

*In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance by the City with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986, as amended (the “Code”), under existing law, interest on the Series E Bonds (as defined below) is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax under the Code. In the opinion of Bonds counsel, interest on the Series C Bonds and the Series D Bonds (as defined below) is included in gross income for federal income tax purposes pursuant to the Code. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds (as defined below) is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. (See “THE BONDS – Tax Status of the Bonds” herein.)*



## CITY OF BRIDGEPORT, CONNECTICUT

**\$125,405,000**

**GENERAL OBLIGATION BONDS (FEDERALLY TAXABLE), 2019 SERIES C**

**\$22,965,000**

**GENERAL OBLIGATION REFUNDING BONDS (FEDERALLY TAXABLE), 2019 SERIES D**

**and**

**\$13,015,000**

**GENERAL OBLIGATION REFUNDING BONDS (TAX-EXEMPT), 2019 SERIES E**

**Dated Date: Date of Delivery**

**Due: As shown on inside cover**

The \$125,405,000 General Obligation Bonds (Federally Taxable), 2019 Series C (the “Series C Bonds”), \$22,965,000 General Obligation Refunding Bonds (Federally Taxable), 2019 Series D (the “Series D Bonds”), and \$13,015,000 General Obligation Refunding Bonds (Tax-Exempt), 2019 Series E (the “Series E Bonds”) (collectively, the “Bonds”) will be general obligations of the City of Bridgeport, Connecticut (the “City”), and the City will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. Payment in respect of the Bonds will also be supported by a property tax intercept fund (see “THE BONDS– Security for the Bonds” herein).

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

Interest on the Series C Bonds will be payable on September 15, 2020 and semiannually thereafter on each September 15 and March 15 until maturity or redemption prior to maturity. Interest on the Series D and the Series E Bonds will be payable on March 15, 2020 and semiannually thereafter on each September 15 and March 15 until maturity or redemption prior to maturity. The Bonds will be issued by means of a book-entry-only system and registered in the name of Cede & Co., as nominee for The Depository Trust Company (the “DTC”), New York, New York. The beneficial owners of the Bonds will not receive certificates representing their ownership interest in the Bonds. Principal of, redemption premium, if any, and interest on the Bonds will be payable by U.S. Bank National Association, Hartford, Connecticut to DTC or its nominee as registered owner of the Bonds. (See “THE BONDS – Book-Entry-Only System”). Ownership of the Bonds shall be in principal amounts of \$5,000 or integral multiples thereof.

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

The scheduled payment of principal and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company. (See “BOND INSURANCE” and APPENDIX F – SPECIMEN MUNICIPAL BOND INSURANCE POLICY herein).



The Bonds are offered subject to the final approving opinions of Pullman & Comley, LLC, Bridgeport, Connecticut, Bond Counsel to the City. Certain legal matters will be passed upon for the Underwriters by their counsel, Updike, Kelly & Spellacy, P.C., Hartford, Connecticut. PFM Financial Advisors LLC, Providence, Rhode Island has served as Municipal Advisor in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about October 29, 2019.

**RAYMOND JAMES  
OPPENHEIMER & CO.**

**MESIROW FINANCIAL, INC.  
FTN FINANCIAL CAPITAL MARKETS**

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

**\$125,405,000 General Obligation Bonds (Federally Taxable), 2019 Series C**

<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Price</u>	<u>CUSIP No.</u> <sup>†</sup>
<u>September 15</u> 2029	<u>Amount</u> \$1,000,000	<u>Rate</u> 2.963%	<u>or Yield</u> 2.963%	

**\$34,310,000 3.363% Term Bond maturing September 15, 2034 Price 100.00 to Yield 3.363% CUSIP No.† 108152FU8**

**\$40,885,000 3.651% Term Bond maturing September 15, 2039 Price 100.00 to Yield 3.651% CUSIP No.† 108152FV6**

**\$49,210,000 3.751% Term Bond maturing September 15, 2044 Price 100.00 to Yield 3.751% CUSIP No.† 108152FW4**

**\$22,965,000 General Obligation Refunding Bonds (Federally Taxable), 2019 Series D**

<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Price</u>	<u>CUSIP No.</u> <sup>†</sup>
<u>September 15</u> 2028	<u>Amount</u> \$5,170,000	<u>Rate</u> 2.913%	<u>or Yield</u> 2.913%	108152FX2

**\$17,795,000 3.163% Term Bond maturing September 15, 2031 Price 100.00 to Yield 3.163% CUSIP No.† 108152FY0**

**\$13,015,000 General Obligation Refunding Bonds (Tax-Exempt), 2019 Series E**

<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Price</u>	<u>CUSIP No.</u> <sup>†</sup>
<u>September 15</u> 2029	<u>Amount</u> \$7,860,000	<u>Rate</u> 5.00%	<u>or Yield</u> 1.870%	108152FZ7
2030	5,155,000	5.00	1.970*	108152GA1

\*Yield calculated to the first optional call date of September 15, 2029; however, any such redemption is at the option of the City.

