u>\$ 403,575</u>	<u>\$ 6,897,373</u>	<u>\$ 3,449,691</u>	<u>\$ 315,127</u>	<u>\$ 1,977,071</u>	<u>\$ 885,570</u>	<u>\$ 2,325,794</u>	<u>\$ 1,616,147</u>	<u>\$ 2,877,456</u>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable and other liabilities	\$ 112,351	\$ 2,521,413	\$ 93,554	\$ 124,799	\$ 167,074	\$ 64,831	\$ 234,560	\$ 32,177	\$ 107,991
Accrued payroll liabilities	35,886		3,492	2,281	14,863	519			
Due to other funds		773,080	1,789,290	202,315	1,503,736	1,148,286	1,743,572	743,882	1,669,144
Unearned revenues	108,971	1,156,114	498,797	130,870	167,070	128,139	66,895		758,650
Total liabilities	<u>257,208</u>	<u>4,450,607</u>	<u>2,385,133</u>	<u>460,265</u>	<u>1,852,743</u>	<u>1,341,775</u>	<u>2,045,027</u>	<u>776,059</u>	<u>2,535,785</u>
Fund Balances:									
Restricted	146,367	2,446,766	1,064,558		124,328		280,767	840,088	341,671
Committed									
Unassigned				(145,138)		(456,205)			
Total fund balances	<u>146,367</u>	<u>2,446,766</u>	<u>1,064,558</u>	<u>(145,138)</u>	<u>124,328</u>	<u>(456,205)</u>	<u>280,767</u>	<u>840,088</u>	<u>341,671</u>
Total Liabilities and Fund Balances	<u>\$ 403,575</u>	<u>\$ 6,897,373</u>	<u>\$ 3,449,691</u>	<u>\$ 315,127</u>	<u>\$ 1,977,071</u>	<u>\$ 885,570</u>	<u>\$ 2,325,794</u>	<u>\$ 1,616,147</u>	<u>\$ 2,877,456</u>

(Continued on next page)

**CITY OF BRIDGEPORT, CONNECTICUT  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	Special Revenue Funds					Capital Projects	Permanent Trusts		Interfund Eliminations	Total Nonmajor Governmental Funds
	Library	Library Operations	Education	Miscellaneous Grants	General Government	Conversion Capital Projects	Library	Education		
<b>ASSETS</b>										
Cash and cash equivalents	\$ 450,939		\$ 236,786	\$ 48,418		\$ 5,837	\$ 97,277	\$ 107,978		\$ 9,803,381
Investments	1,580,246						401,000			1,981,246
Receivables:										
Intergovernmental						100				10,668,124
Other	29,000				14,000					620,522
Due from other funds	2,421	2,031,206		62,339	422,414	2,204		768	(231,691)	2,935,773
<b>Total Assets</b>	<b>\$ 2,062,606</b>	<b>\$ 2,031,206</b>	<b>\$ 236,786</b>	<b>\$ 110,757</b>	<b>\$ 436,414</b>	<b>\$ 8,141</b>	<b>\$ 498,277</b>	<b>\$ 108,746</b>	<b>\$ (231,691)</b>	<b>\$ 26,009,046</b>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts payable and other liabilities	\$	\$ 42,446	\$	\$ 59,818	\$	\$	\$	\$	\$	\$ 3,561,014
Accrued payroll liabilities										57,041
Due to other funds									(231,691)	9,341,614
Unearned revenues					436,414					3,451,920
Total liabilities	-	42,446	-	59,818	436,414	-	-	-	(231,691)	16,411,589
Fund Balances:										
Restricted				50,939			498,277	108,746		5,902,507
Committed	2,062,606	1,988,760	236,786			8,141				4,296,293
Unassigned										(601,343)
Total fund balances	2,062,606	1,988,760	236,786	50,939	-	8,141	498,277	108,746	-	9,597,457
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,062,606</b>	<b>\$ 2,031,206</b>	<b>\$ 236,786</b>	<b>\$ 110,757</b>	<b>\$ 436,414</b>	<b>\$ 8,141</b>	<b>\$ 498,277</b>	<b>\$ 108,746</b>	<b>\$ (231,691)</b>	<b>\$ 26,009,046</b>

**CITY OF BRIDGEPORT, CONNECTICUT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016**

	Special Revenue								
	Health and Sanitation	Public Safety	Facility and Miscellaneous	Social Services	Community Development Block Grant	Housing Opportunities AIDS	HOME Program	Section 108 Loan Guarantee	Development Administration State Grant
Revenues:									
Intergovernmental	\$ 787,956	\$ 11,401,044	\$ 238,245	\$ 1,314,181	\$ 2,443,628	\$ 467,474	\$ 1,412,240	\$	\$ 749,087
Interest		310							3,580
Other	7,790	524,168	19,693	65,930				76,912	160,000
Total revenues	<u>795,746</u>	<u>11,925,522</u>	<u>257,938</u>	<u>1,380,111</u>	<u>2,443,628</u>	<u>467,474</u>	<u>1,412,240</u>	<u>76,912</u>	<u>912,667</u>
Expenditures:									
General government									
Health and social services	858,802					1,298,939			
Libraries									
Education									
Special services		11,517,243	1,221,235	1,479,631	2,081,463		1,483,339		2,175,797
Total expenditures	<u>858,802</u>	<u>11,517,243</u>	<u>1,221,235</u>	<u>1,479,631</u>	<u>2,081,463</u>	<u>1,298,939</u>	<u>1,483,339</u>	<u>-</u>	<u>2,175,797</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(63,056)</u>	<u>408,279</u>	<u>(963,297)</u>	<u>(99,520)</u>	<u>362,165</u>	<u>(831,465)</u>	<u>(71,099)</u>	<u>76,912</u>	<u>(1,263,130)</u>
Other Financing Sources:									
Transfers in		20,927	62,935						390,000
Transfers out									
Total other financing sources	<u>-</u>	<u>20,927</u>	<u>62,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>390,000</u>
Net Change in Fund Balances	(63,056)	429,206	(900,362)	(99,520)	362,165	(831,465)	(71,099)	76,912	(873,130)
Fund Balances at Beginning of Year	209,423	2,017,560	1,964,920	(45,618)	(237,837)	375,260	351,866	763,176	1,214,801
Fund Balances at End of Year	<u>\$ 146,367</u>	<u>\$ 2,446,766</u>	<u>\$ 1,064,558</u>	<u>\$ (145,138)</u>	<u>\$ 124,328</u>	<u>\$ (456,205)</u>	<u>\$ 280,767</u>	<u>\$ 840,088</u>	<u>\$ 341,671</u>

(Continued on next page)

**CITY OF BRIDGEPORT, CONNECTICUT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016**

	Special Revenue				Capital Projects	Permanent Trusts		Interfund Eliminations	Total Nonmajor Governmental Funds
	Library	Library Operations	Education	Miscellaneous Grants	Conversion Capital Projects	Library	Education		
Revenues:									
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$	\$
Interest	435		24	127	115,036	8,141	29,149	11	18,928,891
Other	290,852				17,867				41,777
Total revenues	<u>291,287</u>	<u>-</u>	<u>24</u>	<u>127</u>	<u>132,903</u>	<u>8,141</u>	<u>29,149</u>	<u>11</u>	<u>1,163,212</u>
Expenditures:									
General government					7,070				7,070
Health and social services									2,157,741
Libraries	173,813	1,015,681					53,159		1,242,653
Education			2,433					33	2,466
Special services									19,958,708
Total expenditures	<u>173,813</u>	<u>1,015,681</u>	<u>2,433</u>	<u>-</u>	<u>7,070</u>	<u>-</u>	<u>53,159</u>	<u>33</u>	<u>23,368,638</u>
Excess (Deficiency) of Revenues over Expenditures	<u>117,474</u>	<u>(1,015,681)</u>	<u>(2,409)</u>	<u>127</u>	<u>125,833</u>	<u>8,141</u>	<u>(24,010)</u>	<u>(22)</u>	<u>(3,234,758)</u>
Other Financing Sources:									
Transfers in		316,915							790,777
Transfers out					(209,530)	(4,313,024)			(4,522,554)
Total other financing sources	<u>-</u>	<u>316,915</u>	<u>-</u>	<u>-</u>	<u>(209,530)</u>	<u>(4,313,024)</u>	<u>-</u>	<u>-</u>	<u>(3,731,777)</u>
Net Change in Fund Balances	<u>117,474</u>	<u>(698,766)</u>	<u>(2,409)</u>	<u>127</u>	<u>(83,697)</u>	<u>(4,304,883)</u>	<u>(24,010)</u>	<u>(22)</u>	<u>(6,966,535)</u>
Fund Balances at Beginning of Year	<u>1,945,132</u>	<u>2,687,526</u>	<u>239,195</u>	<u>50,812</u>	<u>83,697</u>	<u>4,313,024</u>	<u>522,287</u>	<u>108,768</u>	<u>16,563,992</u>
Fund Balances at End of Year	<u>\$ 2,062,606</u>	<u>\$ 1,988,760</u>	<u>\$ 236,786</u>	<u>\$ 50,939</u>	<u>\$ -</u>	<u>\$ 8,141</u>	<u>\$ 498,277</u>	<u>\$ 108,746</u>	<u>\$ 9,597,457</u>



**Fiduciary Fund**

## FIDUCIARY FUND

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

**Agency Funds -** Agency funds are custodial in nature (assets equal liabilities). The City's one Agency Fund is listed below:

Student Activities Fund

**CITY OF BRIDGEPORT, CONNECTICUT  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

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	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
<b>Student Activities Fund</b>				
Assets:				
Cash and Cash Equivalents	\$ <u>583,397</u>	\$ <u>1,659,710</u>	\$ <u>1,617,452</u>	\$ <u>625,655</u>
Liabilities:				
Due to Student Groups	\$ <u>583,397</u>	\$ <u>1,659,710</u>	\$ <u>1,617,452</u>	\$ <u>625,655</u>

**Statistical Section**

## **Statistical Section**

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

### ***Financial Trends***

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

### ***Revenue Capacity***

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

### ***Debt Capacity***

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

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

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

### ***Operating Information***

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

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

**CITY OF BRIDGEPORT, CONNECTICUT**  
**NET POSITION BY COMPONENT**  
**LAST TEN YEARS**  
**(Accrual Basis of Accounting)**

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities:										
Net investment in capital assets	\$ 813,952,729	\$ 723,867,957	\$ 676,991,832	\$ 637,950,314	\$ 552,338,566	\$ 480,649,847	\$ 444,946,155	\$ 444,537,656	\$ 344,230,733	\$ 209,090,671
Restricted	3,068,563	3,092,595	3,119,552	5,161,248	3,161,264	3,161,236	3,161,176	3,161,212	3,161,212	3,161,212
Unrestricted	(1,061,684,357)	(1,023,449,030)	(443,964,841)	(439,224,801)	(400,754,807)	(343,798,284)	(297,902,514)	(302,776,953)	(226,824,933)	(168,193,991)
Total Governmental Activities Net Position	<u>(244,663,065)</u>	<u>(296,488,478)</u>	<u>236,146,543</u>	<u>203,886,761</u>	<u>154,745,023</u>	<u>140,012,799</u>	<u>150,204,817</u>	<u>144,921,915</u>	<u>120,567,012</u>	<u>44,057,892</u>
Business-type activities:										
Net investment in capital assets	91,021,576	86,399,421	85,819,063	83,954,414	80,642,078	75,601,133	73,751,510	74,449,447	73,809,271	71,647,808
Restricted						923,098	820,556	1,433,775	1,290,387	582,299
Unrestricted	11,482,394	12,382,135	9,186,043	8,373,469	8,865,646	6,991,988	6,079,946	4,424,261	566,363	196,996
Total Business-Type Activities Net Position	<u>102,503,970</u>	<u>98,781,556</u>	<u>95,005,106</u>	<u>92,327,883</u>	<u>89,507,724</u>	<u>83,516,219</u>	<u>80,652,012</u>	<u>80,307,483</u>	<u>75,666,021</u>	<u>72,427,103</u>
Primary Government:										
Net investment in capital assets	904,974,305	810,267,378	762,810,895	721,904,728	632,980,644	556,250,980	518,697,665	518,987,103	418,040,004	280,738,479
Restricted	3,068,563	3,092,595	3,119,552	5,161,248	3,161,264	4,084,334	3,981,732	4,594,987	4,451,599	3,743,511
Unrestricted	(1,050,201,963)	(1,011,066,895)	(434,778,798)	(430,851,332)	(391,889,161)	(336,806,296)	(291,822,568)	(298,352,692)	(226,258,570)	(167,996,995)
Total Primary Government Net Position	<u>\$ (142,159,095)</u>	<u>\$ (197,706,922)</u>	<u>\$ 331,151,649</u>	<u>\$ 296,214,644</u>	<u>\$ 244,252,747</u>	<u>\$ 223,529,018</u>	<u>\$ 230,856,829</u>	<u>\$ 225,229,398</u>	<u>\$ 196,233,033</u>	<u>\$ 116,484,995</u>

**CITY OF BRIDGEPORT, CONNECTICUT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)**

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses:										
Governmental activities:										
General government	\$ 56,810,111	\$ 49,042,611	\$ 58,489,188	\$ 50,229,529	\$ 47,585,310	\$ 72,446,991	\$ 59,866,015	\$ 91,804,266	\$ 86,823,753	\$ 40,345,741
Public safety	153,074,372	215,031,986	129,070,130	128,334,652	127,416,487	123,045,441	113,047,552	74,990,792	83,787,624	84,118,885
Public facilities, parks and recreation	41,919,358	46,823,535	44,866,708	42,355,324	40,813,295	36,878,325	35,788,530	31,183,603	23,239,850	33,603,711
Parks and recreation								5,898,866	6,024,774	6,716,385
Planning and economic development	4,117,610	4,385,793	4,000,056	3,804,545	3,630,343	3,610,102	3,441,668			
Health and social services	7,053,282	7,322,735	6,732,534	7,373,284	7,514,927	11,567,506	12,951,797	12,656,636	18,589,707	20,437,426
Education	422,865,095	395,326,952	374,610,065	358,684,463	341,738,042	343,046,242	331,514,612	319,481,793	364,900,855	316,003,326
Special services	11,369,812	15,057,650	17,238,984	21,196,639	16,736,988	20,432,503	26,640,656	19,319,483	30,381,114	41,536,847
Interest on long-term debt	31,583,840	38,508,401	33,248,783	36,008,703	41,869,525	41,407,157	38,620,545	46,224,302	40,053,878	40,704,065
Total governmental activities expenses	728,793,480	771,499,663	668,256,448	647,987,139	627,304,917	652,434,267	621,871,375	601,559,741	653,801,555	583,466,386
Business-type activities:										
Water Pollution Control Authority	37,237,285	35,943,716	35,625,341	28,399,775	26,387,727	26,011,481	27,836,743	24,894,883	25,457,947	23,879,708
Total primary government expenses	766,030,765	807,443,379	703,881,789	676,386,914	653,692,644	678,445,748	649,708,118	626,454,624	679,259,502	607,346,094
Program revenue:										
Governmental activities:										
Charges for services:										
General government	6,691,253	3,930,371	4,296,733	3,766,901	3,632,801	5,681,830	3,728,748	3,330,184	8,914,116	11,067,469
Public safety	6,933,320	5,604,016	6,418,090	6,077,391	6,263,832	6,217,889	5,281,305	7,713,796	9,856,899	4,905,692
Public facilities, parks and recreation	4,281,323	4,267,986	3,882,782	4,217,714	4,008,679	5,225,479	4,350,689	2,792,042	2,985,124	10,182,342
Parks and recreation								2,514,238	2,318,393	1,518,799
Planning and economic development	4,607,067	5,974,668	4,386,547	2,904,860	4,102,402	2,292,655	2,749,419			
Health and social services	772,288	750,404	1,125,770	2,013,222	865,318	1,502,929	924,169	570,541	817,350	1,991,980
Education	668,925	787,178	735,122	704,164	702,587	756,596	817,448	900,591	1,018,406	1,276,551
Special services	(152,931)	(1,135,968)	549,529	1,468,921		832,216				1,061,769
Operating grants and contributions:										
General government	440,327	420,791	196,264	704,873	425,724	975,269	773,282	3,152	11,467	
Public safety	189,018	43,870	58,274	64,006	77,404	530,148	4,148,209			5,698,748
Public facilities	5,966,045	11,990,437	11,210,773	1,619,514	4,279,642	1,560,017	738,415	816,659	1,528,445	
Parks and recreation										
Planning and economic development	6,046,274	8,558,403	11,141,789	12,587,947	12,320,951	7,291,614	20,985,448			
Health and social services	2,139,543	2,217,947	4,920,034	3,892,593	5,916,291	8,662,148	9,402,270	11,890,493	14,951,983	
Education	326,052,764	310,324,708	299,181,796	276,324,293	257,452,149	265,667,950	255,015,046	251,852,265	309,252,770	215,343,447
Special services	11,708,441	8,573,446	3,813,519	8,993,807	3,880,602	6,890,585	1,627,623	25,798,114	25,282,869	41,522,707
Interest on long-term debt	907,552	1,289,418	1,356,816	1,526,001	1,570,900	1,703,694	798,503	1,350,146		
Capital grants and contributions:										
General government	18,100						849,366			
Education	74,399,240	37,877,509	29,876,935	60,215,806	35,750,724	26,475,637	24,941,420	35,296,564	87,193,304	64,067,911
Public facilities	1,133,287	1,756,685	3,522,581	1,205,943	1,188,554	324,725			8,343,237	16,809,428
Public safety										2,500,000
Special services	66,670	7,799	251,000	310,000						
Total governmental activities program revenue	452,868,506	403,239,668	386,924,354	388,597,956	342,438,560	342,591,381	337,131,360	344,828,785	472,474,363	377,946,843

