

CITY OF BRIDGEPORT, CONNECTICUT



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year
July 1, 2016 to June 30, 2017

Prepared By:
DEPARTMENT OF FINANCE

Kenneth A. Flatto
Director of Finance

**CITY OF BRIDGEPORT, CONNECTICUT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Introductory Section



CITY OF BRIDGEPORT
DEPARTMENT OF FINANCE
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JOSEPH P. GANIM
Mayor

KENNETH A. FLATTO
Finance Director/CFO

January 10, 2018

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, 2017.

Blum Shapiro has issued an unmodified (“clean”) opinion on the City of Bridgeport, Connecticut’s financial statements for the year ended June 30, 2017. 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 ConnDOT Rail 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, Finances and Long-Term Planning

The annual budget serves as the foundation for the City of Bridgeport's financial planning and control. Budget-to-actual comparisons for FY2017 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, 2017 fiscal year with a solid \$4.6 million budgetary surplus, which is the largest in recent years. This was attained in large measure by an across the board set of Administration actions taken as well as support from the state last year. The City has taken steps to ensure that it has ample contingencies to meet challenges and to continue to improve fund balances. The City receives significant state aid for city purposes, for education and for certain school capital projects. The City is fully funding all required pension obligations as recommended by actuaries. 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.

The City has put into place certain long term planning measures, including the adoption of an annual five-year capital plan. In addition, the City uses multi-year budget planning for internal purposes for forecasting future budget needs. The City also enters into multi-year contracts for various services when beneficial with utility providers and certain health care providers. The City implement multi-year collective bargaining contracts whenever possible.

Reassessment and Mill Rates

The City's property tax bill rate was set during the FY2018 budget process at 54.37 mills, no change from FY2017. The mill rate for motor vehicles has been set at 39 mills due to the State cap on car tax mill rates, which allow the City to receive state reimbursement for some of the lost revenues from this reduced vehicle mill rate. The last citywide revaluation was implemented for the Grand List Year 2015 for budgetary years starting FY2017. The Net Taxable Grand List as of October 1, 2016 was adopted at a full value of approximately \$6 billion. Real property prices and values have stabilized the past few years. It is anticipated that the grand list will see continued growth from economic development activities underway.

Local Economy

The City is a major medical, legal, industrial, financial and entertainment center. Two medical centers, the St. Vincent's Medical Center and the Bridgeport Hospital 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 headquarters office of People's United Bank. Other major employers residing within the City's boundaries include the University of Bridgeport, Housatonic College, Jewish Senior Services, Bridgeport Health Care Center, Bass Pro Shop, Sikorsky Industries and several major law firms. The City, remains the home of more than 200 manufacturing companies and thousands of local retail and commercial businesses. These companies often utilize new technologies and new arrivals often occupy unique market niches.

The Greater Bridgeport area hosts four institutions of higher learning: Housatonic Community College, The University of Bridgeport, Fairfield University, and Sacred Heart University. 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, with both campuses expanding significantly over the last few years.

Bridgeport is the home of numerous attractions that enhance the City's economic fortunes. The Webster Bank Arena and Harbor Yard 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 Barnum Museum showcases the life and times of the former City Mayor and renowned showman, P.T. Barnum. 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. New light manufacturing is looking at Bridgeport as a favorite destination. The City's strategy of identifying growth industries such as medical, financial services, construction, and film/media is proving successful. To enhance the infrastructure that serves the industrial and commercial base of the City, the City has assembled land and facilities necessary to provide for the expansion of existing corporations and accommodate new businesses, redevelopment and new private investment. Over two million square feet of new development is underway and in developmental and marketing stages.

Waterfront Development/Steel Point

Investment in Steel Point has come to fruition. Approximately 175,000 square foot of retail, including Bass Pro Shops, Starbucks, Chipotle, T-Mobile, and more has been built. The Bass Pro Shops include a restaurant and bowling alley drawing visitors to Steel Point from the surrounding region. Several retail tenants have signed letters of intent for Phase Two which is under construction and scheduled to open in early 2019, along with a new marina and new housing to be open within two years. The foundation is laid for over 1 million square-feet of total mixed-use waterfront development over the next five years.

Plans to include robust public improvements including an approximately 70-foot-wide greenway along the waterfront. Property tax based Tax Increment Financing will be used to fund some of these improvements. In 2009, the City entered into a final Development and Acquisition Agreement with Bridgeport Landing Development (BLD) for this 50-acre project. That agreement, with State legislative approvals, created the Steel Point Infrastructure Improvement District (the "District"). BDL is expanding its development efforts nearby including purchasing part of the former Derecktor shipyard site. Plans include a supermarket and significant business opportunities and the future possibility of leasing land for a casino.

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. Census data also shows that Bridgeport has the second highest percentage of millennial aged population in southwestern Connecticut. The City has positioned its downtown to be an important asset in the sustained growth of the Fairfield County economy.

In late 2017, the City bonded funds for a new Congress Street bridge and downtown parking improvements, to be implemented alongside other Bridgeport downtown improvements to infrastructure, including an exciting renovation plan at Harbor Yard in partnership with Live Nation Inc. to provide a music and arts amphitheater at this site to replace the former ballpark use. Another \$25 million in state and federal funding is being spent as part of downtown revitalization over the next two years including a major upgrade to Lafayette Circle and Boulevard and Main Street traffic light upgrades. The City's Intermodal Transportation Center), a 1,400-car commuter parking facility helping 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, is getting a \$4 million spruced up upgrade including flood protection. A plan for a high-speed ferry dock along Water Street is also planned.

Housatonic Community College has doubled the size of its downtown facilities over the past decade. The college's enrollment has increased by more than 1,000 students exceeding 6,000 students. An additional expansion wing is complete.

Significant private investment is occurring in Bridgeport along Main Street and Main Street North. 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 is completing renovation of the former Mechanics & Farmers Bank Complex on State Street into 32 housing units, two professional offices, a comedy club, and a restaurant. A \$12 million project 333 State Street development created 65 rental apartments and 15,000 square feet of street-level commercial space. The Kuchma Corporation (developer of Bijou Square) has built nearly 30 residential units, a restaurant, and built a new City public senior center for city residents. The new senior center provides a modern facility for the city's retired population in the heart of downtown.

The Downtown North district is positioned to be the next development area in downtown. A major historic \$400 million plan to revitalize the Majestic and Poli Theaters and to build two eighteen story apartment towers has been signed with the City and expected to begin construction by 2018-19. Another 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 *along* the Securities block. The project includes nearly 75 housing units and just under 10,000 square feet of retail space. Just north of those buildings, the city has recently completed negotiations with development teams to redevelop five city blocks including both historic buildings and vacant land: Spinnaker, POKO, Urban Green Builders, and Navarino. This project, including 105 housing units and just under 10,000 square feet of retail space commenced interior remediation and demolition.

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.

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.

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. 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 is renovating several former dilapidated industrial buildings and creating approximately 325 units of mixed-income housing, space for a charter school, and approximately 20,000 square feet of retail space. The first phase includes 157 units of housing, the charter school, and open space. State funding has been secured for this project and construction has begun.

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 (JSS) has completed a \$95 million building on Park Avenue, a 367,000 square foot skilled nursing and assisted living facility. Nearly 300 jobs were created in Bridgeport. The City helped back this project with support on financing fully paid by JSS.

Bridgeport's Major Financial Initiatives

The City has instituted significant cost-saving initiatives through charter revision, financial system upgrades, improvement of revenue collection, the restructuring of employee benefits, and renegotiations. In addition, the City is embarking on technology upgrades to improve public customer services such as online payment systems, expansion of web based operations and plans for fiber optic connectivity.

Several major historic economic development initiatives will provide a significant boost to the tax base and to budgetary revenues. The City has also adopted several revenue enhancements including improved tax collections, award of several large new federal grants, and an effort to identify and revitalize certain city owned properties.

Revenue Collection Initiatives

The City has implemented innovative strategies for enhancing its tax revenues, accelerating its receipt of delinquent taxes, non-tax revenues and controlling costs. The City uses 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. The Tax Collector's Office conducts annual lien sales, generating tax, interest and lien revenues. The sale of liens enables the City to realize immediate financial benefit from 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 2017 netting over \$2 million.

Internal Service Fund

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, 2017, 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. The long-term liability decreased \$2 million from the previous year. It is expected that deficits will be amortized and reduced over a reasonable period of 7-10 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, 2016. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

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.

In addition to the award for the Financial Reporting, the Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Bridgeport, Connecticut for the FY2017 Annual Budget.

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.

For more information on the City of Bridgeport, as well as financial documents, economic development updates, and other matters, please visit the City's redesigned web site at: www.bridgeportct.gov.

We would like to acknowledge the thorough and professional nature of our independent auditors, Blum Shapiro, who conducted this annual audit and assisted with the CAFR. The leadership and support of the Mayor and City Council has helped to ensure that our professional and dedicated Finance department continues to do its best.

Respectfully submitted,



Kenneth A. Flatto
Director of Finance/CFO



Government Finance Officers Association

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

Presented to

**City of Bridgeport
Connecticut**

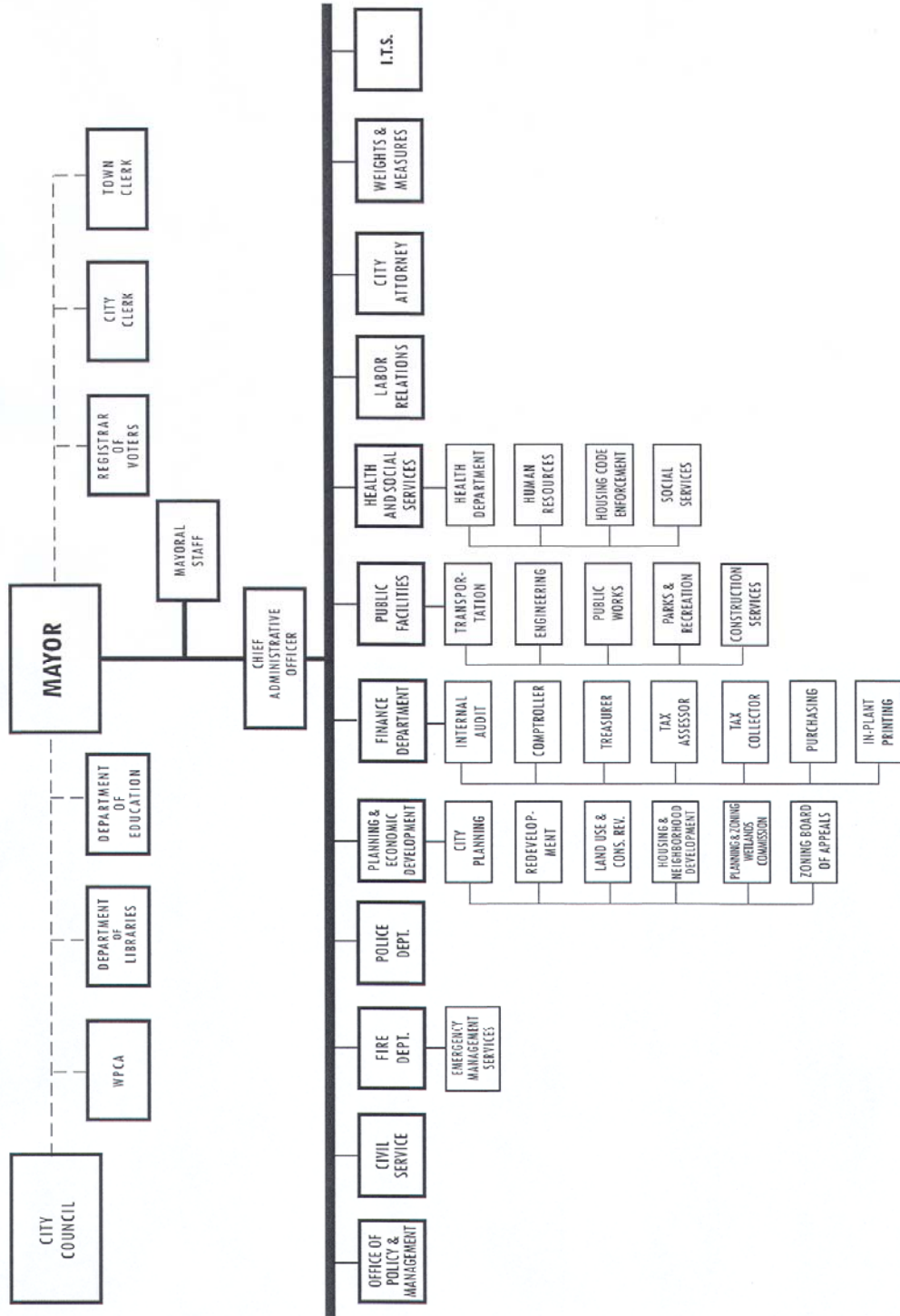
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Christopher P. Morill

Executive Director/CEO

CITY OF BRIDGEPORT TABLE OF ORGANIZATION



CITY OF BRIDGEPORT, CONNECTICUT

LIST OF PRINCIPAL OFFICERS

Office	Name	Manner of Selection and Term
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
City Treasurer	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, 2017, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2017 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 14 to the financial statements, during the fiscal year ended June 30, 2017, the City of Bridgeport, Connecticut, adopted new accounting guidance, GASB Statement No. 77, *Tax Abatement Disclosures*. 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 statement of the City of Bridgeport, Connecticut, as of and for the year ended June 30, 2016 (not presented herein), and have issued our report thereon dated January 30, 2017, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2016 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 2016 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2016 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, 2016.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2018 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Bridgeport, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bridgeport, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
January 10, 2018

City of Bridgeport, Connecticut
Management's Discussion and Analysis
June 30, 2017

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, 2017. 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 and deferred inflows of resources, resulting in total net position at the close of the fiscal year of \$(130.9) million. The change from prior year is primarily due to a slight increase in capital assets and strengthening in financial operations. Total net position for Governmental Activities at fiscal year-end was \$(233.4) million and total net position for Business-Type Activities was \$102.5 million. The primary reason for the total net deficiency position for Governmental Activities is primarily due to the long-term liability for pensions. The City is taking steps to reduce these liabilities in the future. The primary reason for an increase in net position for Business Activities is due to the operation of a Water Pollution Control Authority and its assets.
- ◆ On a government-wide basis, during the year, the City's net position increased by \$11.3 million from \$(142.2) million to \$(130.9) million. The change from prior year is primarily due to a slight increase in capital assets and strengthening in financial operations. Net position increased by \$11.3 million for Governmental Activities and stayed relatively the same for Business-Type Activities. Government-wide expenses for governmental activities were \$760.7 million, while revenues were \$772.0 million. The total unrestricted net deficit at June 30, 2017 was \$(1.08 billion) excluding capital assets due to the ongoing costs of long term pension obligations. The improvement in net position for Governmental Activities is due to steps taken by management to strengthen the financial condition of the city.
- ◆ At the close of the year, the City's governmental funds reported, on a current financial resource basis, combined ending total fund balances of \$129.5 million, an increase of \$36.5 from the prior fiscal year. This improvement in total fund balances is due to a combination of surplus generated from operations of \$4.7 million and an increase in capital bond issue fund of \$31.3 million. Of the total fund balance as of June 30, 2017, \$11.9 million represents the restricted fund balance, \$99.3 million committed or assigned, and \$18.0 million unassigned in the general fund, special revenue funds, capital projects fund and permanent trust fund. The unassigned \$18 million 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 \$19.3 million; \$18.9 million is unassigned. This improvement of \$4.6 million from the prior year is due to the favorable results from general operations. The available unassigned general fund balance at year-end represents 3.2% of total general fund expenditures of \$602.0 million.
- ◆ The City's total long-term debt increased by \$90.0 million during fiscal year 2017 due to the issuance of additional capital project bonds for city wide and school infrastructure improvements.

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 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 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 Non-major 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. Permanent Trust Funds consist of the Library Fund and the Education Fund. Individual fund data for each of these non-major 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.

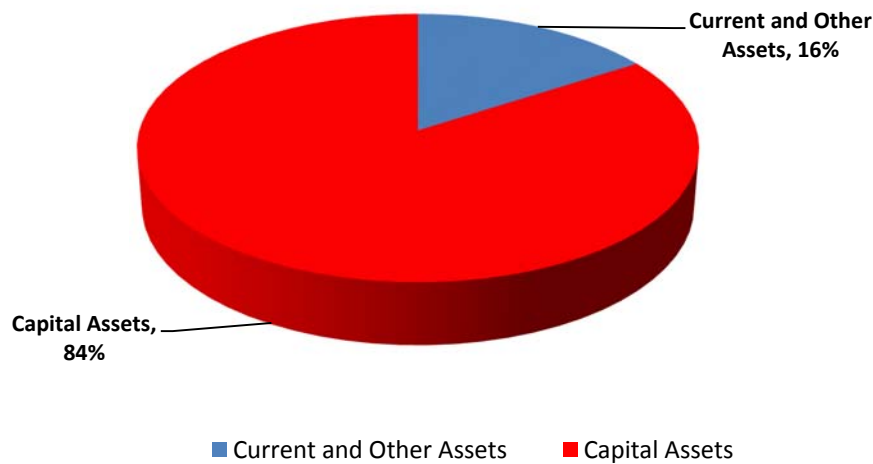
Government-Wide Financial Analysis

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 and deferred inflows of resources were less than its liabilities and deferred outflows of resources by (\$130.9) million at June 30, 2017. This is an increase of \$11.3 million from last year's net restated position of \$(142.2) million. The change from prior year is primarily due to a slight increase in capital assets and strengthening in financial operations.

CITY OF BRIDGEPORT, CONNECTICUT NET POSITION (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 232,657	\$ 219,401	\$ 17,739	\$ 15,109	\$ 250,396	\$ 234,510
Capital assets	1,193,681	1,144,054	126,714	131,749	1,320,395	1,275,803
Total assets	<u>1,426,338</u>	<u>1,363,455</u>	<u>144,453</u>	<u>146,858</u>	<u>1,570,791</u>	<u>1,510,313</u>
Deferred outflows of resources	93,963	59,973	-	-	93,963	59,973
Other liabilities	85,796	92,030	3,319	3,626	89,115	95,656
Long-term debt outstanding	1,665,674	1,576,061	38,624	40,728	1,704,298	1,616,789
Total liabilities	<u>1,751,470</u>	<u>1,668,091</u>	<u>41,943</u>	<u>44,354</u>	<u>1,793,413</u>	<u>1,712,445</u>
Deferred inflows of resources	2,230	-	-	-	2,230	-
Net position:						
Net investment in capital assets	852,428	813,953	88,090	91,022	940,518	904,975
Restricted	8,970	3,068			8,970	3,068
Unrestricted	<u>(1,094,797)</u>	<u>(1,061,684)</u>	<u>14,420</u>	<u>11,482</u>	<u>(1,080,377)</u>	<u>(1,050,202)</u>
Total Net Position	<u>\$ (233,399)</u>	<u>\$ (244,663)</u>	<u>\$ 102,510</u>	<u>\$ 102,504</u>	<u>\$ (130,889)</u>	<u>\$ (142,159)</u>

City of Bridgeport Asset Composition June 30, 2017

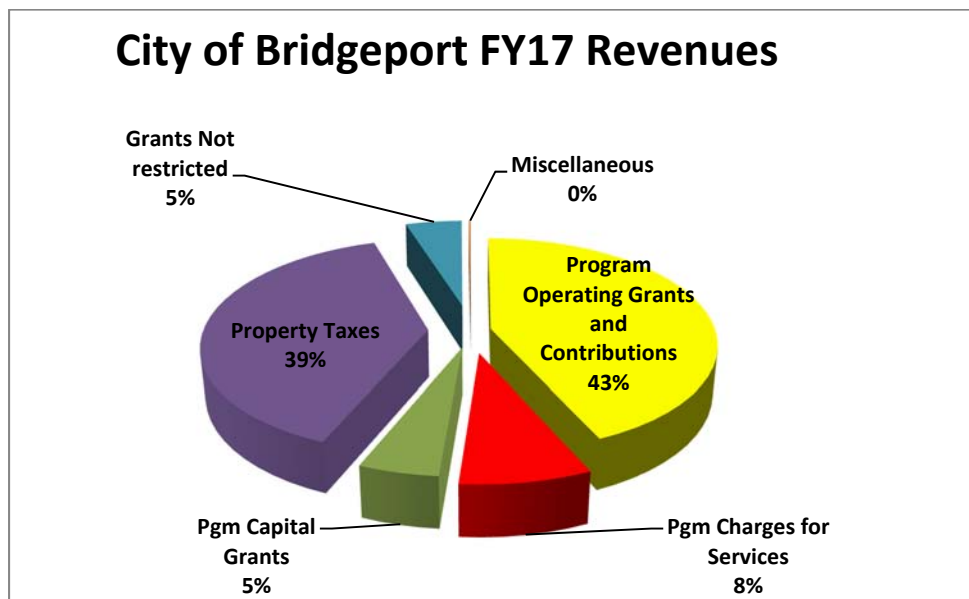


The portion of the City's net position in capital assets, \$941 million, reflects its investment in such capital assets (e.g., land, buildings, infrastructure, machinery and equipment), net of any outstanding debt related to these assets. The City uses these capital assets to provide services to citizens; 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.