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

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

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

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

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

Other than as to matters explicitly set forth herein as the Forms of Legal Opinions in Appendix C and “THE BONDS– Tax Status of the Bonds”, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that it has independently verified the same.

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

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

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

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE” and APPENDIX F – SPECIMEN MUNICIPAL BOND INSURANCE POLICY herein.

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

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## BOND ISSUE SUMMARY

### General Obligation Bonds (Federally Taxable), 2019 Series C General Obligation Refunding Bonds (Federally Taxable), 2019 Series D General Obligation Refunding Bonds (Tax-Exempt), 2019 Series E

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

Issuer:	City of Bridgeport, Connecticut (the “City”)
Issues:	\$125,405,000 General Obligation Bonds (Federally Taxable), 2019 Series C \$22,965,000 General Obligation Refunding Bonds (Federally Taxable), 2019 Series D \$13,015,000 General Obligation Refunding Bonds (Tax-Exempt), 2019 Series E
Dated Date:	Date of Delivery
Interest Due:	March 15 and September 15 commencing March 15, 2020 for 2019 Series D and E, September 15, 2020 for 2019 Series C.
Principal Due:	See inside cover page.
Purpose:	Proceeds from the Series C Bonds will be used to partially fund the City’s unfunded accrued liability in respect of its Public Safety Pension Plan A, pay for costs of issuance and the cost of capitalizing certain interest payments. (See “THE BONDS – Proceeds of Issue” herein). Proceeds from the Series D Bonds and the Series E Bonds are being issued to refund certain outstanding general obligation bonds of the City and to pay for costs of issuance. (See “THE BONDS – Proceeds of Issue” herein).
Redemption:	The Bonds are subject to redemption prior to maturity as more fully described herein (See “THE BONDS – Optional Redemption” and “Mandatory Sinking Fund Redemption” herein).
Security:	The Bonds will be general obligations of the City, and the City will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due. In addition, the Bonds are also supported by the Intercept Fund (See “THE BONDS – Security for the Bonds” herein).
Credit Ratings:	S&P Global Ratings, Moody’s Investors Service and Fitch Ratings have each assigned their municipal bond ratings of “A”, “Baa1” and “A”, respectively, to the Bonds. S&P Global Ratings has assigned an insured rating of “AA”. (See “THE BONDS – Ratings” herein).
Credit Enhancement:	The scheduled payment of principal and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company.
Municipal Advisor:	PFM Financial Advisors LLC, Providence, Rhode Island
Tax Exemption:	Refer to APPENDIX C – FORMS OF LEGAL OPINIONS and “THE BONDS – Tax Status of the Bonds” herein.
Auditors:	Blum, Shapiro & Company, PC, West Hartford, Connecticut
Trustee, Paying Agent, Certifying Agent, Escrow Agent and Registrar:	U.S. Bank National Association, Hartford, Connecticut
Legal Opinion:	Pullman & Comley, LLC, Bridgeport, Connecticut (See APPENDIX C – “FORMS OF LEGAL OPINIONS”)
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry form will be made to The Depository Trust Company on or about October 29, 2019. Delivery of the Bonds will be made against payment in federal funds.
Continuing Disclosure:	The City has covenanted in a Continuing Disclosure Agreement to furnish its annual audited financial statements on an ongoing basis, and any other data and operating reports, statements and other information regarding certain listed events, necessary to comply with Rule 15c2-12(b)(5) of the United States Securities and Exchange Commission. The specific nature of the information supplied and the term of the undertaking are summarized herein (see “THE BONDS—Continuing Disclosure” herein and APPENDIX E – FORMS OF CONTINUING DISCLOSURE AGREEMENTS).
Further Information:	Questions concerning this Official Statement should be addressed to: Kenneth Flatto, Director of Finance, Finance Administration, City of Bridgeport, 999 Broad Street, Bridgeport, Connecticut 06604, Telephone (203) 576-7251 or Stephen Maceroni, Director, PFM Financial Advisors LLC, 10 Weybosset Street, Suite 902, Providence, Rhode Island 02903, Telephone (401) 709-5111.