(Continued on next page)

**CITY OF BRIDGEPORT, CONNECTICUT  
CHANGES IN NET POSITION (CONTINUED)  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)**

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Business-type activities:										
Charges for services:										
Water Pollution Control Authority	\$ 36,596,546	\$ 37,891,428	\$ 36,038,499	\$ 28,159,305	\$ 28,083,135	\$ 28,076,908	\$ 26,813,200	\$ 28,099,203	\$ 27,538,494	\$ 24,437,184
Capital grants and contributions:										
Water Pollution Control Authority	4,353,922	1,821,809	2,256,871	3,052,731	4,284,004	775,944	1,342,985	1,404,430	1,158,371	1,156,324
Total business-type activities program revenues	40,950,468	39,713,237	38,295,370	31,212,036	32,367,139	28,852,852	28,156,185	29,503,633	28,696,865	25,593,508
Total primary government program revenues	493,818,974	442,952,905	425,219,724	419,809,992	374,805,699	371,444,233	365,287,545	374,332,418	501,171,228	403,540,351
Net (expense) revenue:										
Governmental activities	(275,924,974)	(368,259,995)	(281,332,094)	(259,389,183)	(284,866,357)	(309,842,886)	(284,740,015)	(256,730,956)	(181,327,192)	(205,519,543)
Business-type activities	3,713,183	3,769,521	2,670,029	2,812,261	5,979,412	2,841,371	319,442	4,608,750	3,238,918	1,713,800
Total primary government net expense	(272,211,791)	(364,490,474)	(278,662,065)	(256,576,922)	(278,886,945)	(307,001,515)	(284,420,573)	(252,122,206)	(178,088,274)	(203,805,743)
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes	300,053,001	303,836,495	296,275,535	284,379,599	278,055,567	277,621,119	267,026,434	247,817,417	220,435,186	226,471,874
Grants and contributions not restricted to specific programs	25,146,880	20,206,133	22,591,287	23,820,702	21,237,067	21,546,933	22,625,844	32,403,834	32,440,856	35,588,659
Unrestricted investment earnings	279,984	251,486	259,308	307,620	305,947	468,605	370,639	864,608	4,115,785	8,197,907
Miscellaneous	2,270,522			23,000						
Transfers						14,211				
Total governmental activities	327,750,387	324,294,114	319,126,130	308,530,921	299,598,581	299,650,868	290,022,917	281,085,859	256,991,827	270,258,440
Business-type activities:										
Investment earnings	9,231	6,929	7,194	7,898	12,093	22,836	25,087	32,712		
Total primary government	327,759,618	324,301,043	319,133,324	308,538,819	299,610,674	299,673,704	290,048,004	281,118,571	256,991,827	270,258,440
Changes in Net Position:										
Governmental activities	51,825,413	(43,965,881)	37,794,036	49,141,738	14,732,224	(10,192,018)	5,282,902	24,354,903	75,664,635	64,738,897
Business-type activities	3,722,414	3,776,450	2,677,223	2,820,159	5,991,505	2,864,207	344,529	4,641,462	3,238,918	1,713,800
Total Primary Government	\$ 55,547,827	\$ (40,189,431)	\$ 40,471,259	\$ 51,961,897	\$ 20,723,729	\$ (7,327,811)	\$ 5,627,431	\$ 28,996,365	\$ 78,903,553	\$ 66,452,697



**CITY OF BRIDGEPORT, CONNECTICUT**  
**PROGRAM REVENUES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**(Accrual Basis of Accounting)**

Function/Program	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities:										
General government	\$ 7,149,680	\$ 4,351,162	\$ 4,492,997	\$ 4,471,774	\$ 4,058,525	\$ 6,657,099	\$ 5,351,396	\$ 3,333,336	\$ 8,925,583	\$ 11,067,469
Public safety	7,122,338	5,647,886	6,476,364	6,141,397	6,341,236	6,748,037	9,429,514	7,713,796	9,856,899	13,104,440
Public facilities	11,380,655	18,015,108	18,616,136	7,043,171	9,476,875	7,110,221	5,089,104	3,608,701	12,856,806	26,991,770
Parks and recreation							2,514,238	2,318,393		1,518,799
Planning and economic development	10,653,341	14,533,071	15,528,336	15,492,807	16,423,353	9,584,269	23,734,867			
Health and social services	2,911,831	2,968,351	6,045,804	5,905,815	6,781,609	10,165,077	10,326,439	12,461,034	15,769,333	1,991,980
Education	401,120,929	348,989,395	329,793,853	337,244,263	293,905,460	292,900,183	280,773,914	288,049,420	397,464,480	280,687,909
Special services	11,622,180	7,445,277	4,614,048	10,772,728	3,880,602	7,722,801	1,627,623	25,798,114	25,282,869	42,584,476
Interest on long-term debt	907,552	1,289,418	1,356,816	1,526,001	1,570,900	1,703,694	798,503	1,350,146		
Total governmental activities	<u>452,868,506</u>	<u>403,239,668</u>	<u>386,924,354</u>	<u>388,597,956</u>	<u>342,438,560</u>	<u>342,591,381</u>	<u>337,131,360</u>	<u>344,828,785</u>	<u>472,474,363</u>	<u>377,946,843</u>
Business-type activities:										
Water Pollution Control Authority	40,950,468	39,713,237	38,295,370	31,212,036	32,367,139	28,852,852	28,156,185	29,503,633	28,696,865	25,593,508
Total Government	<u>\$ 493,818,974</u>	<u>\$ 442,952,905</u>	<u>\$ 425,219,724</u>	<u>\$ 419,809,992</u>	<u>\$ 374,805,699</u>	<u>\$ 371,444,233</u>	<u>\$ 365,287,545</u>	<u>\$ 374,332,418</u>	<u>\$ 501,171,228</u>	<u>\$ 403,540,351</u>

TABLE 4

**CITY OF BRIDGEPORT, CONNECTICUT  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR									
	2016	2014	2013	2012	2011	2010	2009	2008	2007	
General Fund:										
Reserved	\$	\$	\$	\$	\$	\$ 30,876	\$	\$	\$	\$
Unreserved						15,611,351	10,752,753	10,605,102	29,241,106	
Nonspendable	350,000	350,000	350,000	350,000	350,000					
Assigned				3,222,700	5,222,700					
Unassigned	14,269,142	13,045,816	12,574,082	9,147,814	10,987,910					
Total General Fund	<u>\$ 14,619,142</u>	<u>\$ 13,395,816</u>	<u>\$ 12,924,082</u>	<u>\$ 12,720,514</u>	<u>\$ 16,560,610</u>	<u>\$ 15,642,227</u>	<u>\$ 10,752,753</u>	<u>\$ 10,605,102</u>	<u>\$ 29,241,106</u>	
All Other Governmental Funds:										
Reserved	\$	\$	\$	\$	\$	\$ 10,068,125	\$ 5,068,118	\$ 114,188,749	\$ 101,323,449	
Unreserved, reported in:										
Special revenue funds						(5,968,762)	(1,854,831)	(14,537,239)	(8,379,055)	
Capital projects funds						53,320,116	29,831,588	(12,518,325)	14,104,079	
Permanent fund						59,770	47,182	35,573	3,126	
Restricted	5,902,507	4,864,914	4,592,021	1,910,141	1,398,998					
Committed	73,656,280	38,990,756	67,334,090	97,217,290	60,355,682					
Unassigned	(1,204,998)	(29,861)	(1,132,864)	(2,933,603)	(4,216,210)					
Total All Other Governmental Funds	<u>\$ 78,353,789</u>	<u>\$ 43,825,809</u>	<u>\$ 70,793,247</u>	<u>\$ 96,193,828</u>	<u>\$ 57,538,470</u>	<u>\$ 57,479,249</u>	<u>\$ 33,092,057</u>	<u>\$ 87,168,758</u>	<u>\$ 107,051,599</u>	

Note: The City implemented GASB Statement No. 54 in fiscal year 2011. Fund Balances prior to fiscal year 2011 were not restated to conform with GASB Statement No. 54 requirements

TABLE 5

**CITY OF BRIDGEPORT, CONNECTICUT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR									
	2015	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Revenues:</b>										
Property taxes	\$ 299,380,641	\$ 297,658,389	\$ 290,690,776	\$ 285,962,925	\$ 274,118,745	\$ 272,206,146	\$ 268,637,066	\$ 248,743,175	\$ 227,028,207	\$ 228,593,633
Intergovernmental	447,358,336	401,772,314	387,013,540	391,193,349	346,936,724	340,359,992	340,863,435	355,431,137	475,240,256	383,345,871
Fees, permits and licenses	22,139,661	19,169,677	17,937,764	15,953,121	16,664,394	15,355,420	15,454,092	16,100,329	19,942,980	20,844,855
Interest	279,985	251,486	259,308	307,039	305,673	467,604	370,639	864,608	4,115,785	8,184,000
Other	12,609,215	4,231,035	6,248,652	7,046,473	4,347,520	9,412,146	5,023,480	7,183,515	11,122,689	12,340,020
Total revenues	<u>781,767,838</u>	<u>723,082,901</u>	<u>702,150,040</u>	<u>700,462,907</u>	<u>642,373,056</u>	<u>637,801,308</u>	<u>630,348,712</u>	<u>628,322,764</u>	<u>737,449,917</u>	<u>653,308,379</u>
<b>Expenditures:</b>										
Governmental and community services:										
General government	36,079,269	35,060,037	39,060,527	39,691,634	39,935,817	38,663,676	39,461,942	84,165,283	77,150,939	78,130,009
Public safety	135,416,264	119,804,154	119,804,154	121,687,093	115,629,783	107,582,600	99,874,176	65,494,093	72,907,644	63,938,653
Public facilities	35,862,313	37,473,983	37,473,983	36,166,380	34,490,427	33,119,337	32,932,515	26,706,098	27,997,221	26,303,916
Parks and recreation								5,368,932	5,675,667	5,969,788
Planning and economic development	4,228,157	4,000,056	4,000,056	3,804,545	3,630,343	3,610,102	3,441,668			
Health and social services	7,319,991	6,847,381	6,847,381	6,962,930	6,536,848	11,501,774	12,954,954	13,378,869	18,483,802	18,206,936
Charities and hospitals								123,835	184,968	
Libraries	7,485,850	6,576,900	6,576,900	6,166,881	6,034,045	5,392,768	4,660,185			
Education	388,183,531	353,994,653	353,994,653	332,092,576	312,976,935	317,360,583	306,601,910	302,812,667	357,577,107	279,762,589
Special services	21,568,961	20,274,199	20,274,199	20,237,367	17,368,994	21,096,024	27,006,901	27,925,851	30,945,946	40,966,303
Debt service:										
Principal retirements	38,679,933	38,143,098	38,143,098	27,717,065	31,183,000	31,641,000	32,375,000	30,961,925	26,232,000	23,579,000
Interest and other charges	34,878,001	35,880,297	35,880,297	38,484,830	39,791,002	41,269,592	40,933,701	41,594,667	41,521,922	41,852,539
Capital outlay	95,861,461	66,802,507	66,802,507	93,042,777	74,551,555	45,222,964	41,669,094	83,719,594	118,136,031	114,737,164
Total expenditures	<u>805,563,731</u>	<u>724,857,265</u>	<u>728,857,755</u>	<u>726,054,078</u>	<u>682,128,749</u>	<u>656,460,420</u>	<u>641,912,046</u>	<u>682,251,814</u>	<u>776,813,247</u>	<u>693,446,897</u>
Excess of revenues over (under) expenditures	<u>(23,795,893)</u>	<u>(1,774,364)</u>	<u>(26,707,715)</u>	<u>(25,591,171)</u>	<u>(39,755,693)</u>	<u>(18,659,112)</u>	<u>(11,563,334)</u>	<u>(53,929,050)</u>	<u>(39,363,330)</u>	<u>(40,138,518)</u>
<b>Other financing sources (uses):</b>										
Transfers in	4,313,331	3,410,284	3,410,284	500,000	500,000	500,000	205,649,402	224,867,074	219,222,813	212,264,417
Transfers out	(5,813,331)	(3,410,284)	(3,410,284)	(500,000)	(500,000)	(500,000)	(205,649,402)	(224,867,074)	(219,222,813)	(212,264,417)
Bonds issued	23,195,000				67,930,000	19,440,000	40,840,000			47,890,000
Bond refunding issue	59,640,000	14,290,000	14,290,000	55,225,000						
Premium on long-term debt	12,337,545	1,150,189	1,150,189	4,874,093	6,641,055					482,104
Payments to escrow agent	(69,559,903)	(15,228,178)	(15,228,178)	(59,704,935)						
Total other financing sources (uses)	<u>24,112,642</u>	<u>212,011</u>	<u>212,011</u>	<u>394,158</u>	<u>74,571,055</u>	<u>19,440,000</u>	<u>40,840,000</u>	<u>-</u>	<u>-</u>	<u>48,372,104</u>
Net Changes in Fund Balance	<u>\$ 316,749</u>	<u>\$ (1,562,353)</u>	<u>\$ (26,495,704)</u>	<u>\$ (25,197,013)</u>	<u>\$ 34,815,362</u>	<u>\$ 780,888</u>	<u>\$ 29,276,666</u>	<u>\$ (53,929,050)</u>	<u>\$ (39,363,330)</u>	<u>\$ 8,233,586</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>10.5%</u>	<u>11.2%</u>	<u>11.2%</u>	<u>10.5%</u>	<u>11.7%</u>	<u>12.0%</u>	<u>12.4%</u>	<u>12.3%</u>	<u>10.5%</u>	<u>11.5%</u>

**CITY OF BRIDGEPORT CONNECTICUT  
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)  
(Unaudited)**

TABLE 6

<b>Fiscal Year</b>	<b>Real Estate</b>	<b>Personal Property</b>	<b>Motor Vehicle</b>	<b>Total</b>
2007	\$ 183,690,496	\$ 22,352,699	\$ 15,270,656	\$ 221,313,851
2008	183,892,848	27,243,385	15,891,974	227,028,207
2009	230,926,963	24,496,725	14,343,553	269,767,241
2010	224,429,907	31,097,659	15,181,089	270,708,655
2011	235,380,246	31,814,553	14,853,112	282,047,911
2012	231,147,846	31,242,492	17,044,538	279,434,876
2013	237,452,454	28,608,729	20,026,111	286,087,294
2014	247,634,510	29,273,456	20,620,272	297,528,238
2015	249,909,726	30,117,975	21,608,636	301,636,337
2016	251,167,365	31,015,137	22,335,890	304,518,362
Change 2007-2016	<u>36.73%</u>	<u>38.75%</u>	<u>46.27%</u>	<u>37.60%</u>

**Source:** City of Bridgeport records. Allocation by Grand List percentage composition.

**CITY OF BRIDGEPORT, CONNECTICUT  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS**

(In Thousands)

(Unaudited)

TABLE 7

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Miscellaneous Land</u>	<u>Personal Property</u>	<u>Motor Vehicle</u>	<u>Total Taxable Assessed Value</u>	<u>Percent Growth</u>	<u>Total Direct Tax Rate</u>	<u>Actual Taxable Value</u>	<u>Value as a Percentage of Actual Value</u>
2007	\$ 3,199,609	\$ 998,510	\$ 188,631	\$ 41,104	\$ 588,791	\$ 372,428	\$ 5,389,073	1.65%	42.28	\$ 7,698,676	70.00%
2008	3,258,061	1,026,195	171,007	35,280	718,127	397,042	5,605,712	4.02%	41.28	8,008,160	70.00%
2009	4,087,787	1,256,373	291,075	79,212	703,831	379,451	6,797,729	21.30%	38.74	9,711,041	70.00%
2010	4,084,631	922,699	578,540	75,833	784,502	382,974	6,829,179	0.4%	39.64	9,755,970	70.00%
2011	4,159,228	877,194	421,714	84,023	804,932	396,467	7,022,705	0.2%	39.64	10,159,571	70.00%
2012	4,089,937	1,192,378	564,301	119,384	636,574	412,029	7,014,603	0.0%	41.11	10,020,861	70.00%
2013	4,082,205	1,225,399	587,398	125,387	698,880	419,227	7,138,496	0.2%	41.86	10,197,851	70.00%
2014	4,085,344	1,197,586	552,296	124,698	714,071	430,836	7,104,831	0.0%	42.20	10,149,759	70.00%
2015	4,085,727	1,220,504	552,923	129,092	734,447	442,829	7,165,522	0.0%	42.20	10,236,460	70.00%
2016	3,105,335	1,166,716	441,566	122,995	822,259	460,091	6,118,962	(-) 14.6 %	54.37	8,741,375	70.00%

Source: City of Bridgeport Tax Assessor's Office

**CITY OF BRIDGEPORT, CONNECTICUT  
PRINCIPAL PROPERTY TAXPAYERS  
FY 2016 and 2007  
(Unaudited)**

TABLE 8

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
United Illuminating Co. Inc.	\$ 282,486,109	10	32.48%	\$ 54,812,359	4	9.35%
CRRA/US Bank NAT Assoc James E. Mogavero (Wheelabrator real property)	153,984,140	9	17.71%	140,046,244		23.89%
Bridgeport Energy LLC	151,672,179	8	17.44%	54,564,491	5	9.31%
Connecticut Light & Power	51,656,540	7	5.94%			
PSEG Power Connecticut LLC*	50,758,134	6	5.84%	83,752,150	1	14.29%
People's United Bank	48,900,843	5	5.62%	62,199,063	3	10.61%
Southern CT Gas Co.-Energy EA	42,048,692	4	4.83%			
Dominion Bpt Fuel Cell LLC	39,069,813	3	4.49%	32,196,075	6	5.49%
Watermark 3030 Park LLC* (conveyed to NHI-Reit of Axel LLC on 6/7/2016)	24,065,731	2	2.77%			
Aquarian Water Co. of CT*	25,078,447	1	2.88%	23,302,683	8	3.98%
Success Village Apts Inc.	21,719,430			14,641,200	10	2.50%
Bridgeport Lafayette 2005 LLC	12,542,009			15,400,000	9	2.63%
Wheelabrator BPT LP (personal property)	3,126,182			24,585,924	7	4.19%
Cingular Wireless LLC (now declares to State - City gets PILOT from CT State)				80,663,062	2	13.76%
<b>TOTAL</b>	<u>869,720,628</u>		<u>100.00%</u>	<u>\$ 586,163,251</u>		<u>100.00%</u>

\* Note: Name change occurred during period.