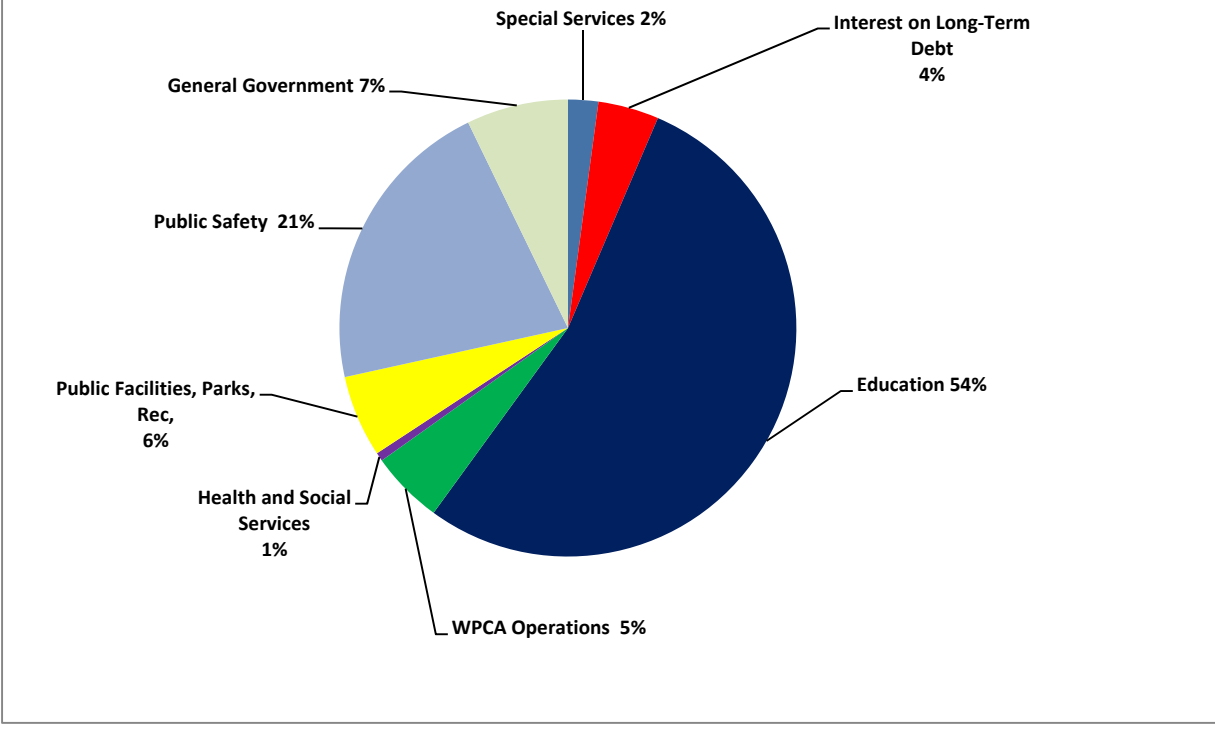
- ◆ The portion of the City's net position that is restricted, \$9 million, represents resources that are subject to external restrictions on how they may be used. Unrestricted net deficit of \$(1.08 billion) may not be used to meet the government's ongoing obligations to citizens and creditors, due to the negative balance. The primary reason for the large negative balance is due to the level of long-term pension liabilities, pursuant to GASB 68, and the remaining balance in outstanding debt from the August 2000 issuance of General Obligation Taxable Pension Bonds which were issued to properly fund pension plans previously funded on a "pay-as-you-go" basis.
- ◆ The small increase in net position can primarily be explained by the slight increase in long term assets due to improvements to capital infrastructure.

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

	Governmental Activities		Business-Type Activities		Total Government-Wide	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 23,923	\$ 23,801	\$ 37,851	\$ 36,597	\$ 61,774	\$ 60,398
Operating grants and contributions	332,065	353,450			332,065	353,450
Capital grants and contributions	39,532	75,617	1,321	4,354	40,853	79,971
General revenues:						
Property taxes	298,910	300,053			298,910	300,053
Grants not restricted to specific programs	36,456	25,147			36,456	25,147
Unrestricted investment earnings	749	280	15	9	764	289
Miscellaneous	1,182	2,271			1,182	2,271
Total revenues	732,817	780,619	39,187	40,960	772,004	819,308
Expenses:						
General government	54,722	56,810			54,722	56,810
Public safety	161,664	153,074			161,664	153,074
Public facilities, parks and recreation, planning and development	44,073	46,038			44,073	46,038
Health and social services	4,579	7,053			4,579	7,053
Operations			39,180	37,237	39,180	37,237
Education	407,494	422,865			407,494	422,865
Interest on long-term debt	32,760	31,584			32,760	31,584
Special services	16,261	11,370			16,261	11,370
Total expenses	721,553	728,794	39,180	37,237	760,733	766,031
Change in net position	11,264	51,825	7	3,723	11,271	55,548
Net Position, beginning	(244,663)	(296,488)	102,504	98,781	(142,159)	(197,707)
Net Position, Ending	\$ (233,399)	\$ (244,663)	\$ 102,511	\$ 102,504	\$ (130,888)	\$ (142,159)



City of Bridgeport Expenses - Primary Government June 30, 2017



Governmental Activities

Program revenues represented 43% of total revenues, followed by property taxes at 39%, and program capital at 4.6%, other unrestricted grants at 4.7%, program charges for service at 8.0%, and other miscellaneous revenues at 0%.

Major revenue factors included:

- ◆ Property tax revenues recorded for fiscal year 2017 of \$299.0 million represents a decrease of \$1.1 million from the prior fiscal year ended June 30, 2016, with no increase in the property tax mill rate.
- ◆ Program operating revenues of \$332.1 decreased \$21.4 million for fiscal year 2017 from the prior fiscal year to \$353.5 million. The decrease was primarily due to fewer school construction projects.

For Government-Wide Activities, 54% of the City's expenses relate to education; 21% relate to public safety; 2% 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 2016-2017 budget process, discretionary expenses remained stable.
- ◆ Police, fire and other public safety staffing and operations increased due to the priority of enhancing safety community security 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 \$129.5 million, an increase of \$36.5 from the prior year. Total General Fund balance increased from \$14.6 million to \$19.3 million, a significant increase of \$4.7 million. 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 \$18.9 million. This \$18.9 million general fund balance constitutes unassigned fund balance that is available for spending at the City's discretion. 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 3.2% of total General Fund expenditures.

The Capital Bond Issue Fund has a total fund balance at June 20, 2017 of \$100.6 million up from \$69.4 million in the prior year. This change in fund balance can be explained primarily by the issuance of new capital bonds for infrastructure projects and the timing of resources in and out of this fund for ongoing projects.

The Other Governmental Funds have a total fund balance at June 30, 2017 of \$10.2 million, down \$0.6 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 at June 30, 2017 was \$102.5 million, as compared to \$98.9 million in the prior year.

The unrestricted net position of the Water Pollution Control Authority as of June 30, 2017 was \$14.4 million. The Water Pollution Control Authority experienced operating revenues of \$37.9 million from user fees. There was a total operating income for the WPCA of (\$.6) million before interest expenditures of (\$.7) and capital contributions of \$1.3 million. The net position for the fiscal year ended June 30, 2017 stayed relatively the same as fiscal year ended June 30, 2016.

Net position of the Internal Service Fund was \$(66.0) million, as compared to \$(68.8) million in the prior year. This increase was due to reduced estimates in the workmen's compensation program net of slightly costs related to prescription drug claims.

General Fund Budgetary Highlights

The City's fiscal 2017 budget was a balanced budget. The budget kept the 1 mill rate set aside for the library funding per a voter-approved millage requirement. Total expenditures and other financing use budget was \$552.5 million versus actual expenditures of \$549.7 million showing total expenditures and other financing uses lower than budget by \$2.8 million.

Total revenues and other financing sources had a budgetary basis of 552.5 million versus an actual result of 554.3 resulting in actual above budgetary revenues of 1.8 million. Over all total property taxes were less than the budgetary results for fiscal year 2017 by 4.1 million, due to the settlement of major tax appeals which reduced city exposure from such claims. Current tax collection rates remained strong at a 98.3%.

The City of Bridgeport's General Fund ended the fiscal year 2017 with a strong general fund surplus of \$4.6 million and a total unassigned fund balance of \$18.9 million.

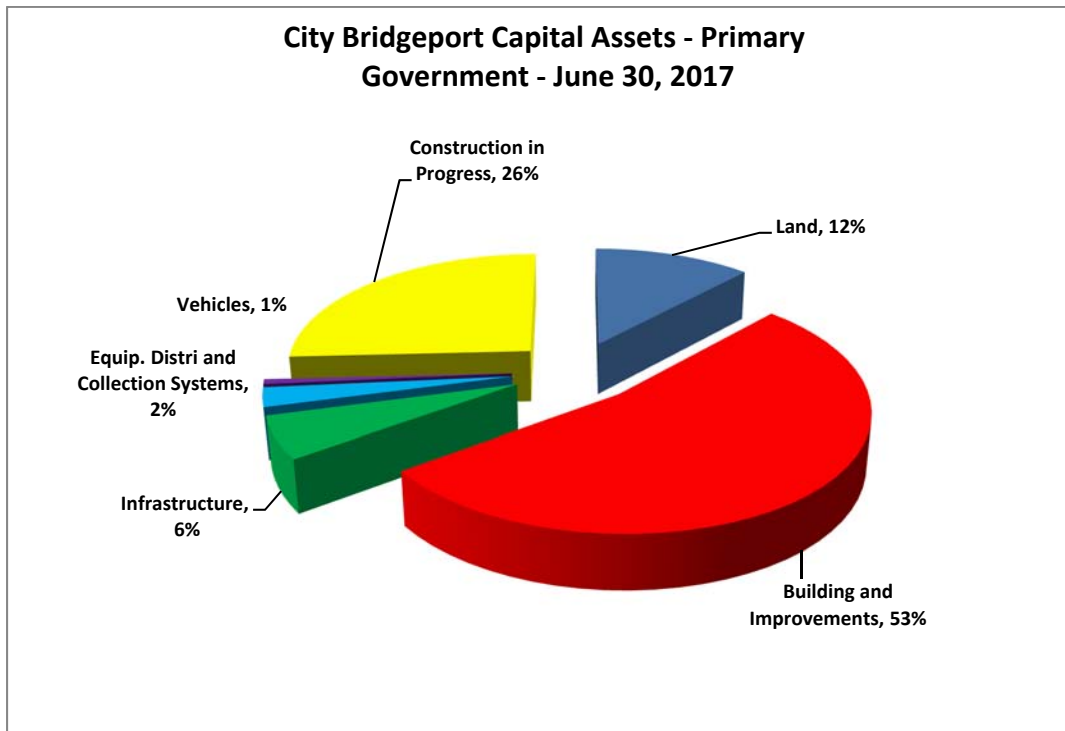
Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities, as of June 30, 2017, amounted to \$1,320.4 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 \$44.6 million.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Land	\$ 142,496	\$ 142,289	\$	\$	\$ 142,496	\$ 142,289
Buildings and improvements	633,983	649,134	43,239	47,939	677,222	697,073
Infrastructure	69,353	73,760			69,353	73,760
Equipment, distribution and collection systems	31,840	35,519	82,382	69,655	114,222	105,174
Vehicles	7,954	8,315	230	316	8,184	8,631
Construction in progress	308,055	235,037	863	13,839	308,918	248,876
Total	\$ 1,193,681	\$ 1,144,054	\$ 126,714	\$ 131,749	\$ 1,320,395	\$ 1,275,803



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

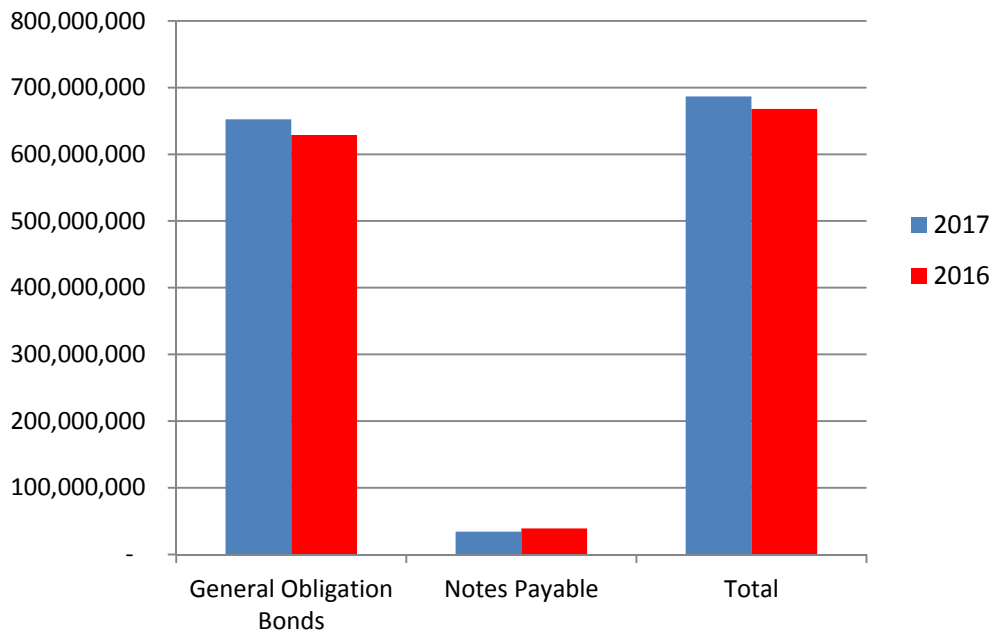
- ◆ Construction, improvements and renovations to school buildings and facilities.
- ◆ Continued rehabilitation of playgrounds and athletic fields.
- ◆ Infrastructure improvements including roads, bridges, and sanitary and sewer projects.
- ◆ Acquisition of parcels and remediation efforts for ongoing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

Additional information on the City's capital assets can be found in Note 7 of this report.

**CITY OF BRIDGEPORT, CONNECTICUT
OUTSTANDING DEBT**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds \$	648,585,506	\$ 625,787,200	\$ 3,854,495	\$ 3,267,800	\$ 652,440,001	\$ 629,055,000
Notes payable	-	1,583,000	34,331,925	37,347,850	34,331,925	38,930,850
Totals	\$ 648,585,506	\$ 627,370,200	\$ 38,186,420	\$ 40,615,650	\$ 686,771,926	\$ 667,985,850

Outstanding Debt - General Obligation and Revenue Bonds FY2017 vs FY2016



Long-term debt

At the end of the 2017 fiscal year, the City had total bonded debt outstanding of \$686.8 million. 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 \$38.2 million of this long-term debt through ongoing user fee charges.

The City's total long-term debt increased by \$22.8 million during fiscal 2017 due to issuance of new capital improvement bonds.

Standard & Poor's Rating Group (Standard & Poor's), Fitch Ratings, Inc. (Fitch), and Moody's Investors Service, Inc. (Moody's), have each assigned their underlying municipal bond rating of "A-", "A", and Baa1, 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 "A2" 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 time annual receipts from taxation or \$2.19 billion. As of June 30, 2017, the City recorded long-term debt of \$648.6 million related to Governmental Activities and \$38.2 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, 2017, the unemployment rate for the City of Bridgeport was 6.8%, down from 7.4% from the prior year. Connecticut's overall unemployment rate decreased to 4.8% from 5.1% in 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 Kenneth Flatto, Director of Finance, 999 Broad Street, Bridgeport, CT 06604 or emailed to kenneth.flatto@bridgeportct.gov.

Basic Financial Statements

**CITY OF BRIDGEPORT, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2017**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 149,567,269	\$ 7,237,154	\$ 156,804,423
Restricted cash and cash equivalents	5,901,174		5,901,174
Investments	1,522,379		1,522,379
Receivables, net of allowances for collection losses:			
Property taxes	31,619,916		31,619,916
Sewer user fees and liens		8,787,315	8,787,315
Federal and state governments	37,690,610		37,690,610
Other	3,076,969	2,001,675	5,078,644
Internal balances	466,789	(466,789)	-
Prepaid and other assets	2,811,540	180,000	2,991,540
Total current assets	<u>232,656,646</u>	<u>17,739,355</u>	<u>250,396,001</u>
Noncurrent:			
Capital assets not being depreciated	450,550,211	862,628	451,412,839
Capital assets being depreciated, net of depreciation	<u>743,130,787</u>	<u>125,851,512</u>	<u>868,982,299</u>
Total noncurrent assets	<u>1,193,680,998</u>	<u>126,714,140</u>	<u>1,320,395,138</u>
Total assets	<u>1,426,337,644</u>	<u>144,453,495</u>	<u>1,570,791,139</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	6,652,920		6,652,920
Deferred outflows related to PERS	7,445,401		7,445,401
Deferred outflows related to MERS	<u>79,865,115</u>		<u>79,865,115</u>
Total deferred outflows of resources	<u>93,963,436</u>	<u>-</u>	<u>93,963,436</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	56,484,550	3,318,902	59,803,452
Due to fiduciary funds	2,808,382		2,808,382
Unearned revenue	1,354,490		1,354,490
Notes payable	10,000,000	333,319	10,333,319
Accrued interest payable	15,148,458		15,148,458
Current maturities of long-term obligations	<u>65,173,168</u>	<u>4,284,850</u>	<u>69,458,018</u>
Total current liabilities	<u>150,969,048</u>	<u>7,937,071</u>	<u>158,906,119</u>
Noncurrent liabilities:			
Due in more than one year	<u>1,600,500,510</u>	<u>34,006,109</u>	<u>1,634,506,619</u>
Total liabilities	<u>1,751,469,558</u>	<u>41,943,180</u>	<u>1,793,412,738</u>
Deferred Inflows of Resources:			
Deferred inflows related to PERS	20,729		20,729
Deferred inflows related to MERS	<u>2,209,816</u>		<u>2,209,816</u>
Total deferred inflows of resources	<u>2,230,545</u>	<u>-</u>	<u>2,230,545</u>
Net Position:			
Net investment in capital assets	852,428,086	88,089,862	940,517,948
Restricted for:			
Permanent funds, expendable	108,737		108,737
Permanent funds, nonexpendable	498,327		498,327
Self-insured claims	2,461,540		2,461,540
Future debt payments	5,901,174		5,901,174
Unrestricted	<u>(1,094,796,887)</u>	<u>14,420,453</u>	<u>(1,080,376,434)</u>
Total Net Position	<u>\$ (233,399,023)</u>	<u>\$ 102,510,315</u>	<u>\$ (130,888,708)</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, 2017**

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	\$ (54,721,387)	\$ 5,085,578	\$ 91,597	\$	\$ (49,544,212)	\$	\$ (49,544,212)
Public safety	(161,664,408)	5,718,407	38,098		(155,907,903)		(155,907,903)
Public facilities, parks and recreation	(40,449,688)	4,174,696	1,508,372	3,279,698	(31,486,922)		(31,486,922)
Planning and economic development	(3,623,577)	6,565,823	6,113,859		9,056,105		9,056,105
Health and social services	(4,578,577)	1,045,142	1,696,616		(1,836,819)		(1,836,819)
Education	(407,493,688)	631,266	316,170,091	36,223,067	(54,469,264)		(54,469,264)
Special services	(16,261,348)	702,364	5,383,521	29,502	(10,145,961)		(10,145,961)
Interest on long-term debt	(32,760,018)		1,062,649		(31,697,369)		(31,697,369)
Total governmental activities	(721,552,691)	23,923,276	332,064,803	39,532,267	(326,032,345)	-	(326,032,345)
Business-type activities:							
Water Pollution Control Authority	(39,180,368)	37,850,950		1,320,768		(8,650)	(8,650)
Total	\$ (760,733,059)	\$ 61,774,226	\$ 332,064,803	\$ 40,853,035	(326,032,345)	(8,650)	(326,040,995)
General revenues:							
Property taxes					298,910,281		298,910,281
Grants and contributions not restricted to specific programs					36,455,578		36,455,578
Unrestricted investment earnings					749,011	14,995	764,006
Miscellaneous					1,181,517		1,181,517
Total general revenues					337,296,387	14,995	337,311,382
Change in Net Position					11,264,042	6,345	11,270,387
Net Position, Beginning of Year					(244,663,065)	102,503,970	(142,159,095)
Net Position, End of Year					\$ (233,399,023)	\$ 102,510,315	\$ (130,888,708)