## **BOND INFORMATION**

### **Introduction**

This Official Statement is provided for the purpose of presenting certain information relating to the City of Bridgeport, Connecticut (the “City”) (see APPENDIX A – “INFORMATION STATEMENT – THE CITY” herein) in connection with the sale of the City’s \$125,405,000 General Obligation Bonds (Federally Taxable), 2019 Series C (the “Series C Bonds”), \$22,965,000 General Obligation Refunding Bonds (Federally Taxable), 2019 Series D (the “Series D Bonds”), and \$13,015,000 General Obligation Refunding Bonds (Tax-Exempt), 2019 Series E (the “Series E Bonds”) (collectively, the “Bonds”). The proceeds from the Series C Bonds will be used to partially fund the City’s unfunded accrued liability in respect of its Public Safety Pension Plan A (the “Plans A Trust”), pay for costs of issuance and pay the cost of capitalizing certain interest payments. (See “THE BONDS– Proceeds of Issue” herein). The proceeds from the Series D Bonds and the Series E Bonds will be used to refund certain general obligation bonds of the City and pay for costs of issuance (see “THE BONDS – Proceeds of Issue” herein). The City has the power to incur indebtedness by issuing bonds and notes as provided by the Connecticut General Statutes. The information herein is dated and given on, and will speak only as of, the date of original delivery of the Bonds and is subject to change without notice.

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

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

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

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

## **THE BONDS**

### **Description of the Bonds**

The Bonds will be dated as of their date of delivery. Interest on the Series C Bonds will be payable on September 15, 2020 and semiannually thereafter on each September 15 and March 15 until maturity or redemption prior to maturity. Interest on the Series D and the Series E Bonds will be payable on March 15, 2020 and semiannually thereafter on each September 15 and March 15 until maturity or redemption prior to maturity. Principal payments on the Series C Bonds will be made annually on each September 15, commencing on September 15, 2029 and continuing to September 15, 2044. Principal payments on the Series D Bonds will be made on September 15, 2028, 2030 and 2031. Principal payments on the Series E Bonds will be made on September 15, 2029 and 2030.

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

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



**Record Date**

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

**Optional Redemption**

The Bonds with a stated maturity on or after September 15, 2030 will be subject to redemption, at the election of the City, at any time, on or after September 15, 2029 in whole or in part by lot within a maturity, in such amounts and in such order of maturity as the City may determine, at the respective redemption prices equal to 100% of the principal amount of the Bonds to be so redeemed, together with interest accrued and unpaid to the redemption date.

**Mandatory Sinking Fund Redemption**

The Series C Bonds maturing on September 15, 2034, September 15, 2039 and September 15, 2044 are issued as term bonds and are subject to mandatory sinking fund redemption prior to maturity in part, on a pro-rata basis, in such amounts and on September 15 of the years set forth below from funds deposited with the Trustee in amounts necessary to redeem such Series C Bonds at a redemption price equal to 100% of the principal amount of such Series C Bonds to be so redeemed, plus accrued interest to the date of redemption. Any optional redemption payments shall be applied against mandatory sinking fund redemption payments, on a pro-rata basis, as determined by the City.

**Term Bond Maturing September 15, 2034**

<b><u>Year</u></b>	<b><u>Principal Amount</u></b>
2030	\$6,410,000
2031	6,625,000
2032	6,855,000
2033	7,090,000
2034*	7,330,000

\* Maturity date

**Term Bond Maturing September 15, 2039**

<b><u>Year</u></b>	<b><u>Principal Amount</u></b>
2035	\$7,590,000
2036	7,875,000
2037	8,165,000
2038	8,470,000
2039*	8,785,000

\* Maturity date

**Term Bond Maturing September 15, 2044**

<b><u>Year</u></b>	<b><u>Principal Amount</u></b>
2040	\$9,115,000
2041	9,465,000
2042	9,830,000
2043	10,205,000
2044*	10,595,000

\*Final Maturity date

The Series D Bond maturing on September 15, 2031 is issued as a term bond and is subject to mandatory sinking fund redemption prior to maturity in part, on a pro-rata basis, in such amounts and on September 15 of the years set forth below from funds deposited with the Trustee in amounts necessary to redeem such Series D Bond at a redemption price equal to 100% of the principal amount of such Series D Bond to be so redeemed, plus accrued interest to the

date of redemption. Any optional redemption payments shall be applied against mandatory sinking fund redemption payments, on a pro-rata basis, as determined by the City.

**Term Bond Maturing September 15, 2031**

<b><u>Year</u></b>	<b><u>Principal Amount</u></b>
2030	\$12,405,000
2031*	5,390,000

\* Maturity date

**Authorization for the Bonds**

The Series C Bonds are being issued pursuant to Public Act 19-124 (the "Public Act"), the Charter of the City and a resolution adopted by the City Council on July 1, 2019 (the "Pension Bond Resolution"). The City authorized the issuance of bonds in an amount up to \$125,000,000 to fund a portion of the unfunded actuarially accrued liability of the City's Plans A Trust, pay for costs of issuance and pay for the cost of capitalizing certain interest payments.

The Public Act grants the City the authority to issue pension deficit funding bonds in an amount not to exceed \$125,000,000 plus the costs of issuance of the bonds for the purpose of funding all or a portion of an unfunded actuarially accrued liability of the Plans A Trust, as determined by an actuarial valuation, and the payment of costs related to the issuance of such bonds. The Plans A Trust, as of July 1, 2018, is estimated to have an unfunded actuarially accrued liability in excess of \$235,000,000 (the "Unfunded Accrued Liability").