Source: City of Bridgeport - Assessor's Office

**CITY OF BRIDGEPORT, CONNECTICUT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Unaudited)**

TABLE 9

Fiscal Year Ended June 30:	Grand List Year	Taxes Levied for the Tax Year	Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 2005	\$ 224,126,241	\$ 215,656,891	96.22%	\$ 4,489,860	\$ 215,656,891	96.22%
2008	2006	222,282,166	215,712,695	97.04%	385,291	215,712,695	97.04%
2009	2007	250,083,276	243,126,091	97.22%	1,634,940	243,126,091	97.22%
2010	2008	267,703,716	260,055,196	97.14%	2,599,244	262,654,440	98.11%
2011	2009	273,823,500	267,033,575	97.52%	1,969,582	269,003,157	98.23%
2012	2010	275,342,274	267,783,020	97.25%	2,463,132	270,246,152	98.15%
2013	2011	286,087,294	278,613,368	97.39%	2,826,411	281,439,779	98.38%
2014	2012	293,618,038	284,699,957	96.96%	4,559,726	289,259,683	98.52%
2015	2013	296,309,866	291,238,982	98.29%	2,686,607	293,925,589	99.20%
2016	2014	298,378,831	293,406,881	98.33%	1,810,121	295,217,001	98.94%

Source: City of Bridgeport - Tax Collector's Office

**CITY OF BRIDGEPORT, CONNECTICUT  
RATIO OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

TABLE 10

(In Thousands)

(Unaudited)

Fiscal Year	Governmental Activities			Percentage of Actual Property Value	Debt Per Capita	Business-Type Activities			Total Primary Government	Percentage of Per Capita Income	Per Capita
	General Obligation Bonds	Less Amount Available in Debt Services	Net General Bonded Debt			Loan Payable	General Obligation Bonds	Revenue Bonds			
2007	\$ 772,389	\$ -	\$ 772,389	10.01%	\$ 5,536	\$ 49,552	\$ 490	\$ -	\$ 822,431	29.03%	\$ 5,894
2008	684,228	-	684,228	8.54%	4,904	51,713	490	-	736,431	26.00%	5,278
2009	654,200	-	654,200	6.74%	4,689	49,486	450	-	704,136	24.86%	5,046
2010	669,140	-	669,140	6.86%	4,796	44,509	2,255	-	715,904	29.23%	5,131
2011	651,890	-	651,890	6.42%	4,520	43,621	2,152	-	697,663	29.66%	4,837
2012	689,265	-	689,265	6.80%	4,779	42,812	4,008	-	736,085	27.00%	5,104
2013	654,330	-	654,330	6.38%	4,493	44,866	3,874	-	703,070	24.00%	4,828
2014	636,625	-	636,625	6.08%	4,315	40,025	3,679	-	680,329	23.12%	4,618
2015	673,343	-	673,343	6.34%	4,399	38,276	3,595	-	715,214	23.26%	4,683
2016	662,157	-	662,157	7.57%	3,153	37,347	3,268	-	702,772	23.20%	4,873

Source: City of Bridgeport Treasurer's Office



**CITY OF BRIDGEPORT, CONNECTICUT**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING BY TYPE**  
**LAST TEN FISCAL YEARS**  
(In Thousands)  
(Unaudited)

TABLE 11

Fiscal Year	Governmental Activities		Percentage of Actual Property Value	Debt Per Capita	Business-Type Activities		Percentage of Per Capita Income	Per Capita
	General Obligation Bonds	Net General Bonded Debt			General Obligation Bonds	Total Primary Government		
2007	772,389	772,389	10.01%	5,536	490	772,879	27.28%	5,894
2008	684,228	684,228	8.54%	4,904	490	684,718	24.17%	5,278
2009	654,200	654,200	6.74%	4,689	450	654,650	23.11%	5,046
2010	669,140	669,140	6.86%	4,796	2,255	671,395	23.70%	5,131
2011	651,890	651,890	6.42%	4,520	2,152	654,042	24.22%	4,837
2012	689,265	689,265	6.80%	4,779	4,008	693,273	25.68%	5,104
2013	654,330	654,330	6.38%	4,493	3,874	658,204	24.38%	4,828
2014	636,625	636,625	6.08%	4,315	3,806	640,431	21.86%	4,618
2015	673,343	673,343	6.34%	4,399	3,595	676,938	21.97%	4,423
2016	662,157	662,157	10.3%	4,397	3,268	665,425	21.97%	4,614

Source: City of Bridgeport Treasurer's Office

**CITY OF BRIDGEPORT, CONNECTICUT  
DIRECT GOVERNMENTAL ACTIVITIES DEBT  
FOR THE YEAR ENDED JUNE 30, 2016  
(Unaudited)**

TABLE 12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>
General obligation debt	\$ 662,157,056
Less school construction grants receivable - principal portion only	<u>(3,473,695)</u>
Total Direct Debt	<u>\$ 658,683,361</u>

Source: City records.

Note 1: The City is not subject to the debt of overlapping governments.

Note 2: School construction grants are receivable in substantially equal installments over the life of outstanding school bonds, obtained from the Office of Policy and Management, State of Connecticut.

Source: City of Bridgeport Treasurer's Office

**CITY OF BRIDGEPORT, CONNECTICUT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(In Thousands)  
(Unaudited)**

TABLE 13

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt limit	\$ 1,575,702	\$ 1,595,640	\$ 1,741,261	\$ 1,741,508	\$ 1,909,786,970	\$ 1,918,225,547	\$ 1,975,977,163	\$ 2,050,851,474	\$ 2,084,815,992	\$ 2,091,301,023
Total net debt applicable to limit	<u>934,990</u>	<u>957,601</u>	<u>925,639</u>	<u>959,344</u>	<u>717,375,754</u>	<u>755,691,238</u>	<u>870,367,160</u>	<u>689,996,320</u>	<u>761,541,459</u>	<u>934,134,313</u>
Legal debt margin	\$ <u>640,712</u>	\$ <u>638,039</u>	\$ <u>815,622</u>	\$ <u>782,164</u>	\$ <u>1,192,411,216</u>	\$ <u>1,162,534,309</u>	\$ <u>1,105,610,003</u>	\$ <u>1,360,855,154</u>	\$ <u>1,323,274,533</u>	\$ <u>1,157,166,710</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>62.43%</u>	<u>59.34%</u>	<u>60.01%</u>	<u>55.09%</u>	<u>37.56%</u>	<u>39.40%</u>	<u>44.05%</u>	<u>33.64%</u>	<u>36.53%</u>	<u>44.67%</u>

**CITY OF BRIDGEPORT, CONNECTICUT  
COMPUTATION OF LEGAL DEBT LIMITATION  
JUNE 30, 2016**

TABLE 14

Total tax collections (including interest and lien fees) for the year ended June 30, 2016					\$	297,965,280
Reimbursement for revenue loss:						
Tax relief for the elderly						<u>792,009</u>
Base					\$	<u>298,757,289</u>
Debt Limit						<u>2,091,301,023</u>
						<b>Unfunded Past Benefit Obligation</b>
	<b>General Purpose</b>	<b>Schools</b>	<b>Sewer</b>	<b>Urban Renewal</b>		
Debt Limitation						
2-1/4 times base	\$ 672,203,900	\$	\$	\$	\$	
4-1/2 times base		1,344,407,801				
3-3/4 times base			1,120,339,834			
3-1/4 times base				970,961,189		
3 times base						896,271,867
Total debt limitation	<u>672,203,900</u>	<u>1,344,407,801</u>	<u>1,120,339,834</u>	<u>970,961,189</u>		<u>896,271,867</u>
Debt as Defined by Statute:						
Bonds and Notes Payable	247,376,738	123,570,462	40,615,650	1,583,000		254,840,000
Tax Anticipation Notes	15,000,000					
Bonds authorized but unissued <sup>1</sup>	29,064,596	75,937,109				
Less: school construction grants		(3,473,695)				
Total indebtedness	<u>291,441,334</u>	<u>196,033,876</u>	<u>40,615,650</u>	<u>1,583,000</u>		<u>254,840,000</u>
Debt Limitation in Excess of Indebtedness	<u>\$ 380,762,566</u>	<u>\$ 1,148,373,925</u>	<u>\$ 1,079,724,184</u>	<u>\$ 969,378,189</u>	<u>\$</u>	<u>\$ 641,431,867</u>

1. Includes all bonds currently authorized

**CITY OF BRIDGEPORT, CONNECTICUT**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

**TABLE 15**

<b>Calendar Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment(*) Rate</b>
2007	139,529	\$ 54,313	\$ 20,302	31.4	21,312	6.6%
2008	139,529	54,313	20,302	31.4	20,677	8.6%
2009	139,529	54,313	20,302	31.4	20,235	10.7%
2010	139,529	54,313	20,302	31.4	20,407	12.9%
2011	144,229	48,088	18,721	32.1	19,993	13.98%
2012	144,229	48,088	18,721	32.1	20,338	12.57%
2013	144,229	48,088	18,721	32.1	20,320	12.37%
2014	144,229	48,088	19,854	32.1	21,180	10.1%
2015	144,229	48,088	20,132	32.1	20,918	8.5%
2016	144,229	48,088	21,002	32.1	21,127	8.4%

**CITY OF BRIDGEPORT, CONNECTICUT  
PRINCIPAL EMPLOYERS  
2016 AND 2007  
(Unaudited)**

TABLE 16

Employer	2016		2007	
	Employees	Rank	Employees	Rank
St. Vincent's Medical Center	3,238	1	2,200	3
Bridgeport Hospital, Inc.	2,005	2	2,700	1
People's United Bank	1,244	3	2,400	2
University of Bridgeport	810 (419 FT/391 PT)	4	537*	6
Prime Line Resources	569 (409 FT Reg./160 FT Temp.)	5	406	7
Bridgeport Health Care Center	525	6	1,100	4
Sikorsky Aircraft	501 (3 Shifts)	7	600	5
Lacey Manufacturing Company	329 (238 FT Reg./91 FT Temp.)	8	350	8
Watermark	243 (102 FT/141 PT)	9	300*	9
Housatonic Community College	214 (201 FT/13 FT Grant Funded)	10	184	10

\*=2008 Data

**Note:** Rankings are based on Full Time Employees Only

**Sources:** City of Bridgeport - Bridgeport CitiStat Office

CITY OF BRIDGEPORT, CONNECTICUT  
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS  
 (Unaudited)

TABLE 17

Function/Program	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government:										
Office of the Mayor	9	9	9	9	8	8	8	9	9	8
Central Grants Office	8	5	5	5	6	6	6	6	6	6
Comptroller's Office	11	11	11	11	14.5	14.5	14.5	15	15	15
Finance Department	6	4.5	4	4	4	4	4	4	5	4
In-Plant Printing	6.5	6.5	6.5	7.5	7.5	7.5	7.5	7.5	7.5	7
Purchasing	6	6	6	5	6	6	6	7	8	8
Tax Collector	14	14	14	16	18	18	18	18	19	18
Tax Assessor	11	11	11	11	13	13	13	14	15	15
Treasurer's Office	2.5	2.5	2.5	3.5	2	2	2	2	3	3
Registrar of Voters / Elections	5	5	5	5	5	5	5	6	6	6
City Clerk	6	6	5	6	5	6	6	6	6	6
City Attorney	21	20	20	18	21	21	21	21	22	21
Archives and Records	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	1	1
Civil Service	6	7	7	7	9	9	8	8	9	8
Grants Personnel / Benefits Administration	12	13.5	14	14	11	11	9	7	7	7
Labor Relations	6	6	6	6	6	6	6	6	7	8
Town Clerk	7	7	7	7	7	7	7	8	8	8
Legislative Department	0		-		2	1	2	2	2	2
Office of Policy and Management	6.5	6.5	6.5	6.5	6.5	6.5	5.5	5.5	5.5	5.5
Chief Administrative Office / Citistat	8	8	8	8	7	7	7	8	3	3
Information Technology Services	14	15	15	15	16	15	15	19	21	20
Minority Business Resource Ctr	3	3	3	3	2	2	2	-	-	-
Public Safety:										
Police Department / Animal Shelter	492	491	471	471	479	473	486	532	538	554
Fire Department	296	296	277	281	295	299	310	329	330	326
Weights and Measures	2	2	2	2	2	2	2	2	2	2
Emergency Operations Center	57	57	57	57	59	60	60	48	42	43
Public Facilities:										
Public Facilities Administration	18	17.5	16	16	15.5	15.5	15.5	17	15	15
Municipal Garage	10	10	10	10	10	10	10	10	10	10
Facilities Maintenance	32	33	33	31	31	31	31	37	34	34
Roadway Maintenance	37	37	37	44	45	45	45	43	43	43
Sanitation / Recycling	29	29	29	29	34	34	34	36	36	36
Transfer Station	1	1	1	1	1	1	1	1	1	1
Parks and Recreation:										
Recreation	3	3	3	3	3	3	3	3	3	3
Department on Aging	7	7	7	7	6	6	6	6	6	6
Parks & Rec Administration	5	5	5	4	4	4	4	5	6	6
Parks Maintenance	14	14	14	15	16	17	17	17	23	23
Beardsley Zoological Gardens	12	12	12	12	13	13	13	13	13	13
Fairchild Wheeler G.C.	2	2	2	2	3	3	3	3	3	2

CITY OF BRIDGEPORT, CONNECTICUT  
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM (CONTINUED)  
 LAST TEN FISCAL YEARS  
 (Unaudited)

TABLE 17

Function/Program	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Transportation:										
Sikorsky Airport	13	13	13	13	14	14	14	15	15	15
City Engineer	6	5.25	6	5	6	6	6	5	6	6
Harbor Master	-	-	-	1	1	1	1	1	1	1
Planning & Development:										
Planning & Economic Development	21.5	20.5	20.5	20.5	19.5	18.5	20	22	18	16
Building Department	13	12.25	12	11	13	13	13	14	14	10
Zoning Board of Appeals	1	1	1	1	1	1	1	1	1	1
Zoning Commission	6	6	6	6	6	5	4	7	7	6
Health & Social Services:										
Health Administrative	6	4.5	3	2	2	2	2	3	3	3
Dental Hygiene	0		-	-	-	-	-	7	7	7
Vital Statistics	4.5	4.5	5	5	5	5	5	5	4	4
Communicable Diseases	5	5	5.2	5.2	5	5	5	4	5	4
Environmental Health	8	8	8	8	8	7	7	7	7	7
Housing Code	6	6	6	6	5	5	1	3	3	3
Lead Program	2	2	2	2	-	-	-	-	-	-
Public Health Nursing Clinics	-	-	-	-	-	-	-	-	37	37
School Based Health Centers	2	-	-	-	-	-	-	1	6	6
Social Services	-	-	-	-	-	-	-	19	26	26
Social Services	2	1.25	1.8	1.8	1	2	2	2	2	2
Human Services:										
Human Services Administration	2	2	2	2	2	2	2	2	2	2
Persons with Disabilities	1	1	1	1	0.5	-	-	1	1	1
Veterans Affairs	2	2	2	2	2	1	1	1	1	1
Lighthouse / Youth Services	6	6	6	6	4	4	4	4	4	4
Parent Aide Program	-	-	-	-	-	-	-	1	1	-
Libraries	53	53	54	53	53	52	52	60	69	69
<b>Total</b>	<b>1,341</b>	<b>1,346</b>	<b>1,297</b>	<b>1,305</b>	<b>1,342</b>	<b>1,336</b>	<b>1,354</b>	<b>1,467</b>	<b>1,530</b>	<b>1,528</b>



**CITY OF BRIDGEPORT, CONNECTICUT  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
(Unaudited)**

TABLE 18

Function/Program	FISCAL YEAR									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Police:</b>										
Calls for service	120,655	116,640	111,765	109,523	109,919	114,115	114,780	112,740	111,331	122,713
Adult arrest	7,751	6,505	5,317	4,397	4,237	4,230	6,422	3,771	3,047	2,964
Juvenile arrest	1,406	1,081	1,013	740	553	574	800	590	413	432
<b>Fire:</b>										
Total fire runs	10,064	9,239	12,318	8,720	10,180	12,648	9,394	9,262	10,130	5,781
Total rescue runs	831	868	3,366	3,573	3,166	4,838	8,810	5,660	8,650	4,167
Property loss	\$ 5,936,590	\$ 3,302,875	\$ 3,724,050	\$ 4,506,600	\$ 3,415,473	\$ 7,418,300	\$ 3,649,017	\$ 3,541,176	\$ 3,171,020	\$ 2,537,913
<b>Building safety:</b>										
Total building permits	2,386	2,454	2,683	2,522	2,425	N/A	3,127	2,939	3,199	3,461
Total value all permits	\$ 195,631,366	\$ 131,211,499	\$ 173,761,110	\$ 80,959,003	\$ 48,862,472	N/A	\$ 91,501,839	\$ 172,883,186	\$ 252,650,376	\$ 316,366,980
<b>Library, volumes in collection</b>	499,662	395,561	530,000	550,851	537,580	533,600	538,600	573,455	573,705	525,372
<b>Public service:</b>										
Garbage collected (ton)	67,093	59,533	58,543	59,756	60,436	58,736	55,698	55,538	55,224	57,218
Recycle collected (ton)	2,992	3,055	3,128	3,194	3,217	4,762	5,339	5,421	5,649	6,043
<b>Parks and recreation:</b>										
Recreation program attendance	2,575	2,550	1,500	1,850	1,950	2,000	2,000	1750	1750	1,750
Aquatics program attendance	600	800	900	600	700	700	750	750	750	750
Golf rounds played	45,007***	49,708	53,706	60,059	54,776	59,286	50,703	52,884	53,284	59,154
Street trees maintained	615	1,430	1,430	1,430	1,800	1,800	1,700	1,962	1,990	1,900

Source: City Records

Note: n/a - Indicator not available

\*\*\* - Construction limited rounds available to be played.