The accompanying notes are an integral part of the financial statements

**CITY OF BRIDGEPORT, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017**

	<u>General Fund</u>	<u>Education Grants</u>	<u>Capital Bond Issue</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 43,584,338	\$ 5,186,708	\$ 90,328,699	\$ 10,002,109	\$ 149,101,854
Restricted cash			5,901,174		5,901,174
Investments				1,522,379	1,522,379
Receivables, net:					
Property taxes	31,619,916				31,619,916
Intergovernmental	26,679,602	5,040,589	100,281	5,870,138	37,690,610
Other	1,505,944		28,036	606,522	2,140,502
Due from other funds	20,080,303	260,400	12,845,785	3,124,679	36,311,167
Other assets	350,000				350,000
Total Assets	<u>\$ 123,820,103</u>	<u>\$ 10,487,697</u>	<u>\$ 109,203,975</u>	<u>\$ 21,125,827</u>	<u>\$ 264,637,602</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 25,231,021	\$ 2,504,545	\$ 8,569,812	\$ 2,082,001	\$ 38,387,379
Accrued payroll liabilities	16,496,345	500,408		45,793	17,042,546
Due to other funds	18,778,076	7,374,074		8,772,908	34,925,058
Unearned revenues	642,165	712,325			1,354,490
Notes payable	10,000,000				10,000,000
Total liabilities	<u>71,147,607</u>	<u>11,091,352</u>	<u>8,569,812</u>	<u>10,900,702</u>	<u>101,709,473</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	31,096,448				31,096,448
Unavailable revenue - school construction	2,309,919				2,309,919
Total deferred inflows of resources	<u>33,406,367</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,406,367</u>
Fund Balances:					
Nonspendable	350,000				350,000
Restricted			5,901,174	5,975,558	11,876,732
Committed			94,732,989	4,537,133	99,270,122
Unassigned	18,916,129	(603,655)		(287,566)	18,024,908
Total fund balances	<u>19,266,129</u>	<u>(603,655)</u>	<u>100,634,163</u>	<u>10,225,125</u>	<u>129,521,762</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 123,820,103</u>	<u>\$ 10,487,697</u>	<u>\$ 109,203,975</u>	<u>\$ 21,125,827</u>	<u>\$ 264,637,602</u>

(Continued on next page)

CITY OF BRIDGEPORT, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2017

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	\$	129,521,762
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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	\$	1,621,648,499	
Less accumulated depreciation		<u>(427,967,501)</u>	
Net capital assets			1,193,680,998

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	12,344,307
Interest receivable on property taxes	18,752,141
Receivable from the state for school construction projects	2,309,919
Deferred outflows related to PERS	7,445,401
Deferred outflows related to MERS	79,865,115

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.

(66,037,429)

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	(648,585,506)
Bond issuance premiums	(38,093,315)
Deferred amounts for refunding	6,652,920
Compensated absences	(25,990,673)
OPEB obligation	(286,474,511)
MERS prior service costs	(255,258,739)
Net pension liability	(346,152,410)
Interest payable on bonds and notes	(15,148,458)
Deferred inflows related to PERS	(20,729)
Deferred inflows related to MERS	<u>(2,209,816)</u>

Net Position of Governmental Activities (Exhibit I)

\$ (233,399,023)

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, 2017**

	<u>General Fund</u>	<u>Education Grants</u>	<u>Capital Bond Issue</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 312,461,292	\$	\$	\$	\$ 312,461,292
Intergovernmental	271,187,039	85,302,330	39,501,032	15,452,320	411,442,721
Fees, permits and licenses	19,752,714				19,752,714
Interest	252,418		479,255	17,333	749,006
Other	2,755,404			649,212	3,404,616
Total revenues	<u>606,408,867</u>	<u>85,302,330</u>	<u>39,980,287</u>	<u>16,118,865</u>	<u>747,810,349</u>
Expenditures:					
Current:					
General government	41,860,311			699	41,861,010
Public safety	137,976,278				137,976,278
Public facilities	36,553,580				36,553,580
Planning and economic development	3,920,695				3,920,695
Health and social services	4,850,797			729,714	5,580,511
Libraries	5,418,033			196,623	5,614,656
Education	294,590,330	85,302,330		1,325	379,893,985
Special services	1,600,570			15,030,286	16,630,856
Debt service:					
Principal retirements	38,171,694			1,583,000	39,754,694
Interest and other charges	37,042,291			128,553	37,170,844
Capital outlay			76,499,225		76,499,225
Total expenditures	<u>601,984,579</u>	<u>85,302,330</u>	<u>76,499,225</u>	<u>17,670,200</u>	<u>781,456,334</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,424,288</u>	<u>-</u>	<u>(36,518,938)</u>	<u>(1,551,335)</u>	<u>(33,645,985)</u>
Other Financing Sources (Uses):					
Transfers in	349,851			2,179,003	2,528,854
Transfers out	(127,152)		(2,401,702)		(2,528,854)
Bonds issued			60,970,000		60,970,000
Premium on bonds issued			9,224,816		9,224,816
Total other financing sources (uses)	<u>222,699</u>	<u>-</u>	<u>67,793,114</u>	<u>2,179,003</u>	<u>70,194,816</u>
Net Change in Fund Balances	4,646,987	-	31,274,176	627,668	36,548,831
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$ 19,266,129</u>	<u>\$ (603,655)</u>	<u>\$ 100,634,163</u>	<u>\$ 10,225,125</u>	<u>\$ 129,521,762</u>

(Continued on next page)

**CITY OF BRIDGEPORT, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

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)	\$ 36,548,831
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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	79,697,823
Depreciation expense	(30,071,045)

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	(9,681,475)
Property tax interest and lien revenue - accrual basis change	(4,148,365)
School building grant receipts	(1,163,776)
Deferred inflows related to PERS	(12,292,797)
Deferred inflows related to MERS	47,485,877

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	(60,970,000)
Bond and note principal payments	39,754,694
Premiums on bonds issued	(9,224,816)

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	5,918,357
Change in deferred amounts on refunding	(1,202,658)
Compensated absences	(2,467,860)
OPEB obligation	(35,398,182)
MERS prior service costs	(50,351,476)
Net pension liability	18,594,816
Accrued interest	(304,873)
Deferred inflows related to PERS	(20,729)
Deferred inflows related to MERS	(2,209,816)

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.

<u>2,771,512</u>

Change in Net Position of Governmental Activities (Exhibit II)

<u>\$ 11,264,042</u>

The accompanying notes are an integral part of the financial statements

CITY OF BRIDGEPORT, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2017

	<u>Business-Type Activities Enterprise Fund</u>	<u>Governmental Activities Internal Service Fund</u>
Assets:		
Current:		
Cash and cash equivalents	\$ 7,237,154	\$ 465,415
Receivables, net:		
Unbilled usage charges	8,787,315	
Other receivables	2,001,675	936,468
Due from other funds		756,866
Prepaid asset	180,000	2,461,540
Total current assets	<u>18,206,144</u>	<u>4,620,289</u>
Noncurrent:		
Capital assets not being depreciated	862,628	
Capital assets being depreciated, net of accumulated depreciation	125,851,512	
Total noncurrent assets	<u>126,714,140</u>	<u>-</u>
Total assets	<u>144,920,284</u>	<u>4,620,289</u>
Liabilities:		
Current:		
Current portion of long-term debt	4,284,850	
Accounts payable and accrued expenses	3,221,196	1,054,626
Accrued interest payable	76,568	
Construction contracts payable	21,138	
Note payable	333,319	
Due to other funds	466,789	4,484,568
Claims payable - current portion		15,784,699
Total current liabilities	<u>8,403,860</u>	<u>21,323,893</u>
Noncurrent:		
Claims payable - noncurrent portion		49,333,825
Long-term debt less current portion	34,006,109	
Total noncurrent liabilities	<u>34,006,109</u>	<u>49,333,825</u>
Total liabilities	<u>42,409,969</u>	<u>70,657,718</u>
Net Position:		
Net invested in capital assets	88,089,862	
Restricted for self-insured claims		2,461,540
Unrestricted	14,420,453	(68,498,969)
Total Net Position	<u>\$ 102,510,315</u>	<u>\$ (66,037,429)</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, 2017

	Business-Type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
Operating revenues:		
Sewer user fees	\$ 36,827,008	\$
Miscellaneous income	1,023,942	
Charges for services		117,454,045
Total operating revenues	<u>37,850,950</u>	<u>117,454,045</u>
Operating expenses:		
Operation and maintenance	30,345,859	
Depreciation	8,084,352	
Claims		114,682,533
Total operating expenses	<u>38,430,211</u>	<u>114,682,533</u>
Operating income (expense)	<u>(579,261)</u>	<u>2,771,512</u>
Nonoperating revenue (expense):		
Interest income	14,995	
Interest expense	(750,157)	
Total nonoperating expense	<u>(735,162)</u>	<u>-</u>
Income (loss) before capital contributions	(1,314,423)	2,771,512
Capital contributions	<u>1,320,768</u>	<u>-</u>
Change in Net Position	6,345	2,771,512
Net Position, Beginning of Year	<u>102,503,970</u>	<u>(68,808,941)</u>
Net Position, End of Year	<u>\$ 102,510,315</u>	<u>\$ (66,037,429)</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, 2017

	<u>Business-Type Activities Enterprise Fund</u>	<u>Governmental Activities Internal Service Fund</u>
Cash Flows from Operating Activities:		
Receipts from customers and users	\$ 36,683,950	\$
Payments to suppliers	(28,929,549)	
Payments to employees	(778,532)	
Cash received for interfund services used	327,477	2,727,183
Cash received from charges for services		116,517,577
Cash paid to vendors and beneficiaries		(118,879,085)
Net cash provided by (used in) operating activities	<u>7,303,346</u>	<u>365,675</u>
Cash Flows from Capital and Related Financing Activities:		
Principal payments on debt	(4,231,220)	
Interest paid on debt	(901,626)	
Proceeds from notes payable	2,135,309	
Proceeds received on capital grants	1,320,768	
Purchase of capital assets	(3,841,023)	
Net cash provided by (used in) capital and related financing activities	<u>(5,517,792)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Interest received on investments	<u>14,995</u>	
Net increase (decrease) in cash and cash equivalents	1,800,549	365,675
Cash and Cash Equivalents at Beginning of Year	<u>5,436,605</u>	<u>99,740</u>
Cash and Cash Equivalents at End of Year	<u>\$ 7,237,154</u>	<u>\$ 465,415</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating income (loss)	\$ (579,261)	\$ 2,771,512
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	8,084,352	
(Increase) decrease in accounts receivable and unbilled usage charges	(434,167)	
(Increase) decrease in other receivables	(647,726)	(936,468)
(Increase) decrease in prepaids	10,000	
Increase (decrease) in provision for uncollectible accounts	(85,107)	
(Increase) decrease in due to (from) other funds	327,477	2,727,183
Increase (decrease) in accounts payable and accrued expenses	627,778	334,835
Increase (decrease) in claims payable		<u>(4,531,387)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 7,303,346</u>	<u>\$ 365,675</u>

The accompanying notes are an integral part of the financial statements

CITY OF BRIDGEPORT, CONNECTICUT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2017

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
Assets:		
Cash and cash equivalents	\$ 29,297,432	\$ 606,320
Investments:		
U.S. government agencies	418,663	
U.S. government securities	6,657,864	
Corporate bonds	8,375,474	
Common stocks	84,613,288	
Mutual funds	34,509,235	
Alternative investments	2,136,505	
Total investments	<u>136,711,029</u>	<u>-</u>
Due from other funds	<u>2,808,382</u>	
Contributions receivable	<u>85,949</u>	
Total assets	<u>168,902,792</u>	<u>\$ 606,320</u>
Liabilities:		
Other liabilities	30,583	
Due to student groups		\$ 606,320
Total liabilities	<u>30,583</u>	<u>\$ 606,320</u>
Net Position Restricted for Pensions	<u>\$ 168,872,209</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, 2017**

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 18,981,309
Annuity proceeds	1,100,365
Total contributions	<u>20,081,674</u>
Investment income:	
Net change in fair value of investments	17,488,242
Interest and dividends	2,526,515
	<u>20,014,757</u>
Less investment expenses:	
Investment management fees	<u>(1,034,860)</u>
Net investment income	<u>18,979,897</u>
Total additions	<u>39,061,571</u>
Deductions:	
Benefits	38,934,471
Administration	130,517
Total deductions	<u>39,064,988</u>
Change in Net Position	(3,417)
Net Position, Beginning of Year	<u>168,875,626</u>
Net Position, End of Year	<u>\$ 168,872,209</u>

The accompanying notes are an integral part of the financial statements

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, 2017**

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, 2017**

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. Restricted Cash and Cash Equivalents

Certain assets are classified as restricted because their use is limited. Restricted cash and cash equivalents in the Capital Bond Issue Fund is to be used for debt service purposes.

F. Investments

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

G. 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.

H. 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 \$750,157. Of this amount, \$141,164 was included as part of the cost of capital assets under construction in connection with wastewater treatment facilities' construction projects.

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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.

I. 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. The City reports deferred inflows of resources related to pensions in the government-wide statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). 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.

J. 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.

K. 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.

L. 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 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.

M. 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.

N. 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.

O. 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.

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.

P. 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.

Q. 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.

R. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is January 10, 2018.

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 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.

**CITY OF BRIDGEPORT, CONNECTICUT
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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 2017 General Fund budget.

During the year ended June 30, 2017, 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	\$ 718,166	\$ 746,595	\$ 28,429
Archives and records	34,171	84,138	49,967
Labor relations/benefits/pensions	17,272,089	21,918,825	4,646,736
Fire department	63,679,050	64,687,745	1,008,695
Airport	1,318,401	1,379,660	61,259
Public facilities administration	15,564,771	15,941,232	376,461
Roadway	3,816,675	4,343,093	526,418
Sanitation	5,565,482	6,091,956	526,474
Parks	2,601,793	2,762,601	160,808
Communicable disease clinic	412,327	431,238	18,911
Lighthouse/Youth services	1,559,362	1,570,297	10,935
Debt service	3,160,000	3,430,582	270,582

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
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JUNE 30, 2017**

Deficit Fund Equity

Fund balance and net position deficits existed as of June 30, 2017 in the following funds:

Special Revenue Fund:		
Education Grants	\$	603,655
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Housing Opportunities AIDS		178,369
Social Services		109,197
Proprietary Funds:		
Internal Service Fund		66,037,429

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
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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*, \$136,811,203 of the City’s bank balance of \$138,811,203 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 122,930,083
Uninsured and collateral held by the pledging bank’s trust department, not in the City’s name	<u>13,881,120</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 136,811,203</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, 2017 the City’s cash equivalents amounted to \$59,731,315. 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 & Poor’s</u>
State Short-Term Investment Fund (STIF)	AAAm
People’s Securities*	
UBS*	
Raymond James*	
Wright Investors*	
Merrill Lynch*	
Morgan Stanley*	
US Bank*	
Fidelity*	

* Not rated

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.

* 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
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Investments of the City consist of the following at June 30, 2017:

Investments:	
Special Revenue Fund:	
U.S. Government Securities	\$ <u>1,522,379</u> *
Pension Trust Funds:	
U.S. Government Agencies	418,663 *
U.S. Government Securities	6,657,864 *
Corporate Bonds	8,375,474 *
Common Stocks	84,613,288 *
Mutual Funds	34,509,235
Alternative Investments	<u>2,136,505</u> *
Total Pension Trust Funds	<u>136,711,029</u>
 Total Investments	 \$ <u><u>138,233,408</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	\$ 156,804,423
Restricted cash and cash equivalents	5,901,174
Investments	<u>1,522,379</u>
	<u>164,227,976</u>
Fiduciary funds:	
Cash and cash equivalents	29,903,752
Investments	<u>136,711,029</u>
	<u>166,614,781</u>
 Total Cash, Cash Equivalents and Investments	 \$ <u><u>330,842,757</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:				
U.S. Government Securities	\$ 8,180,243	\$ 1,376,217	\$ 6,158,144	\$ 645,882
U.S. Government Agencies	418,663	254,844	105,002	58,817
Corporate Bonds	<u>8,375,474</u>	<u>1,194,921</u>	<u>5,661,793</u>	<u>1,518,760</u>
Total	<u>\$ 16,974,380</u>	<u>\$ 2,825,982</u>	<u>\$ 11,924,939</u>	<u>\$ 2,223,459</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>
Aaa	\$	\$ 8,180,243	\$ 418,663
Aa1	228,627		
Aa2	16,500		
Aa3	99,637		
A1	1,916,308		
A2	2,028,121		
A3	1,633,409		
Baa1	983,984		
Baa2	662,179		
Baa3	338,307		
Caa2	14,281		
Caa3	168,008		
Ca	121,041		
C	12,698		
Unrated	<u>152,374</u>		
	<u>\$ 8,375,474</u>	<u>\$ 8,180,243</u>	<u>\$ 418,663</u>

**CITY OF BRIDGEPORT, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
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Fair Value

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, 2017:

	<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	\$ 8,180,243	\$ 8,180,243	\$	\$
U.S. Government Agencies	418,663	418,663		
Corporate Bonds	8,375,474	8,375,474		
Common Stock	84,613,288	84,613,288		
Mutual Funds	<u>34,509,235</u>	<u>34,509,235</u>		
Total investments by fair value level	136,096,903	<u>\$ 136,096,903</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
Other - Alternative Investments	<u>2,136,505</u>			
Total Investments Measured at Fair Value	<u>\$ 138,233,408</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>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Alternative Investments	\$ 1,842,995	\$ -	Quarterly	30-60 days
Alternative Investments	<u>293,510</u>	-	Quarterly	30-45 days
Total Investments Measured at NAV	<u>\$ 2,136,505</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 determined using the NAV per share of the investments.

**CITY OF BRIDGEPORT, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
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4. RECEIVABLES - FUND BASIS

Receivables at June 30, 2017 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	\$ 31,319,361	\$	\$	\$	\$	\$ 31,319,361
Interest on property taxes	18,752,141					18,752,141
Contributions					85,949	85,949
Sewer user fees				14,000,347		14,000,347
Intergovernmental	26,679,602	5,040,589	100,281		5,870,138	37,690,610
Other	1,505,944		28,036	2,001,675	1,542,990	5,078,645
Gross receivables	<u>78,257,048</u>	<u>5,040,589</u>	<u>128,317</u>	<u>16,002,022</u>	<u>7,499,077</u>	<u>106,927,053</u>
Less allowance for collection losses	<u>18,451,586</u>			<u>5,213,032</u>		<u>23,664,618</u>
Net Receivables	<u>\$ 59,805,462</u>	<u>\$ 5,040,589</u>	<u>\$ 128,317</u>	<u>\$ 10,788,990</u>	<u>\$ 7,499,077</u>	<u>\$ 83,262,435</u>

**CITY OF BRIDGEPORT, CONNECTICUT
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5. INTERFUND ACCOUNTS

As of June 30, 2017, amounts due from and to other funds were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 20,080,303	\$ 18,778,076
Education Grants	260,400	7,374,074
Capital Bond Issue Fund	12,845,785	-
Special Revenue Funds:		
Health and sanitation	389,779	
Public safety	228,190	
Facility and miscellaneous	202,315	2,430,553
Social services	257,774	202,315
Community Development Block Grant		2,217,273
Housing Opportunities AIDS		1,645,684
HOME Program		580,888
Section 108 Loan Guarantee		743,882
Development administration state grant	4,130	1,158,758
Library	2,421	
Library operations	1,960,744	
Miscellaneous grants	62,339	
General government	220,460	
Total special revenue funds	<u>3,328,152</u>	<u>8,979,353</u>
Capital Projects Funds:		
Conversion capital projects	2,204	
Permanent Trust Funds:		
Education	768	
Enterprise Funds:		
WPCA		466,789
Pension Trust Funds:		
Public Safety Plan A	2,808,382	
Internal Service Fund:		
City health insurance	756,866	4,484,568
Nonmajor Governmental Fund elimination	(206,445)	(206,445)
Total	<u>\$ 39,876,415</u>	<u>\$ 39,876,415</u>

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.

**CITY OF BRIDGEPORT, CONNECTICUT
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Interfund transfers during the year ended June 30, 2017 were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Capital Bond Issue	\$ 349,851
Nonmajor Governmental Funds	Capital Bond Issue	2,051,851
Nonmajor Governmental Funds	General Fund	<u>127,152</u>
	Total	<u>\$ 2,528,854</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, 2017, the City executed a bulk sale of property tax liens and collected proceeds of \$7,954,770. 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
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 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	\$ 142,289,368	\$ 206,600	\$	\$ 142,495,968
Construction in progress	<u>235,036,110</u>	<u>76,844,498</u>	<u>(3,826,365)</u>	<u>308,054,243</u>
Total capital assets not being depreciated	<u>377,325,478</u>	<u>77,051,098</u>	<u>(3,826,365)</u>	<u>450,550,211</u>
Capital assets being depreciated:				
Buildings and improvements	865,170,211	2,747,451		867,917,662
Machinery and equipment	72,419,951	1,163,119		73,583,070
Infrastructure	179,017,839	1,333,564		180,351,403
Vehicles	<u>48,343,682</u>	<u>1,228,956</u>	<u>(326,485)</u>	<u>49,246,153</u>
Total capital assets being depreciated	<u>1,164,951,683</u>	<u>6,473,090</u>	<u>(326,485)</u>	<u>1,171,098,288</u>
Less accumulated depreciation for:				
Buildings and improvements	216,034,617	17,899,628		233,934,245
Machinery and equipment	36,901,048	4,841,814		41,742,862
Infrastructure	105,258,299	5,740,017		110,998,316
Vehicles	<u>40,028,977</u>	<u>1,589,586</u>	<u>(326,485)</u>	<u>41,292,078</u>
Total accumulated depreciation	<u>398,222,941</u>	<u>30,071,045</u>	<u>(326,485)</u>	<u>427,967,501</u>
Total capital assets being depreciated, net	<u>766,728,742</u>	<u>(23,597,955)</u>	<u>-</u>	<u>743,130,787</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,144,054,220</u>	<u>\$ 53,453,143</u>	<u>\$ (3,826,365)</u>	<u>\$ 1,193,680,998</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	\$ 13,839,812	\$ 2,175,719	\$ (15,152,903)	\$ 862,628
Capital assets being depreciated:				
Buildings and improvements	119,097,664	63,545		119,161,209
Machinery and equipment	13,996,945	229,623		14,226,568
Distribution and collection systems	88,817,064	15,714,063		104,531,127
Vehicles	<u>2,760,581</u>	<u>19,198</u>		<u>2,779,779</u>
Total capital assets being depreciated	<u>224,672,254</u>	<u>16,026,429</u>	<u>-</u>	<u>240,698,683</u>
Less accumulated depreciation for:				
Buildings and improvements	71,159,014	4,762,703		75,921,717
Machinery and equipment	9,714,810	1,242,391		10,957,201
Distribution and collection systems	23,444,355	1,974,003		25,418,358
Vehicles	<u>2,444,640</u>	<u>105,255</u>		<u>2,549,895</u>
Total accumulated depreciation	<u>106,762,819</u>	<u>8,084,352</u>	<u>-</u>	<u>114,847,171</u>
Total capital assets being depreciated, net	<u>117,909,435</u>	<u>7,942,077</u>	<u>-</u>	<u>125,851,512</u>
Business-Type Activities Capital Assets, Net	<u>\$ 131,749,247</u>	<u>\$ 10,117,796</u>	<u>\$ (15,152,903)</u>	<u>\$ 126,714,140</u>

**CITY OF BRIDGEPORT, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

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

Governmental Activities:	
General government	\$ 4,337,772
Public safety	2,036,296
Public facilities, parks and recreation	7,970,862
Health and social services	3,707
Libraries	276,378
Education	<u>15,446,030</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u><u>30,071,045</u></u>
 Business-Type Activities:	
WPCA	<u>\$ 8,084,352</u>

8. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2017 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	\$ 625,787,200	\$ 60,970,000	\$ 38,171,694	\$ 648,585,506	\$ 39,555,669
Notes payable	1,583,000		1,583,000	-	
Premium	34,786,856	9,224,816	5,918,357	38,093,315	3,335,132
Total bonds and notes payable	<u>662,157,056</u>	<u>70,194,816</u>	<u>45,673,051</u>	<u>686,678,821</u>	<u>42,890,801</u>
Claims and judgments	69,649,911	115,284,166	119,815,553	65,118,524	15,784,699
Compensated absences	23,522,813	8,348,563	5,880,703	25,990,673	6,497,668
OPEB obligation	251,076,329	35,398,182		286,474,511	
MERS prior service costs	204,907,263	50,351,476		255,258,739	
Net pension liability	<u>364,747,226</u>		<u>18,594,816</u>	<u>346,152,410</u>	
 Governmental Activity Long-Term Liabilities	 <u>\$ 1,576,060,598</u>	 <u>\$ 279,577,203</u>	 <u>\$ 189,964,123</u>	 <u>\$ 1,665,673,678</u>	 <u>\$ 65,173,168</u>
 Business-type activities:					
Bonds and notes payable:					
General obligation bonds	\$ 3,267,800	\$ 800,000	\$ 213,305	\$ 3,854,495	\$ 224,331
Bond premiums	112,021		7,482	104,539	
Notes payable	<u>37,347,850</u>	<u>1,001,990</u>	<u>4,017,915</u>	<u>34,331,925</u>	<u>4,060,519</u>
 Business-Type Activity Long-Term Liabilities	 <u>\$ 40,727,671</u>	 <u>\$ 1,801,990</u>	 <u>\$ 4,238,702</u>	 <u>\$ 38,290,959</u>	 <u>\$ 4,284,850</u>

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

Notes Payable

During fiscal year ending June 30, 2017, the City received a grant from the U.S. Department of Housing and Urban Development to pay in full outstanding Section 108 Loans of \$1,583,000.

Notes payable as of June 30, 2017 includes the following:

Business-Type Activities:

Clean Water Program, due in varying installments,
plus interest at 2% through 2039 \$ 34,331,925

General Obligation Bonds

As of June 30, 2017, the City had the following general obligation bonds outstanding:

Governmental Activities:

Pension, 2.5% to 7.6% \$ 244,040,000

General Purpose, 2.5% to 6.6% 277,051,821

School, 4.0% to 6.8% 127,493,685

\$ 648,585,506

Business-Type Activities:

General Purpose, 1.68% to 6.388% \$ 3,854,495

**CITY OF BRIDGEPORT, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

A schedule of bonds at June 30, 2017 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	\$ 244,040,000	2030
08/12/04	General Purpose	3.0 - 5.50%	48,035,600	23,255,200	2022
08/12/04	Schools	3.0 - 5.50%	10,544,400	5,104,800	2022
12/15/09	General Purpose	3.98 - 6.571%	13,614,785	12,004,937	2029
12/15/09	Schools	3.98 - 6.571%	15,520,215	13,685,063	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	14,430,000	2030
07/22/10	General Purpose-Refunding	2.50 - 3.0%	6,324,318	2,227,095	2019
07/22/10	Schools-Refunding	2.50 - 3.0%	3,685,682	1,297,905	2019
06/14/12	General Purpose	3.0 - 5.0%	55,940,355	46,507,164	2032
06/14/12	Schools	3.0 - 5.0%	11,989,645	9,967,837	2032
07/12/12	General Purpose-Refunding	2.0 - 5.0%	41,971,000	23,191,400	2022
07/12/12	Schools-Refunding	2.0 - 5.0%	13,254,000	7,323,600	2022
07/11/13	General Purpose-Refunding	5.0%	8,235,327	1,959,420	2019
07/11/13	Schools-Refunding	5.0%	6,054,673	1,440,580	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	10,478,800	2026
11/18/14	Schools-Refunding	4.0-4.5%	21,407,100	20,341,200	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
10/26/16	General Purpose	4.0 - 5.0%	46,008,000	46,008,000	2047
10/26/16	Schools	4.0 - 5.0%	11,502,000	11,502,000	2047
10/26/16	General Purpose - Taxable	1.82 - 3.08%	<u>4,260,000</u>	<u>4,260,000</u>	2027
	Total		\$ <u>852,260,000</u>	652,440,001	
	Less amount representing business-type activities			<u>(3,854,495)</u>	
	Total Outstanding, Governmental Activities			\$ <u>648,585,506</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 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, 2017, the City received \$906,565 in interest subsidy.

**CITY OF BRIDGEPORT, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

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
2018	\$ 39,555,669	\$ 38,193,857	\$ 77,749,526	\$ 4,284,850	\$ 856,182	\$ 5,141,032
2019	42,484,191	35,275,634	77,759,825	4,076,504	757,421	4,833,925
2020	44,176,390	32,948,505	77,124,895	3,949,475	672,616	4,622,091
2021	40,169,343	30,570,001	70,739,344	2,419,676	599,988	3,019,664
2022	42,286,614	28,264,718	70,551,332	2,362,599	546,082	2,908,681
2023	45,242,654	25,793,961	71,036,615	2,361,483	490,592	2,852,075
2024	47,902,969	23,079,252	70,982,221	2,194,614	439,111	2,633,725
2025	49,879,770	20,223,491	70,103,261	2,202,967	385,058	2,588,025
2026	50,106,165	17,313,033	67,419,198	2,136,204	333,964	2,470,168
2027	41,777,212	14,575,371	56,352,583	2,039,095	284,013	2,323,108
2028	40,380,283	12,028,936	52,409,219	2,015,568	234,793	2,250,361
2029	42,849,043	9,332,231	52,181,274	1,867,177	185,296	2,052,473
2030	45,472,580	6,455,103	51,927,683	1,655,164	138,629	1,793,793
2031	13,737,687	3,527,468	17,265,155	997,740	104,166	1,101,906
2032	14,247,046	2,860,752	17,107,798	951,953	80,212	1,032,165
2033	9,462,016	2,153,994	11,616,010	612,179	58,115	670,294
2034	9,787,016	1,672,768	11,459,784	592,196	44,949	637,145
2035	10,142,016	1,174,543	11,316,559	538,945	31,947	570,892
2036	4,737,016	815,242	5,552,258	417,182	21,337	438,519
2037	3,047,016	633,316	3,680,332	353,659	11,782	365,441
2038	1,114,281	529,283	1,643,564	15,719	7,467	23,186
2039	1,114,281	473,569	1,587,850	15,719	6,681	22,400
2040	1,114,281	417,855	1,532,136	15,719	5,895	21,614
2041	1,114,281	362,141	1,476,422	15,719	5,109	20,828
2042	1,114,281	306,427	1,420,708	15,719	4,323	20,042
2043	1,114,281	250,713	1,364,994	15,719	3,537	19,256
2044	1,114,281	194,999	1,309,280	15,719	2,751	18,470
2045	1,114,281	139,285	1,253,566	15,719	1,965	17,684
2046	1,114,281	83,571	1,197,852	15,719	1,179	16,898
2047	1,114,281	27,857	1,142,138	15,719	391	16,110
Total	\$ <u>648,585,506</u>	\$ <u>309,677,876</u>	\$ <u>958,263,382</u>	\$ <u>38,186,420</u>	\$ <u>6,315,551</u>	\$ <u>44,501,971</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, 2017 was \$1,163,776. Additional principal reimbursements of \$2,309,919 are expected to be received through the bonds' maturity dates.

**CITY OF BRIDGEPORT, CONNECTICUT
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JUNE 30, 2017**

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	\$ 705,317,362	\$ 316,116,417	\$ 389,200,945
Schools	1,410,634,724	201,120,875	1,209,513,849
Sewers	1,175,528,936	56,891,964	1,118,636,972
Urban renewal	1,018,791,745		1,018,791,745
Unfunded pension benefit obligation	940,423,149	244,040,000	696,383,149

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$2,194,320,681. 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	75,937,109
Sewer	<u>18,705,544</u>
	<u>\$ 123,707,249</u>

Notes Payable

The City issues tax anticipation note payable to fund cash flows for operating expenses. The activity related to the tax anticipation notes payable and balance at June 30, 2017 is summarized in the table below:

<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2017</u>
6/27/2016	7/27/2017	0.48	\$ 15,000,000	\$	\$ 15,000,000	\$ -
11/22/2016	2/1/2017	1.54		20,000,000	20,000,000	-
12/22/2016	2/1/2017	1.44		20,000,000	20,000,000	-
6/27/2017	7/31/2017	1.47		<u>10,000,000</u>		<u>10,000,000</u>
Total			<u>\$ 15,000,000</u>	<u>\$ 50,000,000</u>	<u>\$ 55,000,000</u>	<u>\$ 10,000,000</u>

In addition, the City has a note payable of \$333,319 reported in the business-type activities, which was issued for sewer construction projects. The note carries a 2% interest rate and the principal becomes payable upon the permanent refinancing of the note payable.

**CITY OF BRIDGEPORT, CONNECTICUT
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Prior Year Defeasance of Debt

In prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2017, \$1,410,000 of prior bonds outstanding is considered defeased and the escrow balance is \$1,611,338.

9. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2017 are as follows:

	<u>General Fund</u>	<u>Education Grants Fund</u>	<u>Capital Bond Issue Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Prepays	\$ 350,000	\$	\$	\$	\$ 350,000
Restricted for:					
Future debt payments			5,901,174		5,901,174
Grants				5,368,494	5,368,494
Library trust fund				498,327	498,327
Education trust fund				108,737	108,737
Committed to:					
General government projects			2,447,101		2,447,101
Public safety projects			1,805,529		1,805,529
Public facilities projects			44,218,672		44,218,672
OPED and other projects			46,261,687	8,147	46,269,834
Library				4,073,023	4,073,023
General special revenue				220,460	220,460
Education				235,503	235,503
Unassigned	<u>18,916,129</u>	<u>(603,655)</u>		<u>(287,566)</u>	<u>18,024,908</u>
Total Fund Balances	<u>\$ 19,266,129</u>	<u>\$ (603,655)</u>	<u>\$ 100,634,163</u>	<u>\$ 10,225,125</u>	<u>\$ 129,521,762</u>

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 could, under certain circumstances, could total between \$10 and \$20 million dollars in the aggregate. Any recovery under such actions would be paid by the City over a number of years through operations or bonding. The City is self-insured for such general liability risks.

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

Wheelabrator Bridgeport L.P. (Wheelabrator), operator of the solid waste to energy facility which is currently the City's largest taxpayer, had filed tax valuation appeals for the 2007, 2008, 2009, 2010, 2011, 2012, 2013 and 2014 Tax Grand Lists. The City and Wheelabrator reached a full and final legal settlement, which was stipulated into a Judgment in Superior Court in spring 2017. The City stipulated to issue certain future tax credits against future tax bills, in lieu of any prior period tax refunds, for a period of years commencing in Fiscal Year 2017 and Wheelabrator stipulated to drop the right to any future tax appeals against the city until the next citywide revaluation. Such tax credits due to Wheelabrator have been applied starting in Fiscal Year 2017 and have been absorbed into the Fiscal Year 2018 budget, and are not material to the City's tax levy or to the City's financial condition.

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 \$1.45 million during the year ended June 30, 2017, 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 \$203,879 was received for the year ended June 30, 2017. The Society retains any revenues from admissions, vending, concessions, other grants or bequests.

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 Agreement was amended in 2017 to include a two-year early termination clause should the city seek any regionalization or other restructuring of the wastewater plant and treatment system. The City of Bridgeport and the Town of Trumbull resolved all litigation regarding amounts Trumbull users pay to the Bridgeport WPCA and such rates are billed on that agreed upon basis.

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, 2017, approximately \$203,237,166 relating to these projects, including capitalized interest, has been incurred and included in property and equipment. This improvement program is included and eligible for state and federal clean water grants. Based on current engineering estimates, completion of these projects is expected 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, 2017, the State is committed to providing the WPCA additional funding in the form of loans and grants of approximately \$1,931,781 and \$1,922,832, respectively.

Municipal Solid Waste Service Agreement

Bridgeport is one of twelve municipalities that has entered 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 serve as the waste to energy plant for the consortium and contract terms were set for \$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. The final agreement signed on June 27, 2014 remains enforce.

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.

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.

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 active service, or 15 years of active non-continuous aggregate service. In addition, compulsory retirement is at age 65 for police and fire members. Employees under the age of 55 are eligible to retire with 25 years of service under certain conditions.

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.

If any member covered by social security retires before age 62, the member's benefit until the member reaches age 62, or a social security disability award is received, is computed as if the member is not under social security.

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

This applies to 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

This apply to 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, 2.25% 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, 2017, the City reports a total liability of \$62,160,092 in Exhibit I for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. 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, 2017, the City's proportion of liability is 18.69%. The increase in proportion from June 30, 2016 is 2.48%.

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For the year ended June 30, 2017, the City recognized pension expense of \$25,835,915 in Exhibit II. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
City contribution after the measurement date	\$ 20,690,524	\$
Change in proportionate share	760,841	2,209,816
Net difference between projected and actual earnings on pension plan	45,953,382	
Differences between expected and actual experience	<u>12,460,368</u>	<u> </u>
Total	<u>\$ 79,865,115</u>	<u>\$ 2,209,816</u>

Amounts reported as deferred outflows of resources related to the City’s contribution after the measurement date of \$20,690,524 will be recognized as a reduction of the new pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2018	\$ 13,015,157
2019	13,015,155
2020	19,165,623
2021	11,768,840

Actuarial Assumptions

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

Inflation	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, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2007 - June 30, 2012.

Future cost-of-living adjustments for members who retire on or after January 1, 2002 are 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%; the maximum is 6%.

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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.

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) \$	\$ <u>167,482,625</u>	\$ <u>62,160,092</u>	\$ <u>(26,428,742)</u>

Payable to MERS

In addition, the City has also recorded \$255,258,739 as a long-term payable to MERS at June 30, 2017. This amount represents prior service costs calculated when the City entered the plan.

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.

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).

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.

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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, 2017, 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>433,546,254</u>
Total	\$	<u>433,546,254</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. At June 30, 2017, the City has no proportionate share of the net pension liability.

For the year ended June 30, 2017, the City recognized pension expense and revenue of \$47,279,777 in Exhibit II for on-behalf amounts for the benefits provided by the State.

**CITY OF BRIDGEPORT, CONNECTICUT
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Actuarial Assumptions

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

Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

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

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

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

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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	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Private equity	11.0%	7.6%
Emerging markets (non-U.S.)	9.0%	8.3%
Alternative investments	8.0%	4.1%
Core fixed income	7.0%	1.3%
Real estate	7.0%	5.1%
Cash	6.0%	0.4%
Emerging market bond	5.0%	3.7%
High yield bonds	5.0%	3.9%
Inflation linked bond fund	3.0%	1.0%
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 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.

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.

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, 2017, \$1,100,365 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 (\$327,252,219 based on the July 1, 2016 actuarial valuation) or 2) the amount of the Plan A Trust assets in excess of 110% of the present value of accrued Plan benefits.

**CITY OF BRIDGEPORT, CONNECTICUT
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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, 2017, the actuarially required contribution is \$15,945,203, of which the City contributed \$15,945,713.

Provisions of Pension Plans	Public Safety Plan A	Police Retirement Plan B	Firefighters' Retirement Plan B	Janitors' and Engineers' Retirement Plan
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	\$ 15,945,203 (Normal Cost)	\$ 2,099,288	\$ 239,304	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, 2017, 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	677	127	68	30
Inactive employees entitled to but not yet receiving benefits		<u>6</u>	<u>9</u>	
Total Number of Participants	<u>677</u>	<u>133</u>	<u>77</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, 2017, 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	12.77%
Police Retirement Plan B	12.11%
Firefighters' Retirement Plan B	9.85%

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

**CITY OF BRIDGEPORT, CONNECTICUT
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Net Pension Liability of the City

The components of the net pension liability of the City at June 30, 2017, 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	\$ 311,235,137	\$ 95,671,030	\$ 37,719,720	\$ 8,238,640
Plan fiduciary net position	<u>71,029,447</u>	<u>60,766,256</u>	<u>37,073,073</u>	<u>3,433</u>
Net Pension Liability	<u>\$ 240,205,690</u>	<u>\$ 34,904,774</u>	<u>\$ 646,647</u>	<u>\$ 8,235,207</u>
Plan fiduciary net position as a percentage of the total pension liability	22.82%	63.52%	98.29%	0.04%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2017, 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>Janitors' and 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 MP-2017 for Public Safety Plan A, Police Retirement Plan B and Janitors' and Engineers' Retirement Plan. RP - 2014 (adjusted back to 2006), projected generationally with Scale MP-2016 for Firefighters' Retirement Plan B.