**CITY OF BRIDGEPORT, CONNECTICUT  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
(Unaudited)**

TABLE 19

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Police:</b>											
Stations	3	3	3	2	2	1	1	1	1	1	1
Police Officer Sector Terminals (POST)	5	5	3	3	3	4	3	3	3	4	4
Number of personnel and officers	574	574	574	574	557	469	456	473	454	429	349
Number of Divisions	11	11	11	11	11	11	11	11	11	11	11
<b>Fire:</b>											
Stations	8	8	8	8	8	8	8	8	8	8	8
Number of personnel and officers	399	315	337	366	366	366	296	283	282	284	272
Equipment (pieces)	25	28	28	28	28	28	28	30	30	30	30
<b>Refuse collection:</b>											
Collection Trucks	15	15	15	15	15	15	15	18	18	18	18
<b>Public facilities:</b>											
Streets (Miles)	829	829	829	829	829	829	829	829	829	829	829
Traffic Signals	1,552	1,552	1,552	1,552	1,700	1,750	1,750	1,750	1750	1800	1800
<b>Parks and recreation:</b>											
Playgrounds	19	19	19	19	19	19	21	21	19	24	24
Parks	47	47	44	45	45	45	46	46	46	47	47
Park Acreage	1,330	1,330	1,330	1,330	1,330	1,330	1,330	1,330	1330	1351.45	1351.45
Golf Courses	2	2	2	2	2	2	2	2	2	2	2
Swimming Pools	3	3	-	2	2	3	3	2	2	2	2
Tennis Courts	24	24	22	24	23	25	25	25	24	24	25
Museums	2	2	2	2	2	2	2	2	2	2	2
Zoo	1	1	1	1	1	1	1	1	1	1	1
Baseball/softball diamonds	25	25	25	25	31	31	30	30	25	25	27
Ice Skating Rinks	2	2	2	1	1	1	1	1	1	1	2
Soccer/Football Fields	17	17	17	17	19	21	26	28	17	17	20
<b>Library:</b>											
Facilities	5	4	4	5	5	5	5	5	5	5	5
Volumes	525,000	499,662	395,561	530,000	550,851	537,580	533,600	538,600	573,455	573,705	525,372
<b>Water:</b>											
Average Daily Consumption (MGPD)	13,286	12,821	12,800	12,359	12,021	12,318	11,716	11,447	11,457	11,572	11,428
<b>Wastewater:</b>											
Sanitary Sewers (miles)	154	157	160	160	160	160	170	170	170	170	170
Storm Sewers (miles)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Combination Sanitary and Storm (miles)	129	126	123	123	123	123	113	113	113	113	113
Number of sewer wells	55,050	55,050	55,050	55,050	55,050	55,050	55,050	55,050	55,050	55,050	55,050
Number of Treatment Plants	2	2	2	2	2	2	2	2	2	2	2

Source: City Records

Note: n/a - Indicator not available

**APPENDIX C – FORM OF LEGAL OPINIONS**

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FORM OF LEGAL OPINION – 2017 SERIES A BONDS

November 14, 2017

City of Bridgeport  
999 Broad Street  
Bridgeport, Connecticut 06604

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Bridgeport, Connecticut (the “City”) in connection with the issuance of the City's \$34,785,000 General Obligation Bonds, 2017 Series A (the “2017 Series A Bonds”), dated November 30, 2017.

The 2017 Series A Bonds are issued in the form of registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof. The 2017 Series A Bonds are originally registered in the name of Cede & Co., as nominee of the Depository Trust Company, for the purpose of affecting a book-entry system for ownership and transfer of the 2017 Series A Bonds.

The 2017 Series A Bonds are issued pursuant to various resolutions adopted by the Bridgeport City Council (the “Proceedings”). The 2017 Series A Bonds are subject to an Indenture of Trust dated as of May 1, 1996, by and between the City and Fleet National Bank, as amended and supplemented by a First Supplemental Indenture of Trust dated as of March 1, 1997, by and between the City and Fleet National Bank, as amended and supplemented by a Second Supplemental Indenture of Trust dated as of January 15, 2000, by and between the City and State Street Bank and Trust Company, successor to Fleet National Bank, as amended and supplemented by a Third Supplemental Indenture of Trust dated as of August 15, 2000, by and between the City and State Street Bank and Trust Company, as amended and supplemented by a Fourth Supplemental Indenture of Trust dated as of July 1, 2001, by and between the City and State Street Bank and Trust Company, as amended and supplemented by a Fifth Supplemental Indenture of Trust dated as of June 15, 2002, by and between the City and State Street Bank and Trust Company, as amended and supplemented by a Sixth Supplemental Indenture of Trust dated as of November 1, 2003, by and between the City and U.S. Bank National Association, as successor to State Street Bank and Trust Company, as amended and supplemented by a Seventh Supplemental Indenture of Trust dated as of August 12, 2004, by and between the City and U.S. Bank National Association, as amended and supplemented by an Eighth Supplemental Indenture of Trust dated as of April 15, 2006, by and between the City and U.S. Bank National Association, as amended and supplemented by a Ninth Supplemental Indenture of Trust dated as of June 1, 2006, by and between the City and U.S. Bank National Association, as amended and supplemented by a Tenth Supplemental Indenture of Trust dated as of June 1, 2007, by and between the City and U.S. Bank National Association, as amended and supplemented by an Eleventh Supplemental Indenture of Trust dated as of December 1, 2009, by and between the City and U.S. Bank National Association, as amended and supplemented by a Twelfth Supplemental Indenture of Trust dated as of July 1, 2010, by and between the City and U.S. Bank National Association, as amended and supplemented by a Thirteenth Supplemental Indenture of Trust dated as of June 1, 2012 by and between the City and U.S. Bank National Association, as amended and supplemented by a Fourteenth Supplemental Indenture of Trust dated as of July 1, 2012 by and between the

City and U.S. Bank National Association, as amended and supplemented by a Fifteenth Supplemental Indenture of Trust dated as of July 1, 2013 by and between the City and U.S. Bank National Association, as amended and supplemented by a Sixteenth Supplemental Indenture of Trust dated as of August 1, 2014 by and between the City and U.S. Bank National Association, as amended and supplemented by a Seventeenth Supplemental Indenture of Trust dated as of November 1, 2014 by and between the City and U.S. Bank National Association, as amended and supplemented by an Eighteenth Supplemental Indenture of Trust dated as of February 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Nineteenth Supplemental Indenture of Trust dated as of March 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twentieth Supplemental Indenture of Trust dated as of May 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twenty-First Supplemental Indenture of Trust dated as of November 1, 2016 by and between the City and U.S. Bank National Association, and as further amended and supplemented by a Twenty-Second Supplemental Indenture of Trust dated as of November 1, 2017 by and between the City and U.S. Bank National Association (the "Trustee"). Such indenture, as supplemented hereinafter, is referred to as the "Indenture".

The Indenture is authorized by Chapter 117 (the "Act") of the Connecticut General Statutes. The Act permits a Connecticut municipality, at its option, to support its general obligations by the tax intercept procedure provided for in the Act. Through the Indenture, the City has availed itself of this option afforded by the Act. Under the Indenture, the Tax Collector of the City will deposit with the Trustee certain property taxes to fund the Debt Service Account. The funds in the Debt Service Account will be used to pay all amounts due on the 2017 Series A Bonds or any other bonds and notes issued pursuant to the Indenture from time to time and certain other general obligations of the City (collectively, the "Supported General Obligations"). Earnings on the investments of the Debt Service Account are to be remitted to the City periodically for its general operating purposes. Any capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture.

The City has covenanted in the Indenture that it will establish and maintain the Debt Service Account, make payments to the Trustee as required to provide sufficient funds in the Debt Service Account to meet required debt service payments on all Supported General Obligations, and duly and punctually pay all such debt service. Pursuant to the Indenture, the Trustee shall hold monies in the Debt Service Account in trust for the benefit of the holders of all Supported General Obligations and is directed to pay required debt service payments out of the Debt Service Account on all Supported General Obligations as and when the same become due on a pro-rata basis and without regard to the different nature of any such Supported General Obligations.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met upon and subsequent to the issuance and delivery of the 2017 Series A Bonds in order that interest on the 2017 Series A Bonds be excluded from gross income under Section 103 of the Code. In the Tax Compliance Agreement and Certificate of even date herewith (the "Tax Compliance Agreement"), the City has made covenants and representations designed to assure compliance with such requirements of the Code. The City has covenanted in the Tax Compliance Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2017 Series A Bonds to ensure that interest on the 2017 Series A Bonds shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2017 Series A Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the 2017 Series A Bonds.

In connection herewith, we have examined the applicable law and such other materials as we have deemed necessary in order to render this opinion and have relied upon originals or copies, certified or otherwise, identified to our satisfaction, of such public records, certificates and correspondence of

public officials, including certificates of officials of the City, and such other documents as were provided to us. In making such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to original documents of documents submitted as certified or photostatic copies, and the capacity of all persons executing documents. As to questions of fact material to our opinion, we have relied upon representations of the City contained in the certified Proceedings of the City, including the Continuing Disclosure Agreement (the "Disclosure Agreement") and the Tax Compliance Agreement, and other certifications received from the City, all dated of even date herewith, in connection with the issuance and delivery of the 2017 Series A Bonds, without undertaking to verify the same by independent investigation. After reasonable diligence, no facts have come to our attention which would lead us to believe that the certificates, documents, correspondence or public records, as supplied to us by the City, contain an untrue statement of a material fact.

Further, in rendering the below opinions regarding the federal tax treatment of interest on the 2017 Series A Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Compliance Agreement, and (ii) continuing compliance by the City with the covenants set forth in that agreement as to such matters.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement dated November 14, 2017 or other offering material relating to the 2017 Series A Bonds except to the extent stated in the Official Statement and we express no opinion relating thereto excepting only the matters set forth as our opinion in the Official Statement.

Based upon the foregoing, we are of the opinion:

1. That the Indenture has been duly authorized, executed and delivered by the City and constitutes the valid and binding agreement of the City enforceable upon the City in accordance with its terms, and establishes a valid property tax intercept procedure and debt service payment fund in accordance with Chapter 117 of the Connecticut General Statutes, as amended.

2. That the Twenty-Second Supplemental Indenture of Trust, dated as of November \_\_, 2017, authorizing the issuance of the 2017 Series A Bonds has been duly authorized, executed and delivered by the City and all applicable conditions in the Indenture for the Trustee's execution and delivery of the Twenty-Second Supplemental Indenture of Trust have been satisfied.

3. That the 2017 Series A Bonds have been duly authorized and issued under the Charter of the City, the laws of the State of Connecticut and the Proceedings duly had and taken in conformity therewith.

4. That the 2017 Series A Bonds, when executed by the City and authenticated and delivered by the Trustee and when issued by the City, will be valid and legally binding general obligations of the City (i) entitled to the benefits of and secured by the Indenture equally and ratably with all other outstanding bonds issued pursuant to the Indenture, and (ii) payable as to both principal and interest 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 pursuant to Connecticut statutes.

5. That the Tax Compliance Agreement and the Disclosure Agreement are valid, binding and enforceable agreements of the City.

6. That under existing law, interest on the 2017 Series A Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax. We express no opinion regarding other federal income tax consequences caused by the ownership or disposition of, or receipt of interest on the 2017 Series A Bonds.

7. That, under existing statutes, interest on the 2017 Series A 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 for individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding other State income tax consequences caused by the ownership or disposition of, or receipt of interest on the 2017 Series A Bonds.

It is to be understood that the rights of the holders of the 2017 Series A Bonds and the enforceability of the 2017 Series A Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

We have not undertaken to advise whether any events after the date of issuance of the 2017 Series A Bonds, including the adoption of federal tax legislation, may affect the tax status of interest on the 2017 Series A Bonds.

Although we have rendered an opinion that interest on the 2017 Series A Bonds is not includable in gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the 2017 Series A Bonds. We express no opinion regarding any tax consequence caused by ownership or disposition of, or receipt of interest income on, the 2017 Series A Bonds not specifically described herein.

Respectfully,

PULLMAN & COMLEY, LLC



**FORM OF LEGAL OPINION – 2017 SERIES B BONDS**

November 14, 2017

City of Bridgeport  
999 Broad Street  
Bridgeport, Connecticut 06604

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Bridgeport, Connecticut (the “City”) in connection with the issuance of the City's \$41,415,000 General Obligation Refunding Bonds, 2017 Series B (the “2017 Series B Bonds”), dated November 30, 2017.

The 2017 Series B Bonds are issued in the form of registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof. The 2017 Series B Bonds are originally registered in the name of Cede & Co., as nominee of the Depository Trust Company, for the purpose of affecting a book-entry system for ownership and transfer of the 2017 Series B Bonds.

The 2017 Series B Bonds are issued pursuant to a resolution adopted by the Bridgeport City Council (the “Proceeding”). The 2017 Series B Bonds are subject to an Indenture of Trust dated as of May 1, 1996, by and between the City and Fleet National Bank, as amended and supplemented by a First Supplemental Indenture of Trust dated as of March 1, 1997, by and between the City and Fleet National Bank, as amended and supplemented by a Second Supplemental Indenture of Trust dated as of January 15, 2000, by and between the City and State Street Bank and Trust Company, successor to Fleet National Bank, as amended and supplemented by a Third Supplemental Indenture of Trust dated as of August 15, 2000, by and between the City and State Street Bank and Trust Company, as amended and supplemented by a Fourth Supplemental Indenture of Trust dated as of July 1, 2001, by and between the City and State Street Bank and Trust Company, as amended and supplemented by a Fifth Supplemental Indenture of Trust dated as of June 15, 2002, by and between the City and State Street Bank and Trust Company, as amended and supplemented by a Sixth Supplemental Indenture of Trust dated as of November 1, 2003, by and between the City and U.S. Bank National Association, as successor to State Street Bank and Trust Company, as amended and supplemented by a Seventh Supplemental Indenture of Trust dated as of August 12, 2004, by and between the City and U.S. Bank National Association, as amended and supplemented by an Eighth Supplemental Indenture of Trust dated as of April 15, 2006, by and between the City and U.S. Bank National Association, as amended and supplemented by a Ninth Supplemental Indenture of Trust dated as of June 1, 2006, by and between the City and U.S. Bank National Association, as amended and supplemented by a Tenth Supplemental Indenture of Trust dated as of June 1, 2007, by and between the City and U.S. Bank National Association, as amended and supplemented by an Eleventh Supplemental Indenture of Trust dated as of December 1, 2009, by and between the City and U.S. Bank National Association, as amended and supplemented by a Twelfth Supplemental Indenture of Trust dated as of July 1, 2010, by and between the City and U.S. Bank National Association, as amended and supplemented by a Thirteenth Supplemental Indenture of Trust dated as of June 1, 2012 by and between the City and U.S. Bank National Association, as amended and supplemented by a Fourteenth Supplemental Indenture of Trust dated as of July 1, 2012 between the City and U.S. Bank National Association, as amended and supplemented by a Fifteenth Supplemental Indenture of Trust dated as of July 1, 2013 by and

between the City and U.S. Bank National Association, as amended and supplemented by a Sixteenth Supplemental Indenture of Trust dated as of August 1, 2014 by and between the City and U.S. Bank National Association, as amended and supplemented by a Seventeenth Supplemental Indenture of Trust dated as of November 1, 2014 by and between the City and U.S. Bank National Association, as amended and supplemented by an Eighteenth Supplemental Indenture of Trust dated as of February 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Nineteenth Supplemental Indenture of Trust dated as of March 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twentieth Supplemental Indenture of Trust dated as of May 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twenty-First Supplemental Indenture of Trust dated as of November 1, 2016 by and between the City and U.S. Bank National Association, and as further amended and supplemented by a Twenty-Second Supplemental Indenture of Trust dated as of November 1, 2017 by and between the City and U.S. Bank National Association (the "Trustee"). Such indenture, as supplemented hereinafter, is referred to as the "Indenture".

The Indenture is authorized by Chapter 117 (the "Act") of the Connecticut General Statutes. The Act permits a Connecticut municipality, at its option, to support its general obligations by the tax intercept procedure provided for in the Act. Through the Indenture, the City has availed itself of this option afforded by the Act. Under the Indenture, the Tax Collector of the City will deposit with the Trustee certain property taxes to fund the Debt Service Account. The funds in the Debt Service Account will be used to pay all amounts due on the 2017 Series B Bonds or any other bonds and notes issued pursuant to the Indenture from time to time and certain other general obligations of the City (collectively, the "Supported General Obligations"). Earnings on the investments of the Debt Service Account are to be remitted to the City periodically for its general operating purposes. Any capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture.

The City has covenanted in the Indenture that it will establish and maintain the Debt Service Account, make payments to the Trustee as required to provide sufficient funds in the Debt Service Account to meet required debt service payments on all Supported General Obligations, and duly and punctually pay all such debt service. Pursuant to the Indenture, the Trustee shall hold monies in the Debt Service Account in trust for the benefit of the holders of all Supported General Obligations and is directed to pay required debt service payments out of the Debt Service Account on all Supported General Obligations as and when the same become due on a pro-rata basis and without regard to the different nature of any such Supported General Obligations.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met upon and subsequent to the issuance and delivery of the 2017 Series B Bonds in order that interest on the 2017 Series B Bonds be excluded from gross income under Section 103 of the Code. In the Tax Compliance Agreement and Certificate of even date herewith (the "Tax Compliance Agreement"), the City has made covenants and representations designed to assure compliance with such requirements of the Code. The City has covenanted in the Tax Compliance Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2017 Series B Bonds to ensure that interest on the 2017 Series B Bonds shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2017 Series B Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the 2017 Series B Bonds.

In connection herewith, we have examined the applicable law and such other materials as we have deemed necessary in order to render this opinion and have relied upon originals or copies, certified or otherwise, identified to our satisfaction, of such public records, certificates and correspondence of public officials, including certificates of officials of the City, and such other documents as were provided

to us. In making such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to original documents of documents submitted as certified or photostatic copies, and the capacity of all persons executing documents. As to questions of fact material to our opinion, we have relied upon representations of the City contained in the certified Proceedings of the City, including the Continuing Disclosure Agreement (the “Disclosure Agreement”) and the Tax Compliance Agreement, and other certifications received from the City, all dated of even date herewith, in connection with the issuance and delivery of the 2017 Series B Bonds, without undertaking to verify the same by independent investigation. After reasonable diligence, no facts have come to our attention which would lead us to believe that the certificates, documents, correspondence or public records, as supplied to us by the City, contain an untrue statement of a material fact.

Further, in rendering the below opinions regarding the federal tax treatment of interest on the 2017 Series B Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Compliance Agreement, and (ii) continuing compliance by the City with the covenants set forth in that agreement as to such matters.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement dated November 14, 2017 or other offering material relating to the 2017 Series B Bonds except to the extent stated in the Official Statement and we express no opinion relating thereto excepting only the matters set forth as our opinion in the Official Statement.

Based upon the foregoing, we are of the opinion:

1. That the Indenture has been duly authorized, executed and delivered by the City and constitutes the valid and binding agreement of the City enforceable upon the City in accordance with its terms, and establishes a valid property tax intercept procedure and debt service payment fund in accordance with Chapter 117 of the Connecticut General Statutes, as amended.

2. That the Twenty-Second Supplemental Indenture of Trust, dated as of November \_\_, 2017, authorizing the issuance of the 2017 Series B Bonds has been duly authorized, executed and delivered by the City and all applicable conditions in the Indenture for the Trustee’s execution and delivery of the Twenty-Second Supplemental Indenture of Trust have been satisfied.

3. That the 2017 Series B Bonds have been duly authorized and issued under the Charter of the City, the laws of the State of Connecticut and the Proceedings duly had and taken in conformity therewith.

4. That the 2017 Series B Bonds, when executed by the City and authenticated and delivered by the Trustee and when issued by the City, will be valid and legally binding general obligations of the City (i) entitled to the benefits of and secured by the Indenture equally and ratably with all other outstanding bonds issued pursuant to the Indenture, and (ii) payable as to both principal and interest 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 pursuant to Connecticut statutes.

5. That the Tax Compliance Agreement and the Disclosure Agreement are valid, binding and enforceable agreements of the City.

6. That under existing law, interest on the 2017 Series B Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax. We express no opinion regarding other federal income tax consequences caused by the ownership or disposition of, or receipt of interest on the 2017 Series B Bonds.

7. That, under existing statutes, interest on the 2017 Series B 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 for individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding other State income tax consequences caused by the ownership or disposition of, or receipt of interest on the 2017 Series B Bonds.

It is to be understood that the rights of the holders of the 2017 Series B Bonds and the enforceability of the 2017 Series B Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

We have not undertaken to advise whether any events after the date of issuance of the 2017 Series B Bonds, including the adoption of federal tax legislation, may affect the tax status of interest on the 2017 Series B Bonds.

Although we have rendered an opinion that interest on the 2017 Series B Bonds is not includable in gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the 2017 Series B Bonds. We express no opinion regarding any tax consequence caused by ownership or disposition of, or receipt of interest income on, the 2017 Series B Bonds not specifically described herein.

Respectfully,

PULLMAN & COMLEY, LLC

**FORM OF LEGAL OPINION – 2017 SERIES C BONDS**

November 14, 2017

City of Bridgeport  
999 Broad Street  
Bridgeport, Connecticut 06604

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Bridgeport, Connecticut (the “City”) in connection with the issuance of the City's \$17,410,000 General Obligation Refunding Bonds, 2017 Series C (the “2017 Series C Bonds”), dated November 30, 2017.

The 2017 Series C Bonds are issued in the form of registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof. The 2017 Series C Bonds are originally registered in the name of Cede & Co., as nominee of the Depository Trust Company, for the purpose of affecting a book-entry system for ownership and transfer of the 2017 Series C Bonds.

The 2017 Series C Bonds are issued pursuant to a resolution adopted by the Bridgeport City Council (the “Proceeding”). The 2017 Series C Bonds are subject to an Indenture of Trust dated as of May 1, 1996, by and between the City and Fleet National Bank, as amended and supplemented by a First Supplemental Indenture of Trust dated as of March 1, 1997, by and between the City and Fleet National Bank, as amended and supplemented by a Second Supplemental Indenture of Trust dated as of January 15, 2000, by and between the City and State Street Bank and Trust Company, successor to Fleet National Bank, as amended and supplemented by a Third Supplemental Indenture of Trust dated as of August 15, 2000, by and between the City and State Street Bank and Trust Company, as amended and supplemented by a Fourth Supplemental Indenture of Trust dated as of July 1, 2001, by and between the City and State Street Bank and Trust Company, as amended and supplemented by a Fifth Supplemental Indenture of Trust dated as of June 15, 2002, by and between the City and State Street Bank and Trust Company, as amended and supplemented by a Sixth Supplemental Indenture of Trust dated as of November 1, 2003, by and between the City and U.S. Bank National Association, as successor to State Street Bank and Trust Company, as amended and supplemented by a Seventh Supplemental Indenture of Trust dated as of August 12, 2004, by and between the City and U.S. Bank National Association, as amended and supplemented by an Eighth Supplemental Indenture of Trust dated as of April 15, 2006, by and between the City and U.S. Bank National Association, as amended and supplemented by a Ninth Supplemental Indenture of Trust dated as of June 1, 2006, by and between the City and U.S. Bank National Association, as amended and supplemented by a Tenth Supplemental Indenture of Trust dated as of June 1, 2007, by and between the City and U.S. Bank National Association, as amended and supplemented by an Eleventh Supplemental Indenture of Trust dated as of December 1, 2009, by and between the City and U.S. Bank National Association, as amended and supplemented by a Twelfth Supplemental Indenture of Trust dated as of July 1, 2010, by and between the City and U.S. Bank National Association, as amended and supplemented by a Thirteenth Supplemental Indenture of Trust dated as of June 1, 2012 by and between the City and U.S. Bank National Association, as amended and supplemented by a Fourteenth Supplemental Indenture of Trust dated as of July 1, 2012 between the City and U.S. Bank National Association, as amended and supplemented by a Fifteenth Supplemental Indenture of Trust dated as of July 1, 2013 by and

between the City and U.S. Bank National Association, as amended and supplemented by a Sixteenth Supplemental Indenture of Trust dated as of August 1, 2014 by and between the City and U.S. Bank National Association, as amended and supplemented by a Seventeenth Supplemental Indenture of Trust dated as of November 1, 2014 by and between the City and U.S. Bank National Association, as amended and supplemented by an Eighteenth Supplemental Indenture of Trust dated as of February 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Nineteenth Supplemental Indenture of Trust dated as of March 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twentieth Supplemental Indenture of Trust dated as of May 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twenty-First Supplemental Indenture of Trust dated as of November 1, 2016 by and between the City and U.S. Bank National Association, and as further amended and supplemented by a Twenty-Second Supplemental Indenture of Trust dated as of November 1, 2017 by and between the City and U.S. Bank National Association (the "Trustee"). Such indenture, as supplemented hereinafter, is referred to as the "Indenture".

The Indenture is authorized by Chapter 117 (the "Act") of the Connecticut General Statutes. The Act permits a Connecticut municipality, at its option, to support its general obligations by the tax intercept procedure provided for in the Act. Through the Indenture, the City has availed itself of this option afforded by the Act. Under the Indenture, the Tax Collector of the City will deposit with the Trustee certain property taxes to fund the Debt Service Account. The funds in the Debt Service Account will be used to pay all amounts due on the 2017 Series C Bonds or any other bonds and notes issued pursuant to the Indenture from time to time and certain other general obligations of the City (collectively, the "Supported General Obligations"). Earnings on the investments of the Debt Service Account are to be remitted to the City periodically for its general operating purposes. Any capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture.

The City has covenanted in the Indenture that it will establish and maintain the Debt Service Account, make payments to the Trustee as required to provide sufficient funds in the Debt Service Account to meet required debt service payments on all Supported General Obligations, and duly and punctually pay all such debt service. Pursuant to the Indenture, the Trustee shall hold monies in the Debt Service Account in trust for the benefit of the holders of all Supported General Obligations and is directed to pay required debt service payments out of the Debt Service Account on all Supported General Obligations as and when the same become due on a pro-rata basis and without regard to the different nature of any such Supported General Obligations.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met upon and subsequent to the issuance and delivery of the 2017 Series C Bonds in order that interest on the 2017 Series C Bonds be excluded from gross income under Section 103 of the Code. In the Tax Compliance Agreement and Certificate of even date herewith (the "Tax Compliance Agreement"), the City has made covenants and representations designed to assure compliance with such requirements of the Code. The City has covenanted in the Tax Compliance Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2017 Series C Bonds to ensure that interest on the 2017 Series C Bonds shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2017 Series C Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the 2017 Series C Bonds.

In connection herewith, we have examined the applicable law and such other materials as we have deemed necessary in order to render this opinion and have relied upon originals or copies, certified or otherwise, identified to our satisfaction, of such public records, certificates and correspondence of public officials, including certificates of officials of the City, and such other documents as were provided

to us. In making such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to original documents of documents submitted as certified or photostatic copies, and the capacity of all persons executing documents. As to questions of fact material to our opinion, we have relied upon representations of the City contained in the certified Proceedings of the City, including the Continuing Disclosure Agreement (the “Disclosure Agreement”) and the Tax Compliance Agreement, and other certifications received from the City, all dated of even date herewith, in connection with the issuance and delivery of the 2017 Series C Bonds, without undertaking to verify the same by independent investigation. After reasonable diligence, no facts have come to our attention which would lead us to believe that the certificates, documents, correspondence or public records, as supplied to us by the City, contain an untrue statement of a material fact.

Further, in rendering the below opinions regarding the federal tax treatment of interest on the 2017 Series C Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Compliance Agreement, and (ii) continuing compliance by the City with the covenants set forth in that agreement as to such matters.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement dated November 14, 2017 or other offering material relating to the 2017 Series C Bonds except to the extent stated in the Official Statement and we express no opinion relating thereto excepting only the matters set forth as our opinion in the Official Statement.

Based upon the foregoing, we are of the opinion:

1. That the Indenture has been duly authorized, executed and delivered by the City and constitutes the valid and binding agreement of the City enforceable upon the City in accordance with its terms, and establishes a valid property tax intercept procedure and debt service payment fund in accordance with Chapter 117 of the Connecticut General Statutes, as amended.

2. That the Twenty-Second Supplemental Indenture of Trust, dated as of November \_\_, 2017, authorizing the issuance of the 2017 Series C Bonds has been duly authorized, executed and delivered by the City and all applicable conditions in the Indenture for the Trustee’s execution and delivery of the Twenty-Second Supplemental Indenture of Trust have been satisfied.

3. That the 2017 Series C Bonds have been duly authorized and issued under the Charter of the City, the laws of the State of Connecticut and the Proceedings duly had and taken in conformity therewith.

4. That the 2017 Series C Bonds, when executed by the City and authenticated and delivered by the Trustee and when issued by the City, will be valid and legally binding general obligations of the City (i) entitled to the benefits of and secured by the Indenture equally and ratably with all other outstanding bonds issued pursuant to the Indenture, and (ii) payable as to both principal and interest 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 pursuant to Connecticut statutes.

5. That the Tax Compliance Agreement and the Disclosure Agreement are valid, binding and enforceable agreements of the City.

6. That under existing law, interest on the 2017 Series C Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax. We express no opinion regarding other federal income tax consequences caused by the ownership or disposition of, or receipt of interest on the 2017 Series C Bonds.

7. That, under existing statutes, interest on the 2017 Series C 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 for individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding other State income tax consequences caused by the ownership or disposition of, or receipt of interest on the 2017 Series C Bonds.

It is to be understood that the rights of the holders of the 2017 Series C Bonds and the enforceability of the 2017 Series C Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

We have not undertaken to advise whether any events after the date of issuance of the 2017 Series C Bonds, including the adoption of federal tax legislation, may affect the tax status of interest on the 2017 Series C Bonds.

Although we have rendered an opinion that interest on the 2017 Series C Bonds is not includable in gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the 2017 Series C Bonds. We express no opinion regarding any tax consequence caused by ownership or disposition of, or receipt of interest income on, the 2017 Series C Bonds not specifically described herein.