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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 plans and target asset allocation as of June 30, 2017 (see the discussion of the pension plans' investment policy) are summarized in the following table:

Public Safety, Plan A		
Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	50.0%	5.90%
Core fixed income	12.5%	1.30%
High yield fixed income	12.5%	3.80%
International developed equity	10.0%	6.90%
Hedge funds and alternatives	10.0%	3.10%
Emerging market equity	5.0%	9.00%
Total	<u>100.0%</u>	

Police Retirement Plan B		
Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	79.0%	6.71%
High yield fixed income	12.0%	4.61%
Core fixed income	9.0%	2.11%
Total	<u>100.0%</u>	

Firefighters' Retirement Plan B		
Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	65.0%	6.71%
Core fixed income	35.0%	2.11%
Total	<u>100.0%</u>	

**CITY OF BRIDGEPORT, CONNECTICUT
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Discount Rate

The discount rate used to measure the total pension liability was 6.75% for Public Safety Plan A, 4.86% for Police Retirement Plan B, 6.25% for Firefighters' Plan B and 3.58% 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

	Public Safety Plan A		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2016	\$ 327,252,219	\$ 76,643,488	\$ 250,608,731
Changes for the year:			
Service cost			-
Interest on total pension liability	21,842,806		21,842,806
Differences between expected and actual experience	(6,996,385)		(6,996,385)
Changes in assumptions	(439,229)		(439,229)
Employer contributions		15,944,213	(15,944,213)
Net investment income (loss)		8,866,020	(8,866,020)
Benefit payments, including refund to employee contributions	(30,424,274)	(30,424,274)	-
Net changes	(16,017,082)	(5,614,041)	(10,403,041)
Balances as of June 30, 2017	\$ 311,235,137	\$ 71,029,447	\$ 240,205,690

**CITY OF BRIDGEPORT, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

Police Retirement Plan B

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2016	\$ 120,239,065	\$ 56,525,923	\$ 63,713,142
Changes for the year:			
Interest on total pension liability	4,212,914		4,212,914
Differences between expected and actual experience	(3,470,389)		(3,470,389)
Changes in assumptions	(20,849,995)		(20,849,995)
Employer contributions		2,002,000	(2,002,000)
Net investment income (loss)		6,698,898	(6,698,898)
Benefit payments, including refund to employee contributions	(4,460,565)	(4,330,048)	(130,517)
Administrative expenses		(130,517)	130,517
Net changes	<u>(24,568,035)</u>	<u>4,240,333</u>	<u>(28,808,368)</u>
Balances as of June 30, 2017	<u>\$ 95,671,030</u>	<u>\$ 60,766,256</u>	<u>\$ 34,904,774</u>

Firefighters' Retirement Plan B

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2016	\$ 45,528,031	\$ 35,702,782	\$ 9,825,249
Changes for the year:			
Interest on total pension liability	2,199,953		2,199,953
Differences between expected and actual experience	(945,182)		(945,182)
Changes in assumptions	(6,714,794)		(6,714,794)
Employer contributions		302,100	(302,100)
Net investment income (loss)		3,416,479	(3,416,479)
Benefit payments, including refund to employee contributions	<u>(2,348,288)</u>	<u>(2,348,288)</u>	-
Net changes	<u>(7,808,311)</u>	<u>1,370,291</u>	<u>(9,178,602)</u>
Balances as of June 30, 2017	<u>\$ 37,719,720</u>	<u>\$ 37,073,073</u>	<u>\$ 646,647</u>

**CITY OF BRIDGEPORT, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

Janitors' and Engineers' Retirement Plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2016	\$ 9,365,998	\$ 3,433	\$ 9,362,565
Changes for the year:			
Interest on total pension liability	256,507		256,507
Changes in assumptions	(652,369)		(652,369)
Employer contributions		731,496	(731,496)
Benefit payments, including refund to employee contributions	(731,496)	(731,496)	-
Net changes	(1,127,358)	-	(1,127,358)
Balances as of June 30, 2017	\$ 8,238,640	\$ 3,433	\$ 8,235,207

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

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net Pension Liability	\$ 266,977,724	\$ 240,205,690	\$ 217,089,976

Police Retirement Plan B

	1% Decrease 3.86%	Current Discount Rate 4.86%	1% Increase 5.86%
Net Pension Liability	\$ 50,464,674	\$ 34,904,774	\$ 22,642,921

Firefighters' Retirement Plan B

	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
Net Pension Liability	\$ 5,684,744	\$ 646,647	\$ (3,452,944)

**CITY OF BRIDGEPORT, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

Janitors' and Engineers' Retirement Plan

	1% Decrease 2.58%	Current Discount Rate 3.58%	1% Increase 4.58%
Net Pension Liability	\$ <u>896,904</u>	\$ <u>8,235,207</u>	\$ <u>7,611,168</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the City reported deferred outflows and inflows of resources related to pension from the following sources:

	Public Safety Plan A	Police Retirement Plan B	Firefighters' Retirement Plan B	Total
Deferred Outflows of Resources				
Net difference between projected and actual earning on pension plan investments	\$ <u>6,677,476</u>	\$ <u> </u>	\$ <u>767,925</u>	\$ <u>7,445,401</u>
Deferred Inflows of Resources				
Net difference between projected and actual earning on pension plan investments	\$ <u> </u>	\$ <u>20,729</u>	\$ <u> </u>	\$ <u>20,729</u>

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

<u>Year Ended June 30,</u>	Public Safety Plan A	Police Retirement Plan B	Firefighters' Retirement Plan B	Total
2018	\$ 3,019,349	\$ 387,026	\$ 407,516	\$ 3,813,891
2019	3,019,347	387,027	407,514	3,813,888
2020	1,440,334	(146,212)	202,694	1,496,816
2021	(801,554)	(648,570)	(249,799)	(1,699,923)

**CITY OF BRIDGEPORT, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

For the year ended June 30, 2017, the City recognized pension expense of (\$18,224,034) as follows:

	<u>Pension Expense</u>
Public Safety Plan A	\$ 12,568,299
Police Retirement Plan B	(23,176,484)
Firefighters' Retirement Plan B	(7,219,987)
Janitors' and Engineers' Retirement Plan	<u>(395,862)</u>
Total	<u>\$ (18,224,034)</u>

Schedule of Plan Net Position - June 30, 2017

	<u>Public Safety Investment and Pension Trust Plan A</u>	<u>Police Retirement Plan B</u>	<u>Firefighters' Retirement Plan B</u>	<u>Janitors' and Engineers' Retirement Plan</u>	<u>Total</u>
Assets:					
Cash and cash equivalents	\$ 26,551,043	\$ 2,076,435	\$ 666,521	\$ 3,433	\$ 29,297,432
Investments, at fair value:					
U.S. Government Agencies		163,819	254,844		418,663
U.S. Government Securities		3,889,155	2,768,709		6,657,864
Corporate bonds	449,577	5,507,690	2,418,207		8,375,474
Common stocks	33,632,599	21,860,880	29,119,809		84,613,288
Mutual funds - equities	5,365,392	27,268,277	1,875,566		34,509,235
Alternative investments	<u>2,136,505</u>				<u>2,136,505</u>
Total investments	<u>41,584,073</u>	<u>58,689,821</u>	<u>36,437,135</u>	<u>-</u>	<u>136,711,029</u>
Due from other funds of the City of Bridgeport	<u>2,808,382</u>				<u>2,808,382</u>
Contributions receivable	<u>85,949</u>				<u>85,949</u>
Total assets	<u>71,029,447</u>	<u>60,766,256</u>	<u>37,103,656</u>	<u>3,433</u>	<u>168,902,792</u>
Liabilities:					
Other liabilities			<u>30,583</u>		<u>30,583</u>
Total Net Position	<u>\$ 71,029,447</u>	<u>\$ 60,766,256</u>	<u>\$ 37,073,073</u>	<u>\$ 3,433</u>	<u>\$ 168,872,209</u>

**CITY OF BRIDGEPORT, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

Schedule of Changes in Plan Net Position for the Year Ended June 30, 2017

	Public Safety Investment and Pension Trust Plan A	Police Retirement Plan B	Firefighters' Retirement Plan B	Janitors' and Engineers' Retirement Plan	Total
Additions:					
Contributions:					
Employer	\$ 15,944,213	\$ 2,002,000	\$ 302,100	\$ 731,496	\$ 18,979,809
Plan members					-
Annuity proceeds	1,100,365				1,100,365
Total contributions	<u>17,044,578</u>	<u>2,002,000</u>	<u>302,100</u>	<u>731,496</u>	<u>20,080,174</u>
Investment income:					
Net change in fair value of investments	9,057,423	5,644,270	2,788,049		17,489,742
Interest and dividends	474,835	1,174,842	876,838		2,526,515
	<u>9,532,258</u>	<u>6,819,112</u>	<u>3,664,887</u>	-	<u>20,016,257</u>
Less investment management fees	(666,238)	(120,214)	(248,408)		(1,034,860)
Net investment income	<u>8,866,020</u>	<u>6,698,898</u>	<u>3,416,479</u>	-	<u>18,981,397</u>
Total additions	<u>25,910,598</u>	<u>8,700,898</u>	<u>3,718,579</u>	<u>731,496</u>	<u>39,061,571</u>
Deductions:					
Benefits	31,524,639	4,330,048	2,348,288	731,496	38,934,471
Administration		130,517			130,517
Total deductions	<u>31,524,639</u>	<u>4,460,565</u>	<u>2,348,288</u>	<u>731,496</u>	<u>39,064,988</u>
Change in net position	(5,614,041)	4,240,333	1,370,291	-	(3,417)
Net position - Beginning 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>
Net Position - End of Year	<u>\$ 71,029,447</u>	<u>\$ 60,766,256</u>	<u>\$ 37,073,073</u>	<u>\$ 3,433</u>	<u>\$ 168,872,209</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.

At July 1, 2016, plan membership consisted of the following:

Number of members:	
Active	3,757
Retired members	<u>3,130</u>
Total participants	<u><u>6,887</u></u>

**CITY OF BRIDGEPORT, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017**

B. Funding Policy

The City currently pays for postemployment health care benefits on a pay-as-you-go basis. As of June 30, 2017, 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.

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.

**CITY OF BRIDGEPORT, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

- Spousal coverage is available for life of the retiree, based on the percentages above.

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)	\$ 61,998,950
Interest on net OPEB obligation	11,298,435
Adjustment to annual required contribution	<u>(8,745,825)</u>
Annual OPEB cost	64,551,560
Contributions made	<u>29,153,378</u>
Change in net OPEB obligation	35,398,182
Net OPEB obligation, beginning of year	<u>251,076,329</u>
Net OPEB Obligation, End of Year	<u><u>\$ 286,474,511</u></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.

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
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
6/30/2017	64,551,560	29,153,378	43.1	286,474,511

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, 2017**

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%
7/1/2016	-	804,740,362	804,740,362	0.00%	245,409,264	327.9%

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
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
2017	61,998,950	47.0

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, 2016 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 4.5% 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 related to property and casualty claims. The City is self-insured for general liability, workers' compensation and employee health and dental insurance. Coverage has not been materially reduced, nor have settled claims exceeded commercial coverage or budget reserves for litigation claim expenditures in any of the past three years.

**CITY OF BRIDGEPORT, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

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 4,137 employees and 3,750 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, 2017, 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:

	<u>Beginning of Fiscal Year Liability</u>		<u>Current Year Claims and Changes in Estimates</u>		<u>Claim Payments</u>		<u>End of Fiscal Year Liability</u>
2016	\$ 76,149,977	\$	89,186,492	\$	95,686,558	\$	69,649,911
2017	69,649,911		115,284,166		119,815,553		65,118,524

**CITY OF BRIDGEPORT, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

The current portion of claims incurred but not reported as of June 30, 2017 is \$15,784,699, which relates to Group Health Insurance Claims of \$6,164,271 and \$9,620,428 of general liability and workmen’s compensation claims and is reported in the Internal Service Fund. The remaining liability for general liability and workmen’s compensation claims of \$49,333,825 is recorded as long-term liability.

14. TAX ABATEMENTS

As of June 30, 2017, the City provides tax abatements through multiple programs as listed below:

Program:	Affordable Housing Tax Abatement Program	Economic Development Tax Abatement Program
Purpose of program:	Generate citizen housing affordability	Generate Jobs and Tax Revenue
Tax being abated:	Real and Personal Property Tax	Real and Personal Property Tax
Authority under which abatement agreement is entered into:	City Council Approved Agreement Resolution under CT Statutes Section 8-215	City Council Approved Agreement Resolution under CT Statute 32-70
Criteria to be eligible to receive abatement:	Number of housing units created; Income limits eligibility	Amount of Net new Property Taxes after Abatement and Jobs created for Bridgeport
How recipients’ taxes are reduced:	Through adjustments to annual property tax bills	Through adjustments to annual property tax bills
How amount of abatement is determined:	City Council Approved Agreement and Resolutions	City Council Approved Agreement and Resolutions
Provisions for recapturing abated taxes:	Abatement must be limited in duration and generate more taxes eventually than original property value.	Abatement must be limited in duration and generate more taxes eventually than original property value.
Types of commitments made by the City other than to reduce taxes:	None	None
Gross dollar amount (accrual basis) by which the City’s taxes were reduced as a result of the abatement agreement/program:	\$1,407,124	\$1,401,596

15. SUBSEQUENT EVENTS

On December 6, 2017, the City issued a tax anticipation note in the amount of \$10,000,000 to fund cash flows for operating expenses. The note matured on February 1, 2018 with an interest rate of 1.80%.

On December 6, 2017, the City issued a tax anticipation note in the amount of \$10,000,000 to fund cash flows for operating expenses. The note matured on February 1, 2018 with an interest rate of 1.95%.

On January 4, 2018, the City issued \$99,500,000 of General Obligation Bonds with a coupon rate between 2.84% and 4.51%. Approximately \$95.4 million of the proceeds of the bonds will be used to pay the MERS prior service cost (at net present value) to the State of Connecticut in fiscal year 2018.

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, 2017**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues and Other Financing Sources:				
Property taxes:				
Current taxes	\$ 310,357,891	\$ 310,357,891	\$ 305,961,873	\$ (4,396,018)
Interest - current	1,900,000	1,900,000	1,814,192	(85,808)
Arrears - principal	3,304,769	3,304,769	3,848,974	544,205
Arrears - interest	900,000	900,000	686,134	(213,866)
Lien fees	175,000	175,000	150,119	(24,881)
Total property taxes	316,637,660	316,637,660	312,461,292	(4,176,368)
Intergovernmental:				
Elderly exemption refund	744,000	744,000	735,607	(8,393)
Elderly freeze program	7,500	7,500	8,000	500
Distressed municipalities	198,975	198,975	479,032	280,057
Education cost sharing	163,990,041	163,990,041	164,274,690	284,649
School construction refunds	1,340,246	1,340,246	1,319,860	(20,386)
Aid to non-public schools	142,000	142,000	190,522	48,522
Town aid roads	1,387,630	1,387,630	1,390,778	3,148
Miscellaneous PILOTS	1,041,728	1,041,728	1,969,390	927,662
Tax exempt colleges and hospitals	7,454,025	7,454,025	7,454,025	-
Breakfast program:				
State	126,380	126,380	97,735	(28,645)
Federal	4,599,110	4,599,110	3,762,197	(836,913)
Nutrition Center:				
Federal	157,010	157,010	162,337	5,327
State	8,981,367	8,981,367	9,914,176	932,809
Mashantucket Pequot funds	5,913,094	5,913,094	5,913,094	-
Municipal Share	9,874,826	9,874,826	17,571,952	7,697,126
Beardsley Zoo subsidy	336,217	336,217	203,879	(132,338)
Build America Bonds subsidy	637,891	637,891	906,565	268,674
State-owned property	2,367,096	2,367,096	2,367,096	-
Total intergovernmental	209,299,136	209,299,136	218,720,935	9,421,799
Fees, permits and licenses:				
Finance:				
Comptroller Copies/Books/Miscellaneous	25,300	25,300	36,117	10,817
Comptroller Court Fine/CARC	60,000	60,000	47,066	(12,934)
Information Technology Services	250	250	620	370
Total finance	85,550	85,550	83,803	(1,747)
Town Clerk:				
Licenses and Town Fund	1,300	1,300	1,325	25
Notaries/late fees	2,800	2,800	2,510	(290)
Farm fund	25,000	25,000	26,192	1,192
Assignments	900,000	900,000	1,538,684	638,684
Certification	555,000	555,000	664,284	109,284
Other licenses	3,100	3,100	2,798	(302)
Total town clerk	1,487,200	1,487,200	2,235,793	748,593

(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, 2017**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Building Department:				
Building permits	\$ 5,606,000	\$ 5,606,000	\$ 4,774,497	\$ (831,503)
Sign permits	12,300	12,300	15,215	2,915
Certificate of occupancy fees	60,000	60,000	89,368	29,368
Copies	500	500	572	72
Total building department	<u>5,678,800</u>	<u>5,678,800</u>	<u>4,879,652</u>	<u>(799,148)</u>
Police Department:				
Traffic violations	1,100,000	1,100,000	850,367	(249,633)
Photocopy fees	16,500	16,500	18,202	1,702
Outside overtime	4,800,000	4,800,000	4,076,302	(723,698)
Overtime surcharge	165,000	165,000	182,200	17,200
Reclaimed dog fees	2,000	2,000	18,225	16,225
Vendor annual registration fees	35,000	35,000	20,288	(14,712)
Towing fines	156,000	156,000	130,675	(25,325)
Alarms	20,600	20,600	13,954	(6,646)
Other	94,100	94,100	79,266	(14,834)
Total police department	<u>6,389,200</u>	<u>6,389,200</u>	<u>5,389,479</u>	<u>(999,721)</u>
Public facilities:				
Dump license fees	10,000	10,000	9,000	(1,000)
Commercial dump fees	65,000	65,000	65,292	292
Street excavation license	1,300	1,300	750	(550)
Public facility enforcement	19,700	19,700	11,548	(8,152)
Sewer permits	4,000	4,000	3,325	(675)
CRRA host revenue	130,000	130,000	143,317	13,317
Congress Plaza	12,000	12,000		(12,000)
Annual rent	423,650	423,650	(139,608)	(563,258)
Parking meters	415,000	415,000	413,286	(1,714)
Engineering map sales	5,000	5,000	6,261	1,261
Contractors license	143,000	143,000	106,525	(36,475)
Zoning appeals fees	42,200	42,200	33,317	(8,883)
Tavern zoning permits	285,900	285,900	237,216	(48,684)
Other revenues	135,000	135,000	109,564	(25,436)
Total public facilities	<u>1,691,750</u>	<u>1,691,750</u>	<u>999,793</u>	<u>(691,957)</u>
Parks and recreation:				
Golf course revenues	1,865,000	1,865,000	1,684,594	(180,406)
Wonderland of Ice	137,106	137,106	84,000	(53,106)
Kennedy Stadium	6,000	6,000	5,200	(6,000)
Leases/W.I.C.C.	10,500	10,500		(10,500)
Flea market/ball field	9,000	9,000	15,054	6,054
Miscellaneous	2,916,400	2,916,400	1,614,713	(1,301,687)
Parking stickers	44,740	44,740	54,767	10,027
Apartment rental	4,800	4,800	4,800	-
City concessions	7,500	7,500	2,625	(4,875)
Total parks and recreation	<u>5,001,046</u>	<u>5,001,046</u>	<u>3,465,753</u>	<u>(1,535,293)</u>
Civil service:				
Label/Admin fees	5,200	5,200	2,817	(2,383)