Respectfully,

PULLMAN & COMLEY, LLC



**APPENDIX D – SUMMARY OF THE INDENTURE**

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## APPENDIX D

### SUMMARY OF THE TWENTY-SECOND INDENTURE

*The following Summary of the Indenture provides a brief description of the terms and provisions of the Indenture (as defined herein). This summary does not purport to be complete and reference is made to the Indenture for full and complete statements of such and all provisions.*

The following, in addition to the information contained in the Official Statement under the caption “THE BONDS - Security for the Bonds” herein, summarizes certain provisions of the Indenture. This summary is qualified in its entirety by reference to the Indenture of Trust dated as of May 1, 1996, by and between the City of Bridgeport (the “City”) and Fleet National Bank, as amended and supplemented by that First Supplemental Indenture of Trust dated as of March 1, 1997 by and between the City and Fleet National Bank, as amended and supplemented by that Second Supplemental Indenture of Trust dated as of January 15, 2000, by and between the City and State Street Bank and Trust Company, successor to Fleet National Bank, as amended and supplemented by that Third Supplemental Indenture of Trust dated as of August 15, 2000, by and between the City and State Street Bank and Trust Company, as amended and supplemented by that Fourth Supplemental Indenture of Trust dated as of July 1, 2001 by and between the City and State Street Bank and Trust Company, as amended and supplemented by that Fifth Supplemental Indenture of Trust dated as of June 15, 2002 by and between the City and the State Street Bank and Trust Company as amended and supplemented by that Sixth Supplemental Indenture of Trust dated as of November 1, 2003 by and between the City and U.S. Bank National Association, successor to State Street Bank and Trust Company, as amended and supplemented by that Seventh Supplemental Indenture of Trust dated as of August 12, 2004 by and between the City and U.S. Bank National Association, as amended and supplemented by that Eighth Supplemental Indenture of Trust dated as of April 15, 2006 by and between the City and U.S. Bank National Association, as amended and supplemented by that Ninth Supplemental Indenture of Trust dated as of June 1, 2006 by and between the City and U.S. Bank National Association, as amended and supplemented by that Tenth Supplemental Indenture of Trust dated as of June 1, 2007 by and between the City and U.S. Bank National Association, as amended and supplemented by that Eleventh Supplemental Indenture of Trust dated as of December 1, 2009 by and between the City and U.S. Bank National Association, as amended and supplemented by that Twelfth Supplemental Indenture of Trust dated as of July 1, 2010 by and between the City and U.S. Bank National Association, as amended and supplemented by that Thirteenth Supplemental Indenture of Trust dated as of June 1, 2012 by and between the City and U.S. Bank National Association, as amended and supplemented by that Fourteenth Supplemental Indenture of Trust dated as of July 1, 2012 by and between the City and U.S. Bank National Association, as amended and supplemented by that Fifteenth Supplemental Indenture of Trust dated as of July 1, 2013 by and between the City and U.S. Bank National Association, as amended and supplemented by that Sixteenth Supplemental Indenture of Trust dated as of August 1, 2014 by and between the City and U.S. Bank National Association, as amended and supplemented by the Seventeenth Supplemental Indenture of Trust dated as of November 1, 2014 by and between the City and U.S. Bank National Association, as amended and supplemented by an Eighteenth Supplemental Indenture of Trust dated as of February 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Nineteenth Supplemental Indenture of Trust dated as of March 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twentieth Supplemental Indenture of Trust dated as of May 1, 2016 by and between the City and U.S. Bank National Association, as further amended and supplemented by a Twenty-First Supplemental Indenture of Trust dated as of November 1, 2016 by and between the City and U.S. Bank National Association, and as further amended and supplemented by a Twenty-Second Supplemental Indenture of Trust dated as of November \_\_, 2017 by and between the City and U.S. Bank National Association, the current trustee (the “Trustee”). Such Indenture of Trust, as supplemented, is hereinafter

referred to as the “Indenture.” A copy of the Indenture is on file at the office of the Director of Finance, City of Bridgeport, 999 Broad Street, Bridgeport, CT 06604 and the Connecticut office of the Trustee at 225 Asylum Street, Corporate Trust, 23<sup>rd</sup> Floor, Hartford, CT 06103.

## **Definitions**

The “**Act**” means Chapter 117 of the Connecticut General Statutes, §7-560 et. seq. which Chapter establishes the authority of the property tax intercept procedures set forth in the Indenture.

“**Additional Bonds**” means a bond or bonds, note or notes or other evidences of indebtedness, as the case may be, described and provided for in the Indenture.

“**AGM**” means Assured Guaranty Municipal Corp, a New York Stock Exchange Company.

“**AMBAC Indemnity**” shall mean AMBAC Indemnity Corporation, a Wisconsin domiciled stock insurance company.

“**Bond**” or “**Bonds**” means a bond or bonds, note or notes or other evidences of indebtedness, as the case may be, authenticated and delivered in accordance with the Indenture as supplemented or amended.

“**Bond Insurer**” shall mean, with respect to both the 1996 Bonds and the 1997 Series A Bonds, AMBAC Indemnity, with respect to the 2000 Bonds, the 2001 Bonds and the 2002 Bonds, FGIC, with respect to the 2003 Bonds, FSA, with respect to the 2004 Bonds, MBIA, with respect to the 2006 Bonds, FSA, with respect to the 2007 Bonds, and AGM with respect to the 2009 Bonds, the 2010 Bonds, the 2012 Series B Bonds (August 15, 2020 and 2021 maturities), the 2014 Series A Bonds, the 2014 Series B Bonds, the 2016 Series A Bonds, the 2016 Series B Bonds, the 2016 Series C Bonds, the 2016 Series D Bonds and the 2016 Series E Bonds.

“**Debt Service**” means the payments due on Supported General Obligations within a given period of time.

“**Debt Service Account**” means the account established pursuant to the Indenture as described below in the Section entitled “Debt Service Account.”

“**Debt Service Payment Account Requirement**” means an amount at least equal to the aggregate amount of principal, sinking fund installments, if any, redemption premium, if any, and interest due to be paid during the then current fiscal year as the same become due and payable on the outstanding Supported General Obligations of the City which have a term of more than one year and additionally all outstanding general obligations which the City determines are to be supported by the Debt Service Account.

“**Defeasance Obligation**” shall have the following meanings as distinguished herein:

(a) For purposes of the City’s 1996 Bonds and 1997 Series A Bonds, as issued pursuant to that certain Indenture of Trust dated as of May 1, 1996 and that certain First Supplemental Indenture of Trust dated as of March 1, 1997, respectively, the term “**Defeasance Obligation**” shall have that meaning as set forth in the City’s Indenture of Trust dated as of May 1, 1996;

(b) For purposes of the City's 2000 Bonds and 2002 Bonds, as issued pursuant to the City's Second Supplemental Indenture of Trust dated as of January 15, 2000, Third Supplemental Indenture of Trust dated as of August 15, 2000, and Fifth Supplemental Indenture of Trust dated as of June 15, 2002, respectively, the term "**Defeasance Obligation**" shall mean Treasury Bonds, Treasury Notes, Treasury Bills, debt obligations of the Federal Home Loan Mortgage Corporation, debt obligations of the Federal National Mortgage Association, guaranteed mortgage backed securities and guaranteed participation certificates of the Government National Mortgage Association, consolidated debt obligations of all the Federal Home Loan Banks, and strips of non-callable obligations issued by the U.S. Treasury, none of which shall be callable or prepayable at the option of the issuer;

(c) For purposes of the City's 2001 Bonds, as issued pursuant to the City's Fourth Supplemental Indenture of Trust dated as of July 1, 2001, the term "**Defeasance Obligation**" shall mean: direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America or by an instrumentality or agency thereof, including: non-callable and non-prepayable obligations of the Federal Farm Credit Bank (formerly the Bank for Cooperatives, the Federal Intermediate Credit Bank and the Federal Land Banks), the Federal Home Loan Banks, the Federal National Mortgage Association, the Government National Mortgage Association and the Federal Home Loan Mortgage Corporation;

(d) For purposes of the City's 2003 Bonds, as issued pursuant to the City's Sixth Supplemental Indenture of Trust dated as of November 1, 2003, the term "**Defeasance Obligation**" shall mean direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America or by an instrumentality or agency thereof, including: non-callable and non-prepayable obligations of the Federal Farm Credit Bank (formerly the Bank for Cooperatives, the Federal Intermediate Credit Bank and the Federal Land Banks), the Federal Home Loan Banks, the Federal National Mortgage Association, the Government National Mortgage Association and the Federal Home Loan Mortgage Corporation;

(e) For purposes of the City's 2004 Bonds, as issued pursuant to the City's Seventh Supplemental Indenture, the term "**Defeasance Obligation**" shall mean: (i) cash; (ii) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series -"SLGs"); (iii) direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities; (iv) Resolution Funding Corp. (REFCORP), only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable; (v) pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P. If however, the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition; (vi) obligations issued by the following agencies which are backed by the full faith and credit of the U.S.: (a) U.S. Export-Import Bank (Eximbank), direct obligations or fully guaranteed certificates of beneficial ownership; (b) Farmers Home Administration (FmHA), certificates of beneficial ownership; (c) Federal Financing Bank; (d) General Services Administration, participation certificates; (e) U.S. Maritime Administration, guaranteed Title XI financing; and (f) U.S. Department of Housing and Urban Development (HUD), Project Notes, Local Authority Bonds, New Communities Debentures - U.S. government guaranteed debentures, and U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds; and (vii) obligations issued by Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac", Federal National Mortgage Association (FNMA or "Fannie Mae") or Federal Home Loan Bank, all of which are rated Aaa/AAA by Moody's and S&P, respectively; and

(f) For purposes of the City's 2006 Series A Bonds and 2006 Series B Bonds, as issued pursuant to the City's Eighth Supplemental Indenture of Trust dated as of April 15, 2006, the term "**Defeasance Obligation**" shall mean direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America or by an instrumentality or agency thereof, including: non-callable and non-prepayable obligations of the Federal Farm Credit Bank (formerly the Bank for Cooperatives, the Federal Intermediate Credit Bank and the Federal Land Banks), the Federal Home Loan Banks, the Federal National Mortgage Association, the Government National Mortgage Association and the Federal Home Loan Mortgage Corporation; and

(g) For purposes of the City's 2006 Series C Bonds, as issued pursuant to the City's Ninth Supplemental Indenture of Trust dated as of June 1, 2006, the term "**Defeasance Obligation**" shall mean direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America or by an instrumentality or agency thereof, including: non-callable and non-prepayable obligations of the Federal Farm Credit Bank (formerly the Bank for Cooperatives, the Federal Intermediate Credit Bank and the Federal Land Banks), the Federal Home Loan Banks, the Federal National Mortgage Association, the Government National Mortgage Association and the Federal Home Loan Mortgage Corporation.

(h) For purposes of the City's 2007 Series A Bonds, as issued pursuant to the City's Tenth Supplemental Indenture of Trust dated as of June 1, 2007, the term "**Defeasance Obligation**" shall mean direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America or by an instrumentality or agency thereof, including: non-callable and non-prepayable obligations of the Federal Farm Credit Bank (formerly the Bank for Cooperatives, the Federal Intermediate Credit Bank and the Federal Land Banks), the Federal Home Loan Banks, the Federal National Mortgage Association, the Government National Mortgage Association and the Federal Home Loan Mortgage Corporation.

(i) For purposes of the City's 2009 Bonds, as issued pursuant to the City's Eleventh Supplemental Indenture of Trust dated as of December 1, 2009, the term "**Defeasance Obligation**" shall have that meaning as set forth in the City's Indenture of Trust dated as of May 1, 1996.

(j) For purposes of the City's 2010 Bonds, as issued pursuant to the City's Twelfth Supplemental Indenture of Trust dated as of July 1, 2010, the term "**Defeasance Obligation**" shall have that meaning as set forth in the City's Indenture of Trust dated as of May 1, 1996.

(k) For purposes of the City's 2012 Series A Bonds, as issued pursuant to the City's Thirteenth Supplemental Indenture of Trust dated as of June 1, 2012, the term "**Defeasance Obligation**" shall have that meaning as set forth in the City's Indenture of Trust dated as of May 1, 1996.

(l) For purposes of the City's 2012 Series B Bonds, as issued pursuant to the City's Fourteenth Supplemental Indenture of Trust dated as of July 1, 2012, the term "**Defeasance Obligation**" shall have that meaning as set forth in the City's Indenture of Trust dated as of May 1, 1996.

(m) For purposes of the City's 2013 Series A Bonds, as issued pursuant to the City's Fifteenth Supplemental Indenture of Trust dated as of July 1, 2013, the term "**Defeasance Obligation**" shall have that meaning as set forth in the City's Indenture of Trust dated as of May 1, 1996.

(n) For purposes of the City's 2014 Series A Bonds, as issued pursuant to the City's Sixteenth Supplemental Indenture of Trust dated as of August 1, 2014, the term "**Defeasance Obligation**" shall have that meaning as set forth in the City's Indenture of Trust dated as of May 1, 1996.

(o) For purposes of the City's 2014 Series B Bonds, as issued pursuant to the City's Seventeenth Supplemental Indenture of Trust dated as of November 1, 2014, the term "**Defeasance Obligation**" shall have that meaning as set forth in the City's Indenture of Trust dated as of May 1, 1996.

(p) For purposes of the City's 2016 Series Note, as issued pursuant to the City's Eighteenth Supplemental Indenture of Trust dated February 1, 2016, the term "**Defeasance Obligation**" shall have that meaning as set forth in the City's Indenture of Trust dated as of May 1, 1996.

(q) For purposes of the City's 2016 Series A Bonds and the 2016 Series B Bonds, as issued pursuant to the City's Nineteenth Supplemental Indenture of Trust dated as of March 1, 2016, the term "**Defeasance Obligation**" shall have that meaning as set forth in the City's Indenture of Trust dated as of May 1, 1996.

(r) For purposes of the City's 2016 Series C Bonds, as issued pursuant to the City's Twentieth Supplemental Indenture of Trust dated as of May 1, 2016, the term "**Defeasance Obligation**" shall have that meaning as set forth in the City's Indenture of Trust dated as of May 1, 1996.

(s) For purposes of the City's 2016 Series D Bonds and 2016 Series E Bonds, as issued pursuant to the City's Twenty-First Supplemental Indenture of Trust dated as of November 1, 2016, the term "**Defeasance Obligation**" shall have that meaning as set forth in the City's Indenture of Trust dated as of May 1, 1996.

(t) For purposes of the City's 2017 Series A Bonds, 2017 Series B Bonds, and 2017 Series C Bonds, as issued pursuant to the City's Twenty-Second Supplemental Indenture of Trust dated as of November \_\_, 2017, the term "**Defeasance Obligation**" shall have that meaning as set forth in the City's Indenture of Trust dated as of May 1, 1996.

**"Designated Payments"** means the amount of the Property Taxes to be deposited with the Trustee by the Tax Collector on a periodic basis in accordance with the Indenture as described below in the Section entitled "Payments Into Debt Service Account."

**"Excluded Obligations"** means: 1) debt obligations of the City assumed by the WPCA on its formation and all other general obligations of both the City and the WPCA which are payable from sewer fees or other revenues of the WPCA and which are not in default; and 2) any other general obligations of the City which are payable from or secured by payments other than Property Taxes and which are not in default. Upon the occurrence of an Event of Default and during its continuance, an Excluded Obligation shall be classified as a Supported General

Obligation. At the City's election, it may treat Excluded Obligations as Supported General Obligations.

**"Excluded Taxes"** means any of the following: (i) any property or other tax collected for any special taxing district; (ii) any property or other tax specially pledged to support any revenue bonds or any tax incremental financing; and (iii) any proceeds or taxes which are credited or payable on property tax liens which have been sold by the City provided that the proceeds of such sale are treated as Property Taxes.

**"FGIC"** shall mean Financial Guaranty Insurance Company, a New York stock insurance company.

**"Fiduciary"** or **"Fiduciaries"** means the Trustee, the Paying Agents, the Bond Registrar, or any of them, as may be appropriate.

**"FSA"** means Financial Security Assurance Inc., a New York stock insurance company.

**"General Obligation"** means the Bonds and Obligations issued by the City and secured by the full faith and credit and taxing power of the City including any contingent obligation which is payable solely from the general fund and is subject to annual appropriation.

**"MBIA"** shall mean MBIA Insurance Corporation, a New York stock insurance company.

**"Municipal Bond Insurance Policy"** shall mean the municipal bond insurance policies issued by: (i) AMBAC Indemnity insuring the payment when due of the principal of and interest on the 1996 Bonds and the 1997 Series A Bonds, (ii) FGIC insuring the payment when due of the principal of and interest on the 2000 Bonds, the 2001 Bonds and the 2002 Bonds, all as provided in the Indenture, (iii) FSA insuring the payment when due of the principal of and interest on the 2003 Bonds, (iv) MBIA insuring the payments when due of the principal and interest on the 2004 Bonds, all as provided in the Indenture, (v) FSA insuring the payments when due of the principal and interest on the 2006 Bonds and the 2007 Bonds, all as provided in the Indenture, and (vi) AGM insuring the payments when due of the principal and interest on the 2009 Bonds, the 2010 Bonds, the 2012 Series B Bonds (August 15, 2020 and 2021 maturities), the 2014 Series A Bonds, the 2014 Series B Bonds, the 2016 Series A Bonds, the 2016 Series B Bonds, the 2016 Series C Bonds, the 2016 Series D Bonds and the 2016 Series E Bonds, all as provided in the Indenture.

**"1996 Bonds"** means 1996 Series A Serial Bonds, 1996 Series A Term Bonds and 1996 Series B Bonds.

**"1996 Series A Bonds"** means the 1996 Series A Serial Bonds and the 1996 Series A Term Bonds.

**"1996 Series A Serial Bonds"** means the City's General Obligation Refunding Serial Bonds, 1996 Series A dated May 1, 1996.

**"1996 Series A Term Bonds"** means the City's General Obligation Refunding Term Bonds, 1996 Series A dated May 1, 1996.

**"1996 Series B Bonds"** means the City's General Obligation Taxable Refunding Bonds, 1996 Series B dated May 1, 1996.



**“1997 Series A Bonds”** means the City's General Obligation Bonds, 1997 Series A dated March 1, 1997.

**“Paying Agent”** means any bank or trust company organized under the laws of any state of the United States of America or any national banking association designated as paying agent for the Bonds of any series, and its successor or successors hereafter appointed in the manner provided by the Indenture.

**“Property Taxes”** means taxes of general application on real and personal property levied by the City in accordance with the Connecticut General Statutes including any interest, penalties and other related charges, except for Excluded Taxes and interest, penalties and charges related thereto.

**“Redemption Price”** shall mean with respect to any Bond the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Indenture.

**“Secretary”** means the Secretary of the Office of Policy and Management of the State of Connecticut.

**“State”** means the State of Connecticut.

**“Supported General Obligations”** means (i) the Bonds, and (ii) any other General Obligation which has a term longer than one year, or which the City determines is to be supported hereby, other than Excluded Obligations.

**“Tax Collector”** means the tax collector of the City.

**“Treasurer”** means the Treasurer of the State of Connecticut.

**“2000 Bonds”** means 2000 Series A Bonds and the 2000 Series B Bonds.

**“2000 Series A Bonds”** means the City’s General Obligation Bonds, 2000 Series A dated January 15, 2000.

**“2000 Series B Bonds”** means the City’s General Obligation Taxable Pension Bonds, 2000 Series B Taxable Serial Bonds and the 2000 Series B Taxable Term Bonds, dated August 15, 2000.

**“2000 Series B Taxable Serial Bonds”** means the City’s General Obligation Taxable Serial Bonds, 2000 Series B dated August 15, 2000.

**“2000 Series B Taxable Term Bonds”** means the City’s General Obligation Taxable Term Bonds, 2000 Series B dated August 15, 2000.

**“2001 Bonds”** means the 2001 Series C Bonds and the 2001 Series D Bonds.

**“2001 Series C Bonds”** means the City’s General Obligation Bonds, 2001 Series C (Tax-exempt) Serial Bonds and the 2001 Series C (Tax-exempt) Term Bond, dated July 1, 2001.

**“2001 Series C Serial Bonds”** means the City’s General Obligation Tax-exempt Serial Bonds, 2001 Series C dated July 1, 2001.

**“2001 Series C Term Bonds”** means the City’s General Obligation Tax-exempt Term Bonds, 2001 Series C dated July 1, 2001.

**“2001 Series D Bonds”** means the City’s General Obligation Bonds, 2001 Series D (Taxable) Bonds dated July 1, 2001.

**“2002 Bonds”** means the City’s General Obligation Bonds, 2002 Series A Bonds dated June 18, 2002

**“2003 Bonds”** means the 2003 Series A Bonds, the 2003 Series B Bonds and the 2003 Series C Bonds.

**“2003 Series A Bonds”** means the City’s General Obligation Bonds, 2003 Series A (Tax-exempt) dated November 1, 2003.

**“2003 Series B Bonds”** means the City’s General Obligation Bonds, 2003 Series B (Taxable) Bonds dated November 1, 2003.

**“2003 Series C Bonds”** means the City’s General Obligation Bonds, 2003 Series C (Tax-Exempt Refunding) Bonds dated November 1, 2003.

**“2004 Bonds”** means the 2004 Series A Bonds, the 2004 Series B Bonds and the 2004 Series C Bonds.

**“2004 Series A Bonds”** means the City’s General Obligation Bonds, 2004 Series A (Tax-Exempt) dated August 12, 2004.

**“2004 Series B Bonds”** means the City’s General Obligation Bonds, 2004 Series B (Taxable) Bonds dated August 12, 2004.

**“2004 Series C Bonds”** means the City’s General Obligation Bonds, 2004 Series C (Tax-Exempt Refunding) Bonds dated August 12, 2004.

**“2006 Bonds”** means the 2006 Series A Bonds, the 2006 Series B Bonds and the 2006 Series C Bonds.

**“2006 Series A Bonds”** means the City’s General Obligation Bonds, 2006 Series A (Tax-Exempt Refunding) dated April 27, 2006.

**“2006 Series B Bonds”** means the City’s General Obligation Bonds, 2006 Series B (Tax-Exempt) dated April 19, 2006.

**“2006 Series C Bonds”** means the City’s General Obligation Bonds, 2006 Series C (Tax-Exempt Refunding) dated June 6, 2006.

**“2007 Series A Bonds”** means the City’s General Obligation Bonds, 2007 Series A (Tax-Exempt) dated June 28, 2007.

**“2009 Bonds”** means the 2009 Subseries A Bonds, the 2009 Subseries B Bonds and the 2009 Subseries C Bonds.

**“2009 Subseries A Bonds”** means the City’s General Obligation Bonds, 2009 Subseries A (Tax-Exempt) dated December 15, 2009.

**“2009 Subseries B Bonds”** means the City’s General Obligation Bonds, 2009 Subseries B (Federally Taxable – Issuer Subsidy – Build America Bonds) dated December 15, 2009.

**“2009 Subseries C Bonds”** means the City’s General Obligation Bonds, 2009 Subseries C (Federally Taxable – Issuer Subsidy – Recovery Zone Economic Development Bonds) dated December 15, 2009.

**“2010 Bonds”** means the 2010 Series A Bonds, the 2010 Series B Bonds and the 2010 Series C Bonds.

**“2010 Series A Bonds”** means the City’s General Obligation Bonds, 2010 Series A (Tax-Exempt) dated July 22, 2010.

**“2010 Series B Bonds”** means the City’s General Obligation Bonds, 2010 Series B (Federally Taxable – Issuer Subsidy – Build America Bonds) dated July 22, 2010.

**“2010 Series C Bonds”** means the City’s General Obligation Bonds, 2010 Series C (Tax-Exempt Refunding) dated July 22, 2010.

**“2012 Series A Bonds”** means the City’s General Obligation Bonds, 2012 Series A dated June 14, 2012.

**“2012 Series B Bonds”** means the City’s General Obligation Refunding Bonds, 2012 Series B dated July 12, 2012.

**“2013 Series A Bonds”** means the City’s General Obligation Refunding Bonds, 2013 Series A dated July 11, 2013.

**“2014 Series A Bonds”** means the City’s General Obligation Bonds, 2014 Series A dated August 28, 2014.

**“2014 Series B Bonds”** means the City’s General Obligation Refunding Bonds, 2014 Series B dated November 18, 2014.

**“2016 Series Note”** means the City’s General Obligation Taxable Refunding Note, 2016 Series dated February 11, 2016.

**“2016 Series A Bonds”** means the City’s General Obligation Bonds, 2016 Series A dated March 17, 2016.

**“2016 Series B Bonds”** means the City’s General Obligation Refunding Bonds, 2016 Series B dated March 17, 2016.

**“2016 Series C Bonds”** means the City’s General Obligation Refunding Bonds, 2016 Series C dated May 17, 2016.

**“2016 Series D Bonds”** means the City’s General Obligation Bonds, 2016 Series D dated November 22, 2016.

**“2016 Series E Bonds”** means the City’s General Obligation Bonds (Federally Taxable), 2016 Series E dated November 22, 2016.

**“2017 Series A Bonds”** means the City’s General Obligation Bonds, 2017 Series A dated November 1, 2017.

**“2017 Series B Bonds”** means the City’s General Obligation Refunding Bonds, 2017 Series B dated November 1, 2017.

**“2017 Series C Bonds”** means the City’s General Obligation Refunding Bonds, 2017 Series C dated November 1, 2017.

## **2. Certification of Debt Service**

Pursuant to the Indenture, prior to the commencement of each Fiscal Year, the City shall deliver to the Trustee and the Tax Collector, the Certificate of Debt Service executed by the Mayor and the Director of Finance setting forth the following:

- (a) Each payment of Debt Service maturing in that Fiscal Year, with all relevant detail including with respect to all Supported General Obligations: (a) the principal amount and date or dates of maturity thereof and the due dates of any installment of principal or mandatory sinking fund payments or redemption payments; (b) the rate or rates of interest thereon and the date or dates of payment thereof; (c) the place or places where, and the Persons to whom, such Supported General Obligations are payable, and where applicable the Paying Agent; and (d) if such Supported General Obligations are subject to redemption, the terms and conditions of such redemption.
- (b) The amount of the Debt Service for each month of the Fiscal Year and for the first month of the following Fiscal Year.
- (c) The estimated balance in the Debt Service Account at the beginning of each month during such Fiscal Year.
- (d) The Designated Payments for each month of the Fiscal Year and for the first month of the following year. If the budgeted Property Tax collection for any month is less than the Debt Service for the following month, then the Designated Payments for the preceding month shall be increased so that at the commencement of the month in which the Debt Service is due there will be sufficient funds to pay the Debt Service for such month.

## **3. Payments Into Debt Service Account**

At the start of each month, commencing with July, 1996, the Tax Collector shall deposit with the Trustee, for credit to the Debt Service Account, all Property Taxes collected until there has been deposited with the Trustee an amount equal to the Designated Payments for the ensuing month as reflected on the Certificate of Debt Service or such greater amount as set forth on the Certificate of Debt Service. In the event that any such deposits do not become good funds for any reason, upon notice from the Trustee, the Tax Collector shall make further payments to the Trustee to replace such amounts. Once

the Debt Service Account contains an amount equal to or greater than the amount required by the Certificate of Debt Service, the Tax Collector shall not be obligated to make any deposits in the Debt Service Account for such month.

In the event the City determines that there will not be sufficient funds in the Debt Service Account to pay the Debt Service as it becomes due it shall cause necessary payments to be made to the Debt Service Account or cause the Tax Collector to pay all Property Taxes collected by the City to the Trustee for deposit in the Debt Service Account until there are sufficient funds in the Debt Service Account to pay the Debt Service.

If seven days prior to a Debt Service payment date, the amount held in the Debt Service Account is insufficient to make such payment as identified in the Certificate of Debt Service, the Trustee shall give notice to the City of such insufficiency. The City shall immediately upon receipt of such notice deposit with Trustee the amount of the insufficiency and until such amount is paid and the Tax Collector has received notice from the Trustee that it has sufficient funds to pay the Debt Service then due or becoming due, the Tax Collector shall deposit with the Trustee all Property Taxes collected.

If two days prior to a Debt Service payment date, the amount held in the Debt Service Account is insufficient to make such payment, the Trustee shall give notice to the Mayor and Director of Finance of the City and the Secretary and the Treasurer of such insufficiency. The City shall immediately upon receipt of such notice deposit with Trustee the amount of the insufficiency and until such amount is paid and the Tax Collector has received notice from the Trustee that it has sufficient funds to pay the Debt Service then due or becoming due, the Tax Collector shall deposit with the Trustee all Property Taxes collected.

Once the Debt Service Account holds sufficient assets to pay the Debt Service when due for the remainder of any Fiscal Year, upon written notice from the Trustee of that fact, the Tax Collector shall not be required to make further payments of Property Taxes for such Fiscal Year to the Debt Service Account. The determination by the Trustee shall be solely based upon the Certificate of Debt Service and the deposits then held in the Debt Service Account.

#### **4. Debt Service Account**

The Trustee shall hold moneys in the Debt Service Account in trust for the benefit of the holders of all Supported General Obligations.

The Trustee shall pay out of the Debt Service Account to the Paying Agent (i) on or before each interest payment date for any series of Bonds, the amount required for the interest payable on such date; (ii) on or before the due date for each Principal Installment, including any sinking fund installment, the amount required for the Principal Installment payable on such due date; and (ii) on or before any Redemption Date for the Bonds, the amount required for the payment of principal, interest and premium, if any, on the Bonds then to be redeemed. Such amounts shall be applied by the Paying Agent on or after the due dates thereof.

The Trustee shall from time to time from and after the date hereof pay from the Debt Service Account all amounts required for the payment as the same becomes due on all Supported General Obligations pursuant to instructions set forth in the Certificate of Debt Service prepared by the City.

The Trustee shall pay out of the Debt Service Account to the City on a monthly basis any interest or investment income earned on the Debt Service Account.

## **5. Covenants of the City**

The City covenants for the benefit of the Trustee and to the holders of the Bonds to (1) punctually pay the principal, mandatory sinking fund payment or Redemption Price, if any, of every Bond, and the interest thereon at the dates and place, and in the manner provided in the Bond, (2) comply with the requirements of the Act and the applicable laws of the State, (3) apply the Property Taxes in such manner as required by the Indenture, (4) comply with the terms of the Tax Compliance Agreement delivered in connection with the issuance of the 2017 Series A Bonds, the 2017 Series B Bonds, and the 2017 Series C Bonds which shall require the City to make no use of the proceeds of the 2017 Series A Bonds, the 2017 Series B Bonds, and the 2017 Series C Bonds or of other amounts which would cause the 2017 Series A Bonds, the 2017 Series B Bonds, and the 2017 Series C Bonds to be treated as “arbitrage bonds” within the meaning of the Internal Revenue Code of 1986, as amended and applicable regulations (the “Code”), and that the City will not take any action, or fail to take any action with respect to the proceeds of the 2017 Series A Bonds, the 2017 Series B Bonds, and the 2017 Series C Bonds that would result in a loss of the exemption from federal income taxation pursuant to the Section 103(a) of the Code of interest paid on the 2017 Series A Bonds, the 2017 Series B Bonds, and the 2017 Series C Bonds; and (5) except to the extent otherwise provided in the Indenture, the City shall not enter into any contract or take any action by which the rights of the Trustee or the holders of the Bonds may be impaired, and shall, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of the Indenture.

## **6. Events of Default**

Each of the following constitutes an Event of Default under the Indenture:

- (a) the City shall default in the payment of the principal or redemption price of any Bond when and as the same shall become due and payable, whether at maturity or upon call for redemption, or the City shall default in the payment of the unsatisfied balance of any sinking fund installment therefor (except when such installment is due on the maturity of such Bond), when and as such sinking fund installment shall become due and payable, and such default shall continue for a period of thirty days; or
- (b) the City shall default in the payment of any installment of interest on any Bond, when and as such interest installment shall become due and payable and such default shall continue for a period of thirty days; or
- (c) the City shall fail or refuse to perform or observe any covenant, agreement or condition on its part in the Indenture or in the Bonds, and such default shall continue for a period of sixty (60) days after written notice thereof to the City by the Trustee or to the City and to the Trustee by the owners of not less than a majority in principal amount of the Bonds outstanding.

## **7. Remedies of Holders of the Bonds**

If an Event of Default shall occur and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed within applicable law, and upon written request of the owners of not less than 25% in principal amount of the Bonds outstanding shall proceed, to protect and enforce its rights and the rights of the owners of the Bonds under the Indenture forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against the City as if the City were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being

advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under the Indenture.

All rights of action under the Indenture may be enforced by the Trustee without the possession of any of the Bonds or the production thereof at the trial or other proceedings, and any such suit or proceedings instituted by the Trustee shall be brought in its name.

The owners of not less than 25% in principal amount of the outstanding Bonds may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, provided that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the holders of the Bonds not parties to such direction.

Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under the Indenture, the Trustee shall be entitled to exercise any and all rights and powers conferred in the Indenture and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

Regardless of the occurrence of an Event of Default, the Trustee shall have power to, but unless requested in writing by the owners of 25% in principal amount of the outstanding Bonds to the extent provided in subsection (1) of this Section, and furnished with reasonable security, indemnity and arrangements in advance for the periodic payment of its fees, expenses and liabilities, shall be under no obligation to, institute and maintain suits and proceedings as the Trustee may be advised shall be necessary or expedient to prevent any impairment of the security under the Indenture by any acts which may be unlawful or in violation of the Indenture, or suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the holders of the Bonds.

No owner of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the Indenture or the execution of any trust under the Indenture or for any remedy under the Indenture, unless such owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default and the owners of at least 25% in principal amount of the Bonds then outstanding, to the extent provided above, shall have filed a written request with the Trustee and shall have offered it reasonable opportunity, either to exercise the powers granted in the Indenture or by the Act or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such owners shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of 60 days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by the Indenture, or to enforce any right under the Indenture, except in the manner herein provided; and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all owners of the outstanding Bonds, subject only to the provisions of this Section entitled "Remedies of Holders of the Bonds".

Nothing contained in the Indenture shall affect or impair the obligation of the City, which is absolute and unconditional, to pay at the respective dates of Maturity and places therein expressed the principal of (and premium, if any), sinking fund installments, and interest on the Bonds to the respective owners thereof, or affect or impair the right of action, which is also absolute and unconditional, of any owner to enforce such payment of his Bond.

## **8. Application of Taxes and Other Moneys After Default**

During the continuance of an Event of Default, the Trustee shall apply all moneys, securities, funds, taxes and revenues received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture as follows and in the following order:

- (a) Expenses of Fiduciaries – to the payment of the reasonable and proper charges, expenses and liabilities of the Fiduciaries.
- (b) Principal or Redemption Price and Interest – to the payment of the interest and principal or Redemption Price then due on the Supported General Obligations, as follows:

First: Interest – to the payment to the Persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, together with accrued and unpaid interest on the Supported General Obligations theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; and

Second: Principal or Redemption Price – to the payment to the Persons entitled thereto of the unpaid principal, unsatisfied balance of any sinking fund installment or Redemption Price of any Supported General Obligations which shall have become due, whether at maturity or by call for redemption, in the order of their dates, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the Persons entitled thereto, without any discrimination or preference.

If and whenever all overdue installments of interest on all Supported General Obligations, together with the reasonable and proper charges, expenses and liabilities of the Trustee under the Indenture or any other agreement and all other sums payable by the City under the Indenture, including the principal and Redemption Price of and accrued unpaid interest on all Bonds which shall then be payable by declaration or otherwise, shall either be paid by or for the account of the City, or provisions satisfactory to the Trustee shall be made for such payment, and all defaults under the Indenture or the Bonds shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the City, and the Trustee shall be restored, respectively, to their former positions and rights under the Indenture. No such restoration of the City and the Trustee, to their former positions and rights shall extend to or affect any subsequent default under the Indenture or impair any right consequent thereon.

## **9. Notice to Bondholders**

Within ninety (90) days after the occurrence of any Event of Default, the Trustee shall promptly mail written notice of such occurrence to each Owner of the Bonds then outstanding at his/her address, if any, appearing on the Bond Register.