(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, 2017**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Health Department:				
Vital statistics	\$ 487,200	\$ 487,200	\$ 450,778	\$ (36,422)
Business license	353,490	353,490	353,205	(285)
Housing code	46,500	46,500	66,648	20,148
Total health department	<u>887,190</u>	<u>887,190</u>	<u>870,631</u>	<u>(16,559)</u>
Education and Nutrition Center:				
Cafeteria	669,271	669,271	608,766	(60,505)
Summer school tuition	25,000	25,000	22,500	(2,500)
Total Education and Nutrition Center	<u>694,271</u>	<u>694,271</u>	<u>631,266</u>	<u>(63,005)</u>
Sikorsky Airport:				
Airport fees	65,000	65,000	57,861	(7,139)
Shared revenue	95,000	95,000	98,085	3,085
Airport leases	646,700	646,700	807,958	161,258
Total Sikorsky Airport	<u>806,700</u>	<u>806,700</u>	<u>963,904</u>	<u>157,204</u>
Fire Department:				
Firewatch reimbursement	110,150	110,150	134,557	24,407
Copies	850	850	25,140	24,290
Permit	86,200	86,200	65,476	(20,724)
Tank installation	4,850	4,850	4,650	(200)
Total fire department	<u>202,050</u>	<u>202,050</u>	<u>229,823</u>	<u>27,773</u>
Total fees, permits and licenses	<u>22,928,957</u>	<u>22,928,957</u>	<u>19,752,714</u>	<u>(3,176,243)</u>
Interest	<u>27,000</u>	<u>27,000</u>	<u>252,418</u>	<u>225,418</u>
Other:				
Property rental	75,000	75,000	33,264	(41,736)
O.T.B. income	400,000	400,000	316,229	(83,771)
State Bingo	200	200	2	(198)
Weights and measures	92,000	92,000	99,105	7,105
Sale of City-owned property	450,000	450,000	236,211	(213,789)
Miscellaneous	81,100	81,100	70,673	(10,427)
Foreclosure cost recovery	1,000	1,000		(1,000)
Restitution	5,000	5,000	74,655	69,655
Comptroller miscellaneous revenue	1,994,564	1,994,564	1,925,265	(69,299)
Total other	<u>3,098,864</u>	<u>3,098,864</u>	<u>2,755,404</u>	<u>(343,460)</u>
Total revenues	<u>551,991,617</u>	<u>551,991,617</u>	<u>553,942,763</u>	<u>1,951,146</u>
Other financing sources:				
Transfers in	<u>500,000</u>	<u>500,000</u>	<u>349,851</u>	<u>(150,149)</u>
Total Revenues and Other Financing Sources	<u>\$ 552,491,617</u>	<u>\$ 552,491,617</u>	<u>554,292,614</u>	<u>\$ 1,800,997</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.			47,279,777	
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.			<u>5,186,327</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 606,758,718</u>	

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, 2017

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
General government:				
Mayor's office	\$ 812,011	\$ 812,011	\$ 766,469	\$ 45,542
Central grants	637,597	637,597	434,407	203,190
Finance divisions	6,273,506	6,273,506	5,399,689	873,817
Registrar of voters	718,166	718,166	746,595	(28,429)
City clerk	460,804	460,804	416,542	44,262
City attorney	5,497,939	5,497,939	5,120,378	377,561
Archives and records	34,171	34,171	84,138	(49,967)
Civil service	970,197	970,197	903,541	66,656
Labor relations/benefits/pensions	17,272,089	17,272,089	21,918,825	(4,646,736)
Town Clerk	858,830	858,830	790,028	68,802
Legislative department	287,446	287,446	181,601	105,845
Office of policy and management	657,543	657,543	589,283	68,260
Ethics commission	3,089	3,089		3,089
Chief administrative officer	1,365,516	1,365,516	1,092,304	273,212
Information technology service	3,407,276	3,407,276	3,169,348	237,928
Minority business enterprise office	347,276	347,276	247,163	100,113
Total general government	<u>39,603,456</u>	<u>39,603,456</u>	<u>41,860,311</u>	<u>(2,256,855)</u>
Public Safety:				
Police department	102,311,133	102,061,133	101,854,968	206,165
Fire department	63,679,050	63,679,050	64,687,745	(1,008,695)
Weights and measures	165,567	165,567	162,609	2,958
Emergency Operation Center	5,751,260	5,751,260	5,166,801	584,459
Total public safety	<u>171,907,010</u>	<u>171,657,010</u>	<u>171,872,123</u>	<u>(215,113)</u>
Public facilities:				
Airport	1,318,401	1,318,401	1,379,660	(61,259)
Engineering	686,213	686,213	571,177	115,036
Harbor master	192,385	192,385		192,385
Maintenance	11,471,113	11,471,113	10,555,031	916,082
Municipal garage	2,610,443	2,610,443	2,160,235	450,208
Public facilities administration	15,564,771	15,564,771	15,941,232	(376,461)
Roadway	3,816,675	3,816,675	4,343,093	(526,418)
Sanitation	5,565,482	5,565,482	6,091,956	(526,474)
Transfer station	1,969,858	1,969,858	1,718,740	251,118
Recreation	934,279	1,184,279	1,106,427	77,852
Department on aging	562,226	562,226	514,057	48,169
Parks administration	298,124	298,124	288,849	9,275
Parks	2,601,793	2,601,793	2,762,601	(160,808)
Zoo	1,510,415	1,510,415	1,449,711	60,704
Golf course	1,510,620	1,510,620	1,398,369	112,251
Total public facilities	<u>50,612,798</u>	<u>50,862,798</u>	<u>50,281,138</u>	<u>581,660</u>

(Continued on next page)

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, 2017

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Planning and Economic Development:				
OPED administration	\$ 9,576,331	\$ 9,576,331	\$ 9,209,018	\$ 367,313
Building department	1,652,785	1,652,785	1,418,189	234,596
Zoning board of appeals	101,061	101,061	94,992	6,069
Zoning commission	602,457	602,457	588,496	13,961
Total planning and economic development	<u>11,932,634</u>	<u>11,932,634</u>	<u>11,310,695</u>	<u>621,939</u>
Health and social services:				
Health and social services administration	500,682	500,682	452,803	47,879
Vital statistics	367,069	367,069	327,948	39,121
Communicable disease clinic	412,327	412,327	431,238	(18,911)
Environmental health	810,878	810,878	632,387	178,491
Housing code enforcement	978,724	978,724	653,273	325,451
Lead prevention program	180,720	180,720	176,247	4,473
Human services administration	150,197	150,197	127,958	22,239
Persons with disabilities	155,007	155,007	96,648	58,359
Veterans' affairs	169,343	169,343	162,248	7,095
Lighthouse/Youth services	1,559,362	1,559,362	1,570,297	(10,935)
Social services	293,999	293,999	219,750	74,249
Total health and social services	<u>5,578,308</u>	<u>5,578,308</u>	<u>4,850,797</u>	<u>727,511</u>
Libraries	<u>5,825,185</u>	<u>5,825,185</u>	<u>5,825,185</u>	<u>-</u>
Special services:				
Other financing uses	5,629,732	4,724,732	1,340,176	3,384,556
Supportive contributions	493,275	493,275	221,069	272,206
Citywide memberships	40,000	40,000	39,332	668
Debt service	3,160,000	3,160,000	3,430,582	(270,582)
Total special services	<u>9,323,007</u>	<u>8,418,007</u>	<u>5,031,159</u>	<u>3,386,848</u>
Education:				
Schools	226,673,914	227,578,914	227,578,914	-
Food services	14,545,305	14,545,305	14,545,305	-
Board of education debt service	16,490,000	16,490,000	16,490,000	-
Total education	<u>257,709,219</u>	<u>258,614,219</u>	<u>258,614,219</u>	<u>-</u>
Total Expenditures and Other Financing Uses	\$ <u>552,491,617</u>	\$ <u>552,491,617</u>	549,645,627	\$ <u>2,845,990</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.

47,279,777

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.

5,186,327

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV

\$ 602,111,731

**CITY OF BRIDGEPORT, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
PUBLIC SAFETY PLAN A
LAST FOUR FISCAL YEARS***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:				
Interest	\$ 21,842,806	\$ 23,461,582	\$ 22,225,409	\$ 24,079,006
Differences between expected and actual experience	(6,996,385)	(3,217,484)	13,730,638	(22,337,660)
Changes of assumptions	(439,229)	(12,438,135)	54,487,379	(22,732,874)
Benefit payments, including refunds of member contributions	(30,424,274)	(31,895,360)	(33,838,820)	(30,964,004)
Net change in total pension liability	(16,017,082)	(24,089,397)	56,604,606	(51,955,532)
Total pension liability - beginning	327,252,219	351,341,616	294,737,010	346,692,542
Total pension liability - ending	<u>311,235,137</u>	<u>327,252,219</u>	<u>351,341,616</u>	<u>294,737,010</u>
Plan fiduciary net position:				
Contributions - employer	15,944,213	15,488,177	11,407,599	11,600,000
Contributions - member			12,334	143,974
Net investment income (loss)	8,866,020	(4,940,329)	778,674	15,837,803
Benefit payments, including refunds of member contributions	(30,424,274)	(31,895,360)	(33,838,820)	(30,964,004)
Net change in plan fiduciary net position	(5,614,041)	(21,347,512)	(21,640,213)	(3,382,227)
Plan fiduciary net position - beginning	76,643,488	97,991,000	119,631,213	123,013,440
Plan fiduciary net position - ending	<u>71,029,447</u>	<u>76,643,488</u>	<u>97,991,000</u>	<u>119,631,213</u>
Net Pension Liability - Ending	<u>\$ 240,205,690</u>	<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	22.82%	23.42%	27.89%	40.59%
Covered payroll	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A
Discount rate	6.75%	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:

2017:

Mortality RP-2014 Healthy Annuitant Tables (adjusted back to 2006) with generational projection using scale MP-2017.

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 MP-2016.

2015:

Mortality RP-2014 (adjusted back to 2006), projected generationally with Scale MP-2015 as of June 30, 2015

CITY OF BRIDGEPORT, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE RETIREMENT PLAN B
LAST FOUR FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:				
Interest	\$ 4,212,914	\$ 4,622,718	\$ 4,100,080	\$ 4,435,830
Differences between expected and actual experience	(3,470,389)	715,864	7,644,858	(991,025)
Changes of assumptions	(20,849,995)	16,313,199	10,329,185	(6,081,926)
Benefit payments, including refunds of member contributions	(4,460,565)	(4,901,990)	(3,839,612)	(3,804,480)
Net change in total pension liability	(24,568,035)	16,749,791	18,234,511	(6,441,601)
Total pension liability - beginning	120,239,065	103,489,274	85,254,763	91,696,364
Total pension liability - ending	<u>95,671,030</u>	<u>120,239,065</u>	<u>103,489,274</u>	<u>85,254,763</u>
Plan fiduciary net position:				
Contributions - employer	2,002,000			
Contributions - member			44,368	181,840
Net investment income	6,698,898	176,428	427,232	9,633,316
Benefit payments, including refunds of member contributions	(4,330,048)	(4,901,990)	(3,839,612)	(3,852,737)
Administrative expense	(130,517)		(305,157)	(215,762)
Net change in plan fiduciary net position	4,240,333	(4,725,562)	(3,673,169)	5,746,657
Plan fiduciary net position - beginning	56,525,923	61,251,485	64,924,654	59,177,997
Plan fiduciary net position - ending	<u>60,766,256</u>	<u>56,525,923</u>	<u>61,251,485</u>	<u>64,924,654</u>
Net Pension Liability - Ending	<u>\$ 34,904,774</u>	<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	63.52%	47.01%	59.19%	76.15%
Covered payroll	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A
Discount rate	4.86%	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:

2017:

Assumed one year with no retroactive COLA for retirees.

2016:

Inflation 2.0% (previously 2.30%)

Mortality RP - 2014 (adjusted back to 2006), projected generationally with Scale MP2016.

2015:

Mortality 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 FOUR FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:				
Interest	\$ 2,199,953	\$ 2,476,699	\$ 2,281,088	\$ 2,283,352
Differences between expected and actual experience	(945,182)	(850,563)	130,083	(133,251)
Changes of assumptions	(6,714,794)	(1,461,547)	1,779,805	63,339
Benefit payments, including refunds of member contributions	(2,348,288)	(2,207,398)	(2,171,567)	(2,170,390)
Net change in total pension liability	<u>(7,808,311)</u>	<u>(2,042,809)</u>	<u>2,019,409</u>	<u>43,050</u>
Total pension liability - beginning	<u>45,528,031</u>	<u>47,570,840</u>	<u>45,551,431</u>	<u>45,508,381</u>
Total pension liability - ending	<u>37,719,720</u>	<u>45,528,031</u>	<u>47,570,840</u>	<u>45,551,431</u>
Plan fiduciary net position:				
Contributions - employer	302,100			
Net investment income (loss)	3,416,479	(285,465)	942,785	5,310,728
Benefit payments, including refunds of member contributions	(2,348,288)	(2,207,398)	(2,171,567)	(2,170,390)
Administrative expense			(4,879)	(23,230)
Net change in plan fiduciary net position	<u>1,370,291</u>	<u>(2,492,863)</u>	<u>(1,233,661)</u>	<u>3,117,108</u>
Plan fiduciary net position - beginning	<u>35,702,782</u>	<u>38,195,645</u>	<u>39,429,306</u>	<u>36,312,198</u>
Plan fiduciary net position - ending	<u>37,073,073</u>	<u>35,702,782</u>	<u>38,195,645</u>	<u>39,429,306</u>
Net Pension Liability - Ending	<u>\$ 646,647</u>	<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	98.29%	78.42%	80.29%	86.56%
Covered payroll	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A
Discount rate	6.25%	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: None in 2017

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 FOUR FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:				
Interest	\$ 256,507	\$ 315,328	\$ 361,880	\$ 401,794
Differences between expected and actual experience		(115,639)		
Changes of assumptions	(652,369)	1,270,097	330,555	226,706
Benefit payments, including refunds of member contributions	(731,496)	(796,380)	(861,495)	(889,803)
Net change in total pension liability	<u>(1,127,358)</u>	<u>673,406</u>	<u>(169,060)</u>	<u>(261,303)</u>
Total pension liability - beginning	<u>9,365,998</u>	<u>8,692,592</u>	<u>8,861,652</u>	<u>9,122,955</u>
Total pension liability - ending	<u>8,238,640</u>	<u>9,365,998</u>	<u>8,692,592</u>	<u>8,861,652</u>
Plan fiduciary net position:				
Contributions - employer	731,496	796,380	861,495	889,803
Benefit payments, including refunds of member contributions	(731,496)	(796,380)	(861,495)	(889,803)
Net change in plan fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	<u>3,433</u>	<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>	<u>3,433</u>
Net Pension Liability - Ending	<u>\$ 8,235,207</u>	<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%	0.04%
Covered payroll	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A
Discount rate at end of year	3.58%	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:

2017:

Discount Rate 3.58%, Previously 2.85%

Mortality RP-2014 (adjusted back to 2006), projected generationally with Scale MP-2017

2016:

Mortality RP-2014 (adjusted back to 2006), projected generationally with Scale MP-2016. 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**

	<u>2017</u>	<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>
Actuarially determined contribution	\$ 15,945,203	\$ 15,488,177	\$ 11,407,599	\$ 12,623,967	\$ 11,554,504	\$ 9,794,368	\$ 13,556,622	\$ 12,352,193	\$ 9,621,019	\$ 8,876,359
Contributions in relation to the actuarially determined contribution	<u>15,944,213</u>	<u>15,488,177</u>	<u>11,407,599</u>	<u>11,600,000</u>	<u>10,500,000</u>	<u>7,000,000</u>	<u>5,000,000</u>	<u>4,726,098</u>	<u>8,219,906</u>	<u>4,551,906</u>
Contribution Deficiency (Excess)	\$ <u>990</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,023,967</u>	\$ <u>1,054,504</u>	\$ <u>2,794,368</u>	\$ <u>8,556,622</u>	\$ <u>7,626,095</u>	\$ <u>1,401,113</u>	\$ <u>4,324,453</u>
Covered payroll	N/A	N/A	N/A	N/A	\$ 1,675,494	\$ 2,076,760	\$ 2,556,092	\$ 2,551,393	\$ 3,069,756	\$ 3,616,840
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	626.68%	337.06%	195.61%	185.24%	267.77%	125.85%

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 19 years as of June 30, 2017
Asset valuation method Market value
Actuarial assumptions:
Investment rate of return 6.75 %; previously 7.00%
Inflation 2.0%
Salary increases N/A
Cost of living adjustment 2.5% for the Police and Fire groups (plus one additional COLA for Police);
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 MP-2017 (prior year MP-2016)

**CITY OF BRIDGEPORT, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE RETIREMENT PLAN B
LAST TEN FISCAL YEARS**

	<u>2017</u>	<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>
Actuarially determined contribution	\$ 2,099,288	\$ 2,002,083	\$ 1,333,325	\$ 1,851,758	\$ 7,792,559	\$ 6,314,039	\$ 5,351,197	\$ 3,544,117	\$ 4,481,341	\$ 3,616,732
Contributions in relation to the actuarially determined contribution	<u>2,002,000</u>				<u>5,895,224</u>	<u>5,474,826</u>	<u>6,176,243</u>	<u>3,396,479</u>	<u>4,340,150</u>	<u>4,590,213</u>
Contribution Deficiency (Excess)	<u>\$ 97,288</u>	<u>\$ 2,002,083</u>	<u>\$ 1,333,325</u>	<u>\$ 1,851,758</u>	<u>\$ 1,897,335</u>	<u>\$ 839,213</u>	<u>\$ (825,046)</u>	<u>\$ 147,638</u>	<u>\$ 141,191</u>	<u>\$ (973,481)</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A	\$ 26,876,411	\$ 25,620,273	\$ 24,796,942	\$ 23,937,171	\$ 24,831,841
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	20.37%	24.11%	13.70%	18.13%	18.49%

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	21 years
Asset valuation method	Market value of assets.
Actuarial assumptions:	
Investment rate of return	6.25%
Inflation	2.0%
Salary increases	N/A
Cost of living adjustment	2.5%
Mortality	RP - 2014 (adjusted back to 2006), projected generationally with Scale MP-2017 (prior year MP-2016)

**CITY OF BRIDGEPORT, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' RETIREMENT PLAN B
LAST TEN FISCAL YEARS**

	<u>2017</u>	<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>
Actuarially determined contribution	\$ 239,304	\$ 310,155	\$ 515,442	\$ 518,934	\$	\$ 4,300,169	\$ 3,936,546	\$ 3,350,909	\$ 2,505,264	\$ 2,156,816
Contributions in relation to the actuarially determined contribution	<u>302,100</u>					<u>2,939,362</u>	<u>4,207,055</u>	<u>3,301,504</u>	<u>2,434,658</u>	<u>2,485,234</u>
Contribution Deficiency (Excess)	\$ <u>(62,796)</u>	\$ <u>310,155</u>	\$ <u>515,442</u>	\$ <u>518,934</u>	\$ <u>-</u>	\$ <u>1,360,807</u>	\$ <u>(270,509)</u>	\$ <u>49,405</u>	\$ <u>70,606</u>	\$ <u>(328,418)</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A	\$ 15,917,577	\$ 16,162,733	15,814,641	\$ 16,017,719	\$ 14,363,531
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	18.47%	26.03%	20.88%	15.20%	17.30%

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	21 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return	6.25%
Inflation	2.0%
Salary increases	N/A
Cost of living adjustment	2.5%
Mortality	RP - 2014 (adjusted back to 2006), projected generationally with Scale MP-2016.

**CITY OF BRIDGEPORT, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
JANITORS' AND ENGINEERS' RETIREMENT PLAN
LAST TEN FISCAL YEARS**

	<u>2017</u>	<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>
Actuarially determined contribution	\$ 769,368	\$ 818,100	\$ 836,026	\$ 873,475	\$ 892,501	\$ 894,791	\$ 906,091	\$ 877,018	\$ 877,018	\$ 897,186
Contributions in relation to the actuarially determined contribution	<u>731,496</u>	<u>796,380</u>	<u>861,495</u>	<u>889,803</u>	<u>936,328</u>	<u>914,418</u>	<u>891,196</u>	<u>985,409</u>	<u>1,031,635</u>	<u>1,013,075</u>
Contribution Deficiency (Excess)	\$ <u>37,872</u>	\$ <u>21,720</u>	\$ <u>(25,469)</u>	\$ <u>(16,328)</u>	\$ <u>(43,827)</u>	\$ <u>(19,627)</u>	\$ <u>14,895</u>	\$ <u>(108,391)</u>	\$ <u>(154,617)</u>	\$ <u>(115,889)</u>
Covered payroll	N/A	N/A	N/A	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	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

Investment rate of return 3.58%; previously 2.85%

Retirement age N/A

Mortality RP-2014 (adjusted back to 2006), projected generationally with Scale MP-2017; previously projected generationally with Scale MP-2016

**CITY OF BRIDGEPORT, CONNECTICUT
 SCHEDULE OF INVESTMENT RETURNS
 PENSION PLANS
 LAST FOUR FISCAL YEARS***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense:				
Public Safety Plan A	12.77%	-5.52%	0.72%	14.26%
Police Retirement Plan B	12.11%	0.30%	0.68%	16.82%
Firefighters' Retirement Plan B	9.85%	-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 THREE FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.00%	0.00%	0.00%
City's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the City	<u>433,546,254</u>	<u>329,265,255</u>	<u>304,339,743</u>
Total	<u>\$ 433,546,254</u>	<u>\$ 329,265,255</u>	<u>\$ 304,339,743</u>
City's covered payroll	\$ 124,591,491	\$ 120,969,490	\$ 118,922,621
City's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	52.26%	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	None
Changes of assumptions	During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015. 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	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	20.4 years
Asset valuation method	4-year smoothed market
Investment rate of return	8.50%, net of investment related expense

CITY OF BRIDGEPORT, CONNECTICUT
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MUNICIPAL EMPLOYEES RETIREMENT FUND
LAST THREE FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u> <u>(as Restated)</u>
City's proportion of the net pension liability	18.69%	16.21%	2.98%
City's proportionate share of the net pension liability	\$ 62,160,092	\$ 31,237,539	\$ 2,935,498
City's covered payroll	\$ 154,745,655	146,586,378	145,741,934
City's proportionate share of the net pension liability as a percentage of its covered payroll	40.17%	21.31%	\$ 2.01%
Plan fiduciary net position as a percentage of the total pension liability	88.29%	92.72%	90.48%

* 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	25 years
Asset valuation method	5-year smoothed market

CITY OF BRIDGEPORT, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS - MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 22,690,385	\$ 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
Contributions in relation to the actuarially determined contribution	22,690,385	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
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 154,745,655	\$ 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
Contributions as a percentage of covered payroll	14.66%	15.12%	16.75%	14.34%	11.65%	11.65%	9.50%	7.00%	7.00%	7.00%

Notes to Schedule

Valuation date: June 30, 2016
Measurement date: June 30, 2016
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: 25 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, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 43,584,338	\$ 44,349,927
Receivables:		
Property taxes, net of allowance for uncollectible amounts of \$18,451,586 in 2017 and \$24,307,485 in 2016	31,619,916	45,605,506
Intergovernmental	26,679,602	27,259,255
Other	1,505,944	2,907,710
Due from other funds	20,080,303	12,669,305
Other assets	<u>350,000</u>	<u>350,000</u>
Total Assets	<u>\$ 123,820,103</u>	<u>\$ 133,141,703</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts and other payables	\$ 25,231,021	\$ 18,340,614
Accrued liabilities	16,496,345	18,004,722
Due to other funds	18,778,076	18,063,025
Unearned revenue	642,165	714,217
Notes payable	<u>10,000,000</u>	<u>15,000,000</u>
Total liabilities	<u>71,147,607</u>	<u>70,122,578</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	31,096,448	44,926,288
Unavailable revenue - school construction	<u>2,309,919</u>	<u>3,473,695</u>
Total deferred inflows of resources	<u>33,406,367</u>	<u>48,399,983</u>
Fund Balances:		
Nonspendable	350,000	350,000
Unassigned	<u>18,916,129</u>	<u>14,269,142</u>
Total fund balances	<u>19,266,129</u>	<u>14,619,142</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 123,820,103</u>	<u>\$ 133,141,703</u>

**CITY OF BRIDGEPORT, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2017**

Grand List Year	Balance Uncollected July 1, 2016	Current Levy	Net Adjustments	Transfers to Suspense	Adjusted Taxes Collectible	Collections				Balance Uncollected June 30, 2017
						Taxes	Interest	Lien Fees	Total	
2001	\$ 1,993,489		\$ (134,567)		\$ 1,858,922	\$ 13,464	\$ 40,353	\$ 972	\$ 54,789	\$ 1,845,458
2002	1,838,393		(119,277)		1,719,116	13,250	20,699	328	34,277	1,705,866
2003	1,132,784		(121,723)		1,011,061	10,514	12,579	214	23,307	1,000,547
2004	1,430,399		(138,554)	(5,558)	1,286,287	13,333	15,244	410	28,987	1,272,954
2005	1,610,763		(131,461)	(13,667)	1,465,635	18,355	29,053	364	47,772	1,447,280
2006	2,009,544		(141,670)	(9,302)	1,858,572	21,718	42,543	384	64,645	1,836,854
2007	3,429,459		(580,366)	(24,359)	2,824,734	32,498	49,808	728	83,034	2,792,236
2008	3,361,735		(1,132,291)	(31,772)	2,197,672	42,855	67,985	657	111,497	2,154,817
2009	3,635,280		(1,260,360)	(23,004)	2,351,916	50,097	60,009	525	110,631	2,301,819
2010	5,269,726		(2,289,651)	(17,786)	2,962,289	673,115	109,542	90	782,747	2,289,174
2011	4,372,947		(1,946,986)	(12,827)	2,413,134	69,989	20,111	1,777	91,877	2,343,145
2012	6,481,827		(3,971,755)	(10,513)	2,499,559	158,195	50,124	1,643	209,962	2,341,364
2013	3,689,617		(1,392,677)	(9,550)	2,287,390	290,755	87,824	3,445	382,024	1,996,635
2014	4,971,951		(1,190,542)	(6,184)	3,775,225	1,419,272	207,394	30,331	1,656,997	2,355,953
2015		323,839,846	(13,034,308)	(5,588)	310,799,950	307,164,691	1,814,192	77,347	309,056,230	3,635,259
	<u>\$ 45,227,914</u>	<u>\$ 323,839,846</u>	<u>\$ (27,586,188)</u>	<u>\$ (170,110)</u>	<u>\$ 341,311,462</u>	<u>\$ 309,992,101</u>	<u>\$ 2,627,460</u>	<u>\$ 119,215</u>	<u>\$ 312,738,776</u>	<u>\$ 31,319,361</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.

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, 2017**

	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
ASSETS									
Cash and cash equivalents	\$	\$ 381,158	\$ 3,260,924	\$	\$ 1,127,626	\$ 713,117	\$ 355,807	\$ 583,392	\$ 2,125,250
Investments									
Receivables:									
Intergovernmental		1,654,125	453,762		1,560,761	785,240	254,038	1,039,237	122,875
Other							577,522		
Due from other funds	<u>389,779</u>	<u>228,190</u>	<u>202,315</u>	<u>257,774</u>					<u>4,130</u>
Total Assets	<u>\$ 389,779</u>	<u>\$ 2,263,473</u>	<u>\$ 3,917,001</u>	<u>\$ 257,774</u>	<u>\$ 2,688,387</u>	<u>\$ 1,498,357</u>	<u>\$ 1,187,367</u>	<u>\$ 1,622,629</u>	<u>\$ 2,252,255</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and other liabilities	\$ 102,120	\$ 966,828	\$ 3,616	\$ 162,375	\$ 402,736	\$ 30,523	\$ 302,509	\$ 32,178	\$ 19,298
Accrued payroll liabilities	13,659			2,281	27,929	519	1,405		
Due to other funds			2,430,553	202,315	2,217,273	1,645,684	580,888	743,882	1,158,758
Total liabilities	<u>115,779</u>	<u>966,828</u>	<u>2,434,169</u>	<u>366,971</u>	<u>2,647,938</u>	<u>1,676,726</u>	<u>884,802</u>	<u>776,060</u>	<u>1,178,056</u>
Fund Balances:									
Restricted	274,000	1,296,645	1,482,832		40,449		302,565	846,569	1,074,199
Committed									
Unassigned				(109,197)		(178,369)			
Total fund balances	<u>274,000</u>	<u>1,296,645</u>	<u>1,482,832</u>	<u>(109,197)</u>	<u>40,449</u>	<u>(178,369)</u>	<u>302,565</u>	<u>846,569</u>	<u>1,074,199</u>
Total Liabilities and Fund Balances	<u>\$ 389,779</u>	<u>\$ 2,263,473</u>	<u>\$ 3,917,001</u>	<u>\$ 257,774</u>	<u>\$ 2,688,387</u>	<u>\$ 1,498,357</u>	<u>\$ 1,187,367</u>	<u>\$ 1,622,629</u>	<u>\$ 2,252,255</u>

(Continued on next page)

**CITY OF BRIDGEPORT, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	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		
ASSETS										
Cash and cash equivalents	\$ 558,479	\$	\$ 235,503	\$ 48,714	\$	\$ 5,843	\$ 498,327	\$ 107,969	\$	\$ 10,002,109
Investments	1,522,379									1,522,379
Receivables:										
Intergovernmental						100				5,870,138
Other	29,000									606,522
Due from other funds	2,421	1,960,744		62,339	220,460	2,204		768	(206,445)	3,124,679
Total Assets	\$ 2,112,279	\$ 1,960,744	\$ 235,503	\$ 111,053	\$ 220,460	\$ 8,147	\$ 498,327	\$ 108,737	\$ (206,445)	\$ 21,125,827
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable and other liabilities	\$	\$	\$	\$ 59,818	\$	\$	\$	\$	\$	\$ 2,082,001
Accrued payroll liabilities										45,793
Due to other funds									(206,445)	8,772,908
Total liabilities	-	-	-	59,818	-	-	-	-	(206,445)	10,900,702
Fund Balances:										
Restricted				51,235			498,327	108,737		5,975,558
Committed	2,112,279	1,960,744	235,503		220,460	8,147				4,537,133
Unassigned										(287,566)
Total fund balances	2,112,279	1,960,744	235,503	51,235	220,460	8,147	498,327	108,737	-	10,225,125
Total Liabilities and Fund Balances	\$ 2,112,279	\$ 1,960,744	\$ 235,503	\$ 111,053	\$ 220,460	\$ 8,147	\$ 498,327	\$ 108,737	\$ (206,445)	\$ 21,125,827

**CITY OF BRIDGEPORT, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017**

	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	\$ 579,237	\$ 5,174,493	\$ 1,090,935	\$ 1,357,332	\$ 3,934,013	\$ 442,497	\$ 1,251,219	\$	\$ 1,200,180
Interest		286	11,703						3,805
Other	113,449	133,247	27,000	68,828			677	6,481	194,284
Total revenues	<u>692,686</u>	<u>5,308,026</u>	<u>1,129,638</u>	<u>1,426,160</u>	<u>3,934,013</u>	<u>442,497</u>	<u>1,251,896</u>	<u>6,481</u>	<u>1,398,269</u>
Expenditures:									
General government									
Health and social services	565,053					164,661			
Libraries									
Education									
Special services		8,505,119	711,364	1,390,219	2,306,339		1,230,098		887,147
Debt service:									
Principal retirements					1,583,000				
Interest and other charges					128,553				
Total expenditures	<u>565,053</u>	<u>8,505,119</u>	<u>711,364</u>	<u>1,390,219</u>	<u>4,017,892</u>	<u>164,661</u>	<u>1,230,098</u>	<u>-</u>	<u>887,147</u>
Excess (Deficiency) of Revenues over Expenditures	<u>127,633</u>	<u>(3,197,093)</u>	<u>418,274</u>	<u>35,941</u>	<u>(83,879)</u>	<u>277,836</u>	<u>21,798</u>	<u>6,481</u>	<u>511,122</u>
Other Financing Sources (Uses):									
Transfers in		2,177,207							237,075
Transfers out		(130,235)							(15,669)
Total other financing sources (uses)	<u>-</u>	<u>2,046,972</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>221,406</u>
Net Change in Fund Balances	127,633	(1,150,121)	418,274	35,941	(83,879)	277,836	21,798	6,481	732,528
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$ 274,000</u>	<u>\$ 1,296,645</u>	<u>\$ 1,482,832</u>	<u>\$ (109,197)</u>	<u>\$ 40,449</u>	<u>\$ (178,369)</u>	<u>\$ 302,565</u>	<u>\$ 846,569</u>	<u>\$ 1,074,199</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, 2017**

	Special Revenue					Capital Projects	Permanent Trusts		Interfund Eliminations	Total Nonmajor Governmental Funds
	Library	Library Operations	Education	Miscellaneous Grants	General Government	Conversion Capital Projects	Library	Education		
Revenues:										
Intergovernmental	\$	\$	\$	\$	\$ 422,414	\$	\$	\$	\$	\$ 15,452,320
Interest		518	22	296		6	686	11		17,333
Other	89,974				15,272					649,212
Total revenues	<u>90,492</u>	<u>-</u>	<u>22</u>	<u>296</u>	<u>437,686</u>	<u>6</u>	<u>686</u>	<u>11</u>	<u>-</u>	<u>16,118,865</u>
Expenditures:										
General government					699					699
Health and social services										729,714
Libraries	40,819	155,168					636			196,623
Education			1,305					20		1,325
Special services										15,030,286
Debt service:										
Principal retirements										1,583,000
Interest and other charges										128,553
Total expenditures	<u>40,819</u>	<u>155,168</u>	<u>1,305</u>	<u>-</u>	<u>699</u>	<u>-</u>	<u>636</u>	<u>20</u>	<u>-</u>	<u>17,670,200</u>
Excess (Deficiency) of Revenues over Expenditures	<u>49,673</u>	<u>(155,168)</u>	<u>(1,283)</u>	<u>296</u>	<u>436,987</u>	<u>6</u>	<u>50</u>	<u>(9)</u>	<u>-</u>	<u>(1,551,335)</u>
Other Financing Sources (Uses):										
Transfers in		127,152							(362,431)	2,179,003
Transfers out					(216,527)				362,431	-
Total other financing sources (uses)	<u>-</u>	<u>127,152</u>	<u>-</u>	<u>-</u>	<u>(216,527)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,179,003</u>
Net Change in Fund Balances	49,673	(28,016)	(1,283)	296	220,460	6	50	(9)	-	627,668
Fund Balances at Beginning 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>-</u>	<u>9,597,457</u>
Fund Balances at End of Year	<u>\$ 2,112,279</u>	<u>\$ 1,960,744</u>	<u>\$ 235,503</u>	<u>\$ 51,235</u>	<u>\$ 220,460</u>	<u>\$ 8,147</u>	<u>\$ 498,327</u>	<u>\$ 108,737</u>	<u>\$ -</u>	<u>\$ 10,225,125</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, 2017**

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
Student Activities Fund				
Assets:				
Cash and Cash Equivalents	\$ 625,655	\$ 1,493,543	\$ 1,512,878	\$ 606,320
Liabilities:				
Due to Student Groups	\$ 625,655	\$ 1,493,543	\$ 1,512,878	\$ 606,320

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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities:										
Net investment in capital assets	\$ 852,428,086	\$ 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
Restricted	8,969,778	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
Unrestricted	(1,094,796,887)	(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)
Total Governmental Activities Net Position	<u>(233,399,023)</u>	<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>
Business-type activities:										
Net investment in capital assets	88,089,862	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
Restricted							923,098	820,556	1,433,775	1,290,387
Unrestricted	14,420,453	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
Total Business-Type Activities Net Position	<u>102,510,315</u>	<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>
Primary Government:										
Net investment in capital assets	940,517,948	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
Restricted	8,969,778	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
Unrestricted	(1,080,376,434)	(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)
Total Primary Government Net Position	<u>\$ (130,888,708)</u>	<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>

**CITY OF BRIDGEPORT, CONNECTICUT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)**

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses:										
Governmental activities:										
General government	\$ 54,721,387	\$ 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
Public safety	161,664,408	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
Public facilities, parks and recreation	40,449,688	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
Parks and recreation									5,898,866	6,024,774
Planning and economic development	3,623,577	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	4,578,577	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
Education	407,493,688	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
Special services	16,261,348	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
Interest on long-term debt	32,760,018	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
Total governmental activities expenses	721,552,691	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
Business-type activities:										
Water Pollution Control Authority	39,180,368	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
Total primary government expenses	760,733,059	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
Program revenue:										
Governmental activities:										
Charges for services:										
General government	5,085,578	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
Public safety	5,718,407	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
Public facilities, parks and recreation	4,174,696	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
Parks and recreation									2,514,238	2,318,393
Planning and economic development	6,565,823	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	1,045,142	772,288	750,404	1,125,770	2,013,222	865,318	1,502,929	924,169	570,541	817,350
Education	631,266	668,925	787,178	735,122	704,164	702,587	756,596	817,448	900,591	1,018,406
Special services	702,364	(152,931)	(1,135,968)	549,529	1,468,921		832,216			
Operating grants and contributions:										
General government	91,597	440,327	420,791	196,264	704,873	425,724	975,269	773,282	3,152	11,467
Public safety	38,098	189,018	43,870	58,274	64,006	77,404	530,148	4,148,209		
Public facilities	1,508,372	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	6,113,859	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	1,696,616	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	316,170,091	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
Special services	5,383,521	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
Interest on long-term debt	1,062,649	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	36,223,067	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
Public facilities	3,279,698	1,133,287	1,756,685	3,522,581	1,205,943	1,188,554	324,725			8,343,237
Public safety										
Special services	29,502	66,670	7,799	251,000	310,000					
Total governmental activities program revenue	395,520,346	452,868,506	403,239,668	386,924,354	388,287,956	342,438,560	342,591,381	337,131,360	344,828,785	472,474,363

(Continued on next page)

**CITY OF BRIDGEPORT, CONNECTICUT
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)**

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Business-type activities:										
Charges for services:										
Water Pollution Control Authority	\$ 37,850,950	\$ 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
Capital grants and contributions:										
Water Pollution Control Authority	1,320,768	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
Total business-type activities program revenues	39,171,718	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
Total primary government program revenues	434,692,064	493,818,974	442,952,905	425,219,724	419,499,992	374,805,699	371,444,233	365,287,545	374,332,418	501,171,228
Net (expense) revenue:										
Governmental activities	(326,032,345)	(275,924,974)	(368,259,995)	(281,332,094)	(259,699,183)	(284,866,357)	(309,842,886)	(284,740,015)	(256,730,956)	(181,327,192)
Business-type activities	(8,650)	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
Total primary government net expense	(326,040,995)	(272,211,791)	(364,490,474)	(278,662,065)	(256,886,922)	(278,886,945)	(307,001,515)	(284,420,573)	(252,122,206)	(178,088,274)
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes	298,910,281	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
Grants and contributions not restricted to specific programs	36,455,578	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
Unrestricted investment earnings	749,011	279,984	251,486	259,308	307,620	305,947	468,605	370,639	864,608	4,115,785
Miscellaneous	1,181,517	2,270,522			23,000					
Transfers							14,211			
Total governmental activities	337,296,387	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
Business-type activities:										
Investment earnings	14,995	9,231	6,929	7,194	7,898	12,093	22,836	25,087	32,712	
Total primary government	337,311,382	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
Changes in Net Position:										
Governmental activities	11,264,042	51,825,413	(43,965,881)	37,794,036	48,831,738	14,732,224	(10,192,018)	5,282,902	24,354,903	75,664,635
Business-type activities	6,345	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
Total Primary Government	\$ 11,270,387	\$ 55,547,827	\$ (40,189,431)	\$ 40,471,259	\$ 51,651,897	\$ 20,723,729	\$ (7,327,811)	\$ 5,627,431	\$ 28,996,365	\$ 78,903,553

**CITY OF BRIDGEPORT, CONNECTICUT
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)**

Function/Program	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities:										
General government	\$ 5,177,175	\$ 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
Public safety	5,756,505	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
Public facilities	8,962,766	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
Parks and recreation									2,514,238	2,318,393
Planning and economic development	12,679,682	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	2,741,758	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
Education	353,024,424	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
Special services	6,115,387	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
Interest on long-term debt	1,062,649	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	395,520,346	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
Business-type activities:										
Water Pollution Control Authority	39,171,718	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
Total Government	\$ 434,692,064	\$ 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

**CITY OF BRIDGEPORT, CONNECTICUT
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)**

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund:										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$ 30,876	\$	\$
Unreserved								15,611,351	10,752,753	10,605,102
Nonspendable	350,000	350,000	350,000	350,000	350,000	350,000	350,000			
Assigned						3,222,700	5,222,700			
Unassigned	18,916,129	14,269,142	13,363,461	13,045,816	12,574,082	9,147,814	10,987,910			
Total General Fund	\$ 19,266,129	\$ 14,619,142	\$ 13,713,461	\$ 13,395,816	\$ 12,924,082	\$ 12,720,514	\$ 16,560,610	\$ 15,642,227	\$ 10,752,753	\$ 10,605,102
All Other Governmental Funds:										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$ 10,068,125	\$ 5,068,118	\$ 114,188,749
Unreserved, reported in:										
Special revenue funds								(5,968,762)	(1,854,831)	(14,537,239)
Capital projects funds								53,320,116	29,831,588	(12,518,325)
Permanent fund								59,770	47,182	35,573
Restricted	11,876,732	5,902,507	7,578,873	4,864,914	4,592,021	1,910,141	1,398,998			
Committed	99,270,122	73,656,280	72,250,958	38,990,756	67,334,090	97,217,290	60,355,682			
Unassigned	(891,221)	(1,204,998)	(887,110)	(29,861)	(1,132,864)	(2,933,603)	(4,216,210)			
Total All Other Governmental Funds	\$ 110,255,633	\$ 78,353,789	\$ 78,942,721	\$ 43,825,809	\$ 70,793,247	\$ 96,193,828	\$ 57,538,470	\$ 57,479,249	\$ 33,092,057	\$ 87,168,758

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.