## **10. Additional Bonds**

In addition to the Bonds initially issued, the City may issue Additional Bonds on a parity with all Outstanding Bonds and secured by an equal charge and lien on and payable equally and ratably from the Property Taxes for any purpose.



Prior to the delivery of Additional Bonds, there shall be filed with the Trustee (i) a supplemental indenture duly executed by the City; (ii) opinion of recognized bond counsel to the effect that the Additional Bonds, when executed by the City and authenticated and delivered by the Trustee and when issued by the City, will be legal general obligations of the City entitled to the benefits of and secured by this Indenture equally and ratably with all other outstanding Bonds and that the supplemental indenture has been duly executed and delivered by the City and all applicable conditions for the Trustee's execution and delivery of such supplemental indenture have been satisfied; and (iii) instructions from the City to authenticate and deliver such Additional Bonds.

## **11. Amendments and Supplemental Indentures**

Without the consent of any holders of any Bonds, the City, when authorized by a City Council resolution, and the Trustee at any time and from time to time, may enter into one or more amendments or indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

- (a) to evidence and provide for the acceptance of appointment by another bank or trust company as a successor Trustee hereunder with respect to one or more series of Bonds and to add to or change any of the provisions of the Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the Indenture;
- (b) to add to the covenants of the City, for the benefit of the holders of Bonds of all or any series, or to surrender any right or power herein conferred upon the City, provided that such action shall not adversely affect the interests of the holders of Bonds; or
- (c) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under the Indenture, provided that such action shall not materially and adversely affect the interests of the holders of Bonds of any series; or
- (d) to establish any additional form of Bond, as permitted hereunder and to provide for the issuance of any additional series of Bonds, as permitted under the Indenture, and to set forth the terms thereof; or
- (e) to confirm, as further assurance, any security interest, pledge or assignment under, and the subjection to any security interest, pledge or assignment created or to be created by, the Indenture of the Property Taxes, or of any other moneys, or securities; or
- (f) to modify, supplement or amend the Indenture to effect qualification under the Trust Indenture Act of 1939, as amended, or under any similar federal statute hereinafter enacted, and to add to the Indenture such other provisions as may be expressly permitted by the Trust Indenture Act of 1939, as amended, and to permit the qualification of any series of Bonds for sale under the securities laws of any state or the United States; or
- (g) to modify, supplement or amend the Indenture to effect its compliance with the Act; or
- (h) to appoint a trustee or any paying agent; or
- (i) to satisfy the requirements of the providers of credit enhancement for, or any rating agency in connection with, any of the series of Bonds if such requirements do not materially and adversely affect the rights of the holders of the Bonds; or

- (j) to grant to or confer upon the Trustee for the benefit of the holders of the Bonds any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the holders of the Bonds or the Trustee or either of them which are not contrary to or inconsistent with the Indenture as theretofore in effect, or to grant or pledge to the Trustee for the benefit of the holders of the Bonds any additional security other than that granted or pledged under the Indenture.

With the consent of the respective Bond Insurer or if the respective Municipal Bond Insurance Policy is not in effect, the consent of the holders of not less than 50% in principal amount of the outstanding Bonds of each series affected by such amendment or amendments or supplemental indenture or indentures, the City and the Trustee may enter into amendments or indentures supplemental for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of the holders of Bonds of each such series under the Indenture; provided, however, that no such amendment or supplemental indenture shall, without the consent of the holder of each outstanding Bond affected thereby:

- (a) change the maturity of the principal of, or the stated maturity of the premium, if any, on, or any installment of interest on, any Bond, or reduce the principal amount thereof or any premium thereon or the rate of interest thereon, or change the method of computing the amount of principal thereof on any date or change the coin or currency in which any Bond or any premium or interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the maturity thereof, as the case may be, (or, in the case of redemption or repayment, on or after the redemption date or the repayment date, as the case may be); or
- (b) reduce the percentage in principal amount of the outstanding Bonds of any series, the consent of whose holders is required for any such amendment or supplemental indenture or the consent of whose holders is required for any waiver (of compliance with certain provisions of the Indenture or of certain defaults thereunder and their consequences) provided for in the Indenture; or
- (c) modify any of the provisions of this Section, except to increase any such percentage or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each outstanding Bond affected thereby.

Prior to the adoption of any such supplemental indenture, the City shall give at least 15 business days written notice thereof.

It shall not be necessary for any act of holders of the Bonds under this Section to approve the particular form of any proposed amendment or supplemental indenture, but it shall be sufficient if such act shall approve the substance thereof.

Notwithstanding the provisions above, the Indenture may be amended by the City without the approval of the holders of the Bonds or Trustee upon the request of the Secretary or the Treasurer provided such amendment does not impair the rights of the holders of the Bonds.

## **12. Bond Insurer's Rights**

Unless otherwise provided, each Bond Insurer has the exclusive vote for the holders of its respective Bonds for the following purposes: (i) execution and delivery of any supplemental indenture; (ii) removal of the Trustee and selection of a new Trustee; (iii) amending the provision of the Indenture

pursuant to the section entitled “Amendments and Supplemental Indentures” herein and (iv) initiation or approval of any action not described above which requires consent of the holders of the Bonds.

Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default as defined herein, each Bond Insurer, as to their respective Bonds, shall be entitled to all of the rights of the holders of such Bonds under the Indenture including at its election to vote such respective Bonds that there are outstanding on all matters on which the respective Bonds are entitled to vote hereunder.

In the event that the principal and/or interest due on the Bonds shall be paid by the respective Bond Insurer pursuant to the Municipal Bond Insurance Policy, the respective Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the City, and the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the City to the registered owners of such Bonds shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such registered owners.

### **13. State Pledge Regarding Indenture**

The State pursuant to Section 7-565 of the Connecticut General Statutes has pledged to the holders of any bonds and notes issued under the Act, including the Bonds, and with those parties who may enter into or have entered into contracts for the insurance or payment of such bonds or notes with the City pursuant to the provisions of the Act, that it will not limit or alter the rights vested in the City by the Act until such obligations together with the interest thereon, are fully met and discharged and such contracts are fully performed on the part of the City, provided nothing shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the holders of such bonds and notes of the City. The State has authorized the City to include this pledge and undertaking of the State in such bonds and notes or contracts and in any indenture or supplement thereto pursuant to which bonds or notes have been issued pursuant to the Act.

### **14. Defeasance**

If the City shall pay or cause to be paid, or there shall be otherwise paid or provision made for payment, to the Holders of all or any of the Bonds of a series then Outstanding, the principal or Redemption Price of and interest thereon, at the times and in the manner stipulated therein and in this Indenture and any supplemental indenture, and all fees and expenses of the Trustee, the Paying Agent and the City, and any and all amounts due and owing to the Bond Insurer, then the pledge of any Property Taxes or other moneys and securities hereby pledged to such Bonds or such series of Bonds and all other rights granted hereby to such Bonds or such series of Bonds shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the City, execute and deliver to the City all such instruments as may be desirable to evidence such discharge and satisfaction and the Trustee or other fiduciary shall pay or deliver to the City all moneys or securities held by it pursuant to this Indenture and any supplemental indenture which are not required for the payment or redemption of Bonds of such series not theretofore surrendered for such payment or redemption to be used by the City.

Any Bonds of a series for which moneys shall then be held by a trustee, which may be the Trustee (through deposit by the City of funds for such payment or redemption or otherwise), whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in this Section. Any Outstanding Bonds of any series shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in this Section if:

- (a) in case any of such Bonds are to be redeemed on any date prior to their maturity, the City shall have given to a trustee, which may be the Trustee, in form satisfactory to such trustee, irrevocable instructions to give notice of redemption on such date of such Bonds;
- (b) there shall have been deposited with such trustee either moneys in an amount which shall be sufficient, or Defeasance Obligations the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with such trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be; and
- (c) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the City shall have given a trustee, which may be the Trustee, in form satisfactory to such trustee, irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Bonds that the deposit required by (b) above has been made with such trustee and that such Bonds are deemed to have been paid in accordance with the Indenture and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on such Bonds.

In the event of an advance refunding of any series of Bonds and unless the Bond Insurer for such series otherwise agrees in writing:

- (a) the City shall cause to be delivered, on the deposit date and upon any reinvestment of the defeasance amount, a verification report of an accountant.
- (b) the Escrow Deposit Agreement (which shall be acceptable in form and substance to the Bond Insurer for such series) shall provide that no (A) substitution of a Defeasance Obligation shall be permitted except with another Defeasance Obligation and upon delivery of a new Verification and (B) reinvestment of a Defeasance Obligation shall be permitted except as contemplated by the original Verification or upon delivery of a new Verification; and
- (c) there shall be delivered an opinion of recognized bond counsel to the effect that the payment of such series of Bonds has been provided for in the manner set forth herein and that such series of Bonds are no longer “Outstanding” under the Indenture.

**APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT**

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**FORM OF CONTINUING DISCLOSURE AGREEMENT –  
2017 SERIES A BONDS, 2017 SERIES B BONDS and 2017 SERIES C BONDS**

This Continuing Disclosure Agreement (the “Agreement”) is made as of November 14, 2017 by the City of Bridgeport, Connecticut (the “Issuer”), acting by its undersigned officers, duly authorized, in connection with the issuance of its \$34,785,000 General Obligation Bonds, 2017 Series A, \$41,415,000 General Obligation Refunding Bonds, 2017 Series B, and \$17,410,000 General Obligation Refunding Bonds, 2017 Series C, each dated November 30, 2017 (collectively, the “Bonds”), for the benefit of beneficial owners from time to time of the Bonds. The Bonds are issued pursuant to the Indenture (defined below). A copy of the Indenture may be reviewed at the office of the Director of Finance of the Issuer.

**Section 1. Purpose of the Disclosure Agreement.** This Agreement is being executed and delivered by the Issuer for the benefit of the Bondholders and in order to assist the underwriters in complying with SEC Rule 15c2-12.

**Section 2. Definitions.** For purposes of this Agreement, the following capitalized terms shall have the following meanings:

“EMMA” shall mean the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.

“Final Official Statement” shall mean the official statement of the Issuer dated November 14, 2017 prepared in connection with the Bonds.

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

“Indenture” shall mean the Indenture of Trust dated as of May 1, 1996, as amended and supplemented by a First Supplemental Indenture of Trust dated as of March 1, 1997, as amended and supplemented by a Second Supplemental Indenture of Trust dated as of January 15, 2000, as amended and supplemented by a Third Supplemental Indenture of Trust dated as of August 15, 2000, as amended and supplemented by a Fourth Supplemental Indenture of Trust dated as of July 1, 2001, as amended and supplemented by a Fifth Supplemental Indenture of Trust dated as of June 15, 2002, as amended and supplemented by a Sixth Supplemental Indenture of Trust dated as of November 1, 2003, as amended and supplemented by a Seventh Supplemental Indenture of Trust dated as of August 12, 2004, as amended and supplemented by an Eighth Supplemental Indenture of Trust dated as of April 15, 2006, as amended and supplemented by a Ninth Supplemental Indenture of Trust dated as of June 1, 2006, as amended and supplemented by a Tenth Supplemental Indenture of Trust dated as of June 1, 2007, as amended and supplemented by an Eleventh Supplemental Indenture of Trust dated as of December 1 2009, as amended and supplemented by a Twelfth Supplemental Indenture of Trust dated as of July 1, 2010, as amended and supplemented by a Thirteenth Supplemental Indenture of Trust dated as of June 1, 2012, as amended and supplemented by a Fourteenth Supplemental Indenture of Trust dated as of July 1, 2012, as amended and supplemented by a Fifteenth Supplemental Indenture of Trust dated as of July 1, 2013, as amended and supplemented by a Sixteenth Supplemental Indenture of Trust dated as of August 1, 2014, as amended and supplemented by a Seventeenth Supplemental Indenture of Trust dated as of November 1, 2014, as amended and supplemented by an Eighteenth Supplemental Indenture of Trust dated as of February 1, 2016, as amended and supplemented by a Nineteenth Supplemental Indenture of Trust dated as of March 1, 2016, as amended and supplemented by a Twentieth Supplemental Indenture of Trust dated as of May

1, 2016, as amended and supplemented by a Twenty-First Supplemental Indenture of Trust dated as of November 1, 2016, and as further amended and supplemented by a Twenty-Second Supplemental Indenture of Trust dated as of November 1, 2017 by and between the Issuer and U.S. Bank National Association, as Trustee.

“Listed Events” shall mean any of the events listed in Section 5 hereof.

“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.

“Rule” means SEC Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

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

**Section 3. Provisions of Annual Reports.** The Issuer shall, not later than 275 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2018, provide to the MSRB an annual report (the “Annual Report”) which is consistent with the requirements of Section 4 of this Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Agreement; provided that, if audited financial statements of the Issuer are unavailable at the time the Annual Report is due, the Issuer will include unaudited financial statements with the Annual Report and the audited financial statements, when available, will be provided to the MSRB, within thirty (30) days of receipt.

**Section 4. Content of Annual Report.** The Annual Report shall contain or incorporate by reference the following:

(i) Audited financial statements of the Issuer for the prior fiscal year, which statements shall be in accordance with the accounting principles that are required by State law. As of the date of this Agreement, the Issuer prepares its financial statements pursuant to generally accepted accounting principles; and

(ii) To the extent not included in the audited financial statements referred to in Subsection (i) above, financial information and operating data within the meaning of the Rule of the type set forth in the table entitled “Debt Service Schedule”, as set forth under the heading “THE BONDS”, as well those tables in the Final Official Statement entitled “Principal Amount of Indebtedness – Long Term Debt”, “Detail of WPCA Borrowing”, “Principal Amount of Outstanding Debt”, “Debt Statement”, “Current Debt Ratios”, “Ratio of Annual Debt Service Expenditures to General Fund Expenditures”, “Statement of Statutory Debt Limitation and Debt Margin”, “Debt Limitation and Debt Margin Computation”, and the financial information under “Other Long-Term Commitments”, as set forth in the “DEBT AND CAPITAL PROGRAMS” section of the Final Official Statement, together with the information relating to the pension programs set forth in the “FINANCIAL INFORMATION” section, and the real and personal property taxes of the type set forth under the “TAX BASE DATA” section of the Final Official Statement.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer, which have been submitted to the MSRB. If the



document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

The Issuer reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in mandated state statutory principles as in effect from time to time; provided that the Issuer agrees that the exercise of any such right will be done in a manner consistent with the Rule.

#### **Section 5. Reporting of Listed Events.**

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) 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 events affecting the tax status of the Bonds;
- (vi) tender offers;
- (vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;
- (viii) Bond defeasances; and
- (ix) rating changes.

(b) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event, if material:

- (i) non-payment related defaults;
- (ii) modifications to rights of Bondholders;
- (iii) Bond calls;
- (iv) release, substitution, or sale of property securing repayment of the Bonds;
- (v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the

Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms; and

(vi) appointment of a successor or additional trustee, or the change in the name of the trustee.

**Section 6. Notice of Failure to Provide Annual Financial Information.** The Issuer agrees to provide or cause to be provided, in a timely manner to the MSRB, notice of any failure by the Issuer to provide annual financial information as set forth in Sections 3 and 4 hereof on or before the date set forth in Section 3 hereof.

**Section 7. Termination of Reporting Obligation.** The obligations of the Issuer under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the Issuer ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

**Section 8. Dissemination Agent.** The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Agreement, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent.

**Section 9. Amendment.** Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if (i) 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 Issuer, (ii) this Agreement, as so amended or waived, 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, and (iii) such amendment or waiver is supported by either an opinion of counsel expert in federal securities laws to the effect that the amendment or waiver would not materially adversely affect the beneficial owners of the Bonds or an approving vote by holders of not less than 60% of the aggregate principal amount of the Bonds then outstanding. A copy of any such amendment or waiver will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver.

**Section 10. Additional Information.** The Issuer shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided however, nothing in this Agreement shall be construed as prohibiting the Issuer 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 notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 11. Default.** In the event of a failure of the Issuer to comply with the provisions of this Agreement, the Issuer may cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 4(i) of this Agreement or 10 days with respect to the undertakings set forth in Sections 4(ii) and 5 of this Agreement) from the time the Issuer receives written notice of such failure. For purposes of this Section, notices to the Issuer should be sent to the Director of Finance of the Issuer with a copy to the Issuer's City Attorney. In the event the Issuer does not cure such failure within the time frame specified above, any Participating Underwriter (as defined in the Rule) or

any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance, to cause the Issuer to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default with respect to the Bonds, and the sole remedy under this Agreement in the event of any failure of the Issuer to comply with this Agreement shall be an action to compel specific performance. The parties expressly agree and acknowledge that no monetary damages shall arise or be payable hereunder.

**Section 12. Governing Law.** This Agreement shall be governed by the laws of the State of Connecticut.

**Section 13. Method of Filing.** To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

**Section 14. Beneficiaries.** This Agreement shall inure solely to the benefit of the Issuer, any dissemination agent, any Participating Underwriter and the Bondholders, and shall create no rights in any other person or entity.

Dated: As of November 14, 2017

**CITY OF BRIDGEPORT, CONNECTICUT**

By: \_\_\_\_\_  
Joseph P. Ganim  
Mayor

By: \_\_\_\_\_  
Kenneth Flatto  
Director of Finance

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