**CITY OF BRIDGEPORT, CONNECTICUT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Property taxes	\$ 312,461,292	\$ 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
Intergovernmental	411,442,721	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
Fees, permits and licenses	19,752,714	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
Interest	749,006	279,985	251,486	259,308	307,039	305,673	467,604	370,639	864,608	4,115,785
Other	3,404,616	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
Total revenues	<u>747,810,349</u>	<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>
Expenditures:										
Governmental and community services:										
General government	41,861,010	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
Public safety	137,976,278	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
Public facilities	36,553,580	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
Parks and recreation									5,368,932	5,675,667
Planning and economic development	3,920,695	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	5,580,511	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
Charities and hospitals									123,835	184,968
Libraries	5,614,656	7,485,850	6,576,900	6,576,900	6,166,881	6,034,045	5,392,768	4,660,185		
Education	379,893,985	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
Special services	16,630,856	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
Debt service:										
Principal retirements	39,754,694	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
Interest and other charges	37,170,844	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
Capital outlay	76,499,225	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
Total expenditures	<u>781,456,334</u>	<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>
Excess of revenues over (under) expenditures	<u>(33,645,985)</u>	<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>
Other financing sources (uses):										
Transfers in	2,528,854	4,313,331	3,410,284	3,410,284	500,000	500,000	500,000	205,649,402	224,867,074	219,222,813
Transfers out	(2,528,854)	(5,813,331)	(3,410,284)	(3,410,284)	(500,000)	(500,000)	(500,000)	(205,649,402)	(224,867,074)	(219,222,813)
Bonds issued	60,970,000	23,195,000				67,930,000	19,440,000	40,840,000		
Bond refunding issue		59,640,000	14,290,000	14,290,000	55,225,000					
Premium on long-term debt	9,224,816	12,337,545	1,150,189	1,150,189	4,874,093	6,641,055				
Payments to escrow agent		(69,559,903)	(15,228,178)	(15,228,178)	(59,704,935)					
Total other financing sources (uses)	<u>70,194,816</u>	<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>
Net Changes in Fund Balance	<u>\$ 36,548,831</u>	<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>
Debt Service as a Percentage of Noncapital Expenditures	<u>11.0%</u>	<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>

CITY OF BRIDGEPORT, CONNECTICUT
TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

Fiscal Year	Real Estate	Personal Property	Motor Vehicle	Total
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
2017	258,466,001	44,695,896	20,667,952	323,829,849
Change 2008-2017	<u>40.55%</u>	<u>64.06%</u>	<u>30.05%</u>	<u>42.64%</u>

Source: City of Bridgeport records. Allocation by Grand List percentage composition.

TABLE 7

CITY OF BRIDGEPORT, CONNECTICUT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(In Thousands)
(Unaudited)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Miscellaneous Land	Personal Property	Motor Vehicle	Total Taxable Assessed Value	Percent Growth	Total Direct Tax Rate	Actual Taxable Value	Value as a Percentage of Actual Value
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%
2017	3,104,031	1,180,193	357,015	121,630	802,342	486,016	6,015,227	(-) 1.1%	54.37	8,593,181	70.00%

Source: City of Bridgeport Tax Assessor's Office

**CITY OF BRIDGEPORT, CONNECTICUT
PRINCIPAL PROPERTY TAXPAYERS
FY 2017 and FY 2008
(Unaudited)**

TABLE 8

Taxpayer	FY 2017			FY 2008		
	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	34.40%	\$ 54,812,359	4	9.35%
Bridgeport Energy LLC	151,672,179	9	18.47%	54,564,491	5	9.31%
CRRA/US Bank NAT Assoc James E. Mogavero (Wheelabrator real property)	105,373,818	8	12.83%	140,046,244		23.89%
Connecticut Light & Power	51,656,540	7	6.29%			
PSEG Power Connecticut LLC*	50,758,134	6	6.18%	83,752,150	1	14.29%
People's United Bank	48,900,843	5	5.96%	62,199,063	3	10.61%
Southern CT Gas Co.-Energy EA	42,048,692	4	5.12%			
Dominion Bpt Fuel Cell LLC	39,069,813	3	4.76%	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	2.93%			
Aquarian Water Co. of CT*	25,078,447	1	3.05%	23,302,683	8	3.98%
Total	\$ 821,110,306		100.00%			
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%
Total				\$ 586,163,251		100.00%

* 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)**

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
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%
2017	2015	310,799,149	307,164,691	98.83%	2,827,411	309,995,102	99.74%

Source: City of Bridgeport - Tax Collector's Office

CITY OF BRIDGEPORT, CONNECTICUT
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(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			
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
2017	648,586	-	648,586	7.42%	3,143	34,332	3,854	-	686,772	22.19%	4,661

Source: City of Bridgeport Finance Dept.

**CITY OF BRIDGEPORT, CONNECTICUT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING BY TYPE
LAST TEN FISCAL YEARS
(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	Net General Bonded Debt			General Obligation Bonds				
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%	4,440	3,268	665,425	21.97%	4,400	
2017	648,586	648,586	7.8%	4,370	3,854	652,440	21.90%	4,370	

Source: City of Bridgeport Finance Dept.

**CITY OF BRIDGEPORT, CONNECTICUT
DIRECT GOVERNMENTAL ACTIVITIES DEBT
FOR THE YEAR ENDED JUNE 30, 2017
(Unaudited)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>
General obligation debt	\$ 686,771,926
Less school construction grants receivable - principal portion only	<u>(2,309,919)</u>
Total Direct Debt	<u>\$ 684,462,007</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 Finance Dept.

**CITY OF BRIDGEPORT, CONNECTICUT
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS
 (In Thousands)
 (Unaudited)**

	<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>	<u>2017</u>
Debt limit	\$ 1,595,640	\$ 1,741,261	\$ 1,741,508	\$ 1,909,787	\$ 1,918,226	\$ 1,975,977	\$ 2,050,851	\$ 2,084,816	\$ 2,091,301	\$ 2,194,321
Total net debt applicable to limit	<u>957,601</u>	<u>925,639</u>	<u>959,344</u>	<u>717,376</u>	<u>755,691</u>	<u>870,367</u>	<u>689,996</u>	<u>761,541</u>	<u>934,134</u>	<u>818,169</u>
Legal debt margin	\$ <u>638,039</u>	\$ <u>815,622</u>	\$ <u>782,164</u>	\$ <u>1,192,411</u>	\$ <u>1,162,535</u>	\$ <u>1,105,610</u>	\$ <u>1,360,855</u>	\$ <u>1,323,275</u>	\$ <u>1,157,167</u>	\$ <u>1,376,152</u>
Total net debt applicable to the limit as a percentage of debt limit	<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>	<u>37.29%</u>

**CITY OF BRIDGEPORT, CONNECTICUT
COMPUTATION OF LEGAL DEBT LIMITATION
JUNE 30, 2017**

Total tax collections (including interest and lien fees) for the year ended June 30, 2016	\$ 312,738,776
Reimbursement for revenue loss:	
Tax relief for the elderly	<u>735,607</u>
Base	<u>\$ 313,474,383</u>
Debt Limit	<u>\$ 2,194,320,681</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewer</u>	<u>Urban Renewal</u>	<u>Unfunded Past Benefit Obligation</u>
Debt Limitation					
2-1/4 times base	\$ 705,317,362	\$	\$	\$	\$
4-1/2 times base		1,410,634,724			
3-3/4 times base			1,175,528,936		
3-1/4 times base				1,018,791,745	
3 times base					940,423,149
Total debt limitation	<u>705,317,362</u>	<u>1,410,634,724</u>	<u>1,175,528,936</u>	<u>1,018,791,745</u>	<u>940,423,149</u>
Debt as Defined by Statute:					
Bonds and Notes Payable	277,051,821	127,493,685	38,186,420		244,040,000
Tax Anticipation Notes	10,000,000				
Bonds authorized but unissued ¹	29,064,596	75,937,109	18,705,544		
Less: school construction grants		<u>(2,309,919)</u>			
Total indebtedness	<u>316,116,417</u>	<u>201,120,875</u>	<u>56,891,964</u>	<u>-</u>	<u>244,040,000</u>
Debt Limitation in Excess of Indebtedness	<u>\$ 389,200,945</u>	<u>\$ 1,209,513,849</u>	<u>\$ 1,118,636,972</u>	<u>\$ 1,018,791,745</u>	<u>\$ 696,383,149</u>

1. Includes all bonds currently authorized

**CITY OF BRIDGEPORT, CONNECTICUT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

Calendar Year	Population	Personal Income	Per Capita Income	Median Age	School Enrollment	Unemployment Rate
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%
2017	144,229	48,088	21,002	32.1	21,076	7.4%

**CITY OF BRIDGEPORT, CONNECTICUT
PRINCIPAL EMPLOYERS
2017 AND 2008
(Unaudited)**

<u>Employer</u>	<u>2017</u>		<u>2008</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees*</u>	<u>Rank</u>
St. Vincent's Medical Center	3,571 (1,936 FT / 618 PT / 1,017 Per Diem)	1	2,200*	3
Bridgeport Hospital, Inc.	2,686 (1,738 FT / 640 PT / 308 Per Diem)	2	2,700*	1
People's United Bank	1,338 (1,288 FT / 50 PT)	3	2,400*	2
Bridgeport Health Care Center	525**	4	1,100*	4
Prime Line Resources	667 (499 FT Reg. / 168 FT Temp.)	5	406*	7
University of Bridgeport	911 (477 FT / 434 PT)	6	537	6
Lacey Manufacturing Company	334 (332 FT / 2 PT)	7	350*	8
Sikorsky Aircraft	309 (3 Shifts)	8	600*	5
Housatonic Community College	215 (201 Perm. FT / 10 Temp. FT / 4 Perm. PT)	9	184*	10
Watermark	236 (105 FT/131 PT)	10	300	9

*=2007 Data

**=2016 Data

Note: Rankings are based on Full Time Employees Only

Sources: City of Bridgeport - Finance Dept.

TABLE 17

CITY OF BRIDGEPORT, CONNECTICUT
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

Function/Program	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government:										
Office of the Mayor	7.5	9	9	9	9	8	8	8	9	9
Central Grants Office	6	8	5	5	5	6	6	6	6	6
Comptroller's Office	11	11	11	11	11	14.5	14.5	14.5	15	15
Finance Department	6	6	4.5	4	4	4	4	4	4	5
In-Plant Printing	6	6.5	6.5	6.5	7.5	7.5	7.5	7.5	7.5	7.5
Purchasing	6	6	6	6	5	6	6	6	7	8
Tax Collector	13	14	14	14	16	18	18	18	18	19
Tax Assessor	11	11	11	11	11	13	13	13	14	15
Treasurer's Office	2.5	2.5	2.5	2.5	3.5	2	2	2	2	3
Registrar of Voters / Elections	5	5	5	5	5	5	5	5	6	6
City Clerk	6	6	6	5	6	5	6	6	6	6
City Attorney	22	21	20	20	18	21	21	21	21	22
Archives and Records	0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	1
Civil Service	6	6	7	7	7	9	9	8	8	9
Grants Personnel / Benefits Administration	11	12	13.5	14	14	11	11	9	7	7
Labor Relations	6	6	6	6	6	6	6	6	6	7
Town Clerk	8	7	7	7	7	7	7	7	8	8
Legislative Department	0	0	-	-	-	2	1	2	2	2
Office of Policy and Management	6	6.5	6.5	6.5	6.5	6.5	6.5	5.5	5.5	5.5
Chief Administrative Office / Citistat	10	8	8	8	8	7	7	7	8	3
Information Technology Services	14	14	15	15	15	16	15	15	19	21
Minority Business Resource Ctr	0	3	3	3	3	2	2	2	-	-
Public Safety:										
Police Department / Animal Shelter	488	492	491	471	471	479	473	486	532	538
Fire Department	305	296	296	277	281	295	299	310	329	330
Weights and Measures	2	2	2	2	2	2	2	2	2	2
Emergency Operations Center	55	57	57	57	57	59	60	60	48	42
Public Facilities:										
Public Facilities Administration	14	18	17.5	16	16	15.5	15.5	15.5	17	15
Municipal Garage	10	10	10	10	10	10	10	10	10	10
Facilities Maintenance	32	32	33	33	31	31	31	31	37	34
Roadway Maintenance	37.5	37	37	37	44	45	45	45	43	43
Sanitation / Recycling	29	29	29	29	29	34	34	34	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	8.5	7	7	7	7	6	6	6	6	6
Parks & Rec Administration	3	5	5	5	4	4	4	4	5	6
Parks Maintenance	14	14	14	14	15	16	17	17	17	23
Beardsley Zoological Gardens	12	12	12	12	12	13	13	13	13	13
Fairchild Wheeler G.C.	2	2	2	2	2	3	3	3	3	3

TABLE 17

CITY OF BRIDGEPORT, CONNECTICUT
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM (CONTINUED)
 LAST TEN FISCAL YEARS
 (Unaudited)

Function/Program	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Transportation:										
Sikorsky Airport	12	13	13	13	13	14	14	14	15	15
City Engineer	7	6	5.25	6	5	6	6	6	5	6
Harbor Master	1	-	-	-	1	1	1	1	1	1
Planning & Development:										
Planning & Economic Development	15	21.5	20.5	20.5	20.5	19.5	18.5	20	22	18
Building Department	14	13	12.25	12	11	13	13	13	14	14
Zoning Board of Appeals	1	1	1	1	1	1	1	1	1	1
Zoning Commission	6	6	6	6	6	6	5	4	7	7
Health & Social Services:										
Health Administrative	5	6	4.5	3	2	2	2	2	3	3
Dental Hygiene	0	0	-	-	-	-	-	-	7	7
Vital Statistics	5	4.5	4.5	5	5	5	5	5	5	4
Communicable Diseases	4	5	5	5.2	5.2	5	5	5	4	5
Environmental Health	8	8	8	8	8	8	7	7	7	7
Housing Code	10	6	6	6	6	5	5	1	3	3
Lead Program	2.5	2	2	2	2	-	-	-	-	-
Public Health Nursing	0	-	-	-	-	-	-	-	-	37
Clinics	0	2	-	-	-	-	-	-	1	6
School Based Health Centers	0	-	-	-	-	-	-	-	19	26
Social Services	2	2	1.25	1.8	1.8	1	2	2	2	2
Human Services:										
Human Services Administration	2.5	2	2	2	2	2	2	2	2	2
Persons with Disabilities	2	1	1	1	1	0.5	-	-	1	1
Veterans Affairs	2	2	2	2	2	2	1	1	1	1
Lighthouse / Youth Services	4	6	6	6	6	4	4	4	4	4
Parent Aide Program		-	-	-	-	-	-	-	1	1
Libraries	57	53	53	54	53	53	52	52	60	69
Total	1,339	1,341	1,346	1,297	1,305	1,342	1,336	1,354	1,467	1,530

**CITY OF BRIDGEPORT, CONNECTICUT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)**

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police:										
Calls for service	116,640	111,765	109,523	109,919	114,115	114,780	112,740	111,331	122,713	102,659
Adult arrest	6,505	5,317	4,397	4,237	4,230	6,422	3,771	3,047	2,964	3369
Juvenile arrest	1,081	1,013	740	553	574	800	590	413	432	400
Fire:										
Total fire runs	9,239	12,318	8,720	10,180	12,648	9,394	9,262	10,130	5,781	3981
Total rescue runs	868	3,366	3,573	3,166	4,838	8,810	5,660	8,650	4,167	7602
Property loss	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	2,025,200
Building safety:										
Total building permits	2,454	2,683	2,522	2,425	N/A	3,127	2,939	3,199	3,461	3520
Total value all permits	131,211,499	173,761,110	80,959,002.82	48,862,471.60	N/A	91,501,839.00	172,883,186.00	252,650,376.00	\$ 316,366,980.00	\$174,003,971.00
Library, volumes in collection										
	395,561	530,000	550,851	537,580	533,600	538,600	573,455	573,705	525,372	571,143
Public service:										
Garbage collected (ton)	59,533	58,543	59,756	60,436	58,736	55,698	55,538	55,224	57,218	55,088
Recycle collected (ton)	3,055	3,128	3,194	3,217	4,762	5,339	5,421	5,649	6,043	6,343
Parks and recreation:										
Recreation program attendance	2,550	1,500	1,850	1,950	2,000	2,000	1750	1750	1,750	1675
Aquatics program attendance	800	900	600	700	700	750	750	750	750	700
Golf rounds played	49,708	53,706	60,059	54,776	59,286	50,703	52,884	53,284	59,154	51,684
Street trees maintained	1,430	1,430	1,430	1,800	1,800	1,700	1962	1990	1,900	1,962

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)**

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police:										
Stations	3	2	2	1	1	1	1	1	1	9
Police Officer Sector Terminals (POST)	3	3	3	4	3	3	3	4	4	4
Number of personnel and officers	574	574	557	469	456	473	454	429	349	388
Number of Divisions	11	11	11	11	11	11	11	11	11	11
Fire:										
Stations	8	8	8	8	8	8	8	8	8	8
Number of personnel and officers	337	366	366	366	296	283	282	284	272	291
Equipment (pieces)	28	28	28	28	28	30	30	30	30	31
Refuse collection:										
Collection Trucks	15	15	15	15	15	18	18	18	18	18
Public facilities:										
Streets (Miles)	829	829	829	829	829	829	829	829	829	829
Traffic Signals	1,552	1,552	1,700	1,750	1,750	1,750	1,750	1800	1800	1840
Parks and recreation:										
Playgrounds	19	19	19	19	21	21	19	24	24	24
Parks	44	45	45	45	46	46	46	47	47	47
Park Acreage	1,330	1,330	1,330	1,330	1,330	1,330	1330	1351.45	1351.45	1351.45
Golf Courses	2	2	2	2	2	2	2	2	2	2
Swimming Pools	-	2	2	3	3	2	2	2	2	2
Tennis Courts	22	24	23	25	25	25	24	24	25	25
Museums	2	2	2	2	2	2	2	2	2	2
Zoo	1	1	1	1	1	1	1	1	1	1
Baseball/softball diamonds	25	25	31	31	30	30	25	25	27	27
Ice Skating Rinks	2	1	1	1	1	1	1	1	2	2
Soccer/Football Fields	17	17	19	21	26	28	17	17	20	20
Library:										
Facilities	4	5	5	5	5	5	5	5	5	5
Volumes	395,561	530,000	550,851	537,580	533,600	538,600	573,455	573,705	525,372	571,143
Water:										
Average Daily Consumption (MGPD)	12,800	12,359	12,021	12,318	11,716	11,447	11,457	11,572	11,428	11,401
Wastewater:										
Sanitary Sewers (miles)	160	160	160	160	170	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
Combination Sanitary and Storm (miles)	123	123	123	123	113	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
Number of Treatment Plants	2	2	2	2	2	2	2	2	2	2

Source: City Records

Note: n/a - Indicator not available