The Public Act, however, imposes certain conditions and requirements on the issuance of pension deficit funding bonds. Prior to the issuance of such bonds, a municipality is required to comply with certain relevant provisions of Section 7-374c of the Connecticut General Statutes ("Section 7-374c"), including providing notice to the State's Secretary of the Office of Policy and Management (the "Secretary") and the State Treasurer (the "Treasurer") and supplying certain required documentation and information. This documentation and information must include a current actuarial report for the pension plans being funded by the issuance and an explanation of the issuer's funding investment strategy. The Secretary and the Treasurer do not have the power to approve or disapprove a municipality's proposed issuance of pension deficit funding bonds, but are required to file a review of and recommendation concerning the proposed bond issuance. Section 7-374c further requires that, for each fiscal year that the pension deficit funding bonds are outstanding, the municipality appropriate funds to meet the actuarially required contributions for the pension plan being funded and contribute such amounts to such plan.

On July 31, 2019, the City formally notified the Secretary and the Treasurer of its intent to issue the Series C Bonds and supplied the Secretary and the Treasurer with the required documentation. On September 27, 2019, the City received a written letter of review (the "Review") from the Secretary and Treasurer. In the Review, the Secretary and Treasurer verified that the City had satisfied the notification and information requirements of Section 7-374c. The Review also included eight recommendations. Most of the recommendations were general in nature. Included in the recommendations were the following: (1) a suggestion that the City could choose to make a higher level annual contribution to the Plans A than the minimum required by State statute; (2) a suggestion that the City review the asset allocation plans and long term return assumptions for the Plans A Trust given that the Plans A is a closed pension plan and also develop a liquidity management plan which considers the pace of deployment of the bond proceeds into the Plans A Trust taking into account the current capital market environment; and (3) a suggestion that the City continue to evaluate its three year financial plan as more current financial information becomes available that affects the assumptions underlying the plan. The Review also reminds the City to comply with the ongoing requirements of State law following the issuance of the Series C Bonds including the requirement that the City annually appropriate funds in an amount sufficient to meet the actuarially required annual contribution and contribute such amount to the Plans A Trust. The Review is available on EMMA. The City has carefully reviewed all of the recommendations and believes that it has adequately addressed the need for the recommended studies during the preparation of its actuarial valuation and asset allocation study, and remains comfortable with the decision to proceed with the issuance of the Series C Bonds.

None of the requirements of the Public Act affect the nature of the security for the Series C Bonds which are being issued as general obligations of the City for which the full faith and credit of the City is being pledged (See "Security for the Bonds" herein).

The Series D Bonds and the Series E Bonds are being issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, the Charter of the City of Bridgeport and a resolution adopted by the City Council of the City authorizing the issuance of the refunding bonds in an amount not to exceed \$40,000,000 to refund all or a portion of the outstanding maturities of the City's general obligation bonds. (See "Proceeds of Issue").

The Bonds are being issued pursuant to the Indenture of Trust dated as of May 1, 1996, by and between the City and Fleet National Bank, as amended by a First Supplemental Indenture of Trust dated as of March 1, 1997, by and between the City and Fleet National Bank, as amended by a Second Supplemental Indenture of Trust dated as of January 15, 2000, by and between the City and State Street Bank and Trust Company, successor to Fleet National Bank, as amended by a Third Supplemental Indenture of Trust dated as of August 15, 2000, by and between the City and State Street Bank and Trust Company, as amended by a Fourth Supplemental Indenture of Trust dated as of July 1, 2001, by and between the City and State Street Bank and Trust Company, as amended by a Fifth Supplemental Indenture of Trust dated as of June 15, 2002, by and between the City and State Street Bank and Trust Company, as amended by a Sixth Supplemental Indenture of Trust dated as of November 1, 2003, by and between the City and U.S. Bank National Association, successor to State Street Bank and Trust Company, as amended by a Seventh Supplemental Indenture of Trust dated as of August 12, 2004, by and between the City and U.S. Bank National Association, as amended by an Eighth Supplemental Indenture of Trust dated as of April 15, 2006, by and between the City and U.S. Bank National Association, as amended by a Ninth Supplemental Indenture of Trust dated as of June 1, 2006, by and between the City and U.S. Bank National Association, as amended by a Tenth Supplemental Indenture of Trust dated as of June 1, 2007, by and between the City and U.S. Bank National Association, as amended by an Eleventh Supplemental Indenture of Trust dated as of December 1, 2009, by and between the City and U.S. Bank National Association, as amended by a Twelfth Supplemental Indenture of Trust dated as of July 1, 2010, by and between the City and U.S. Bank National Association, as amended by a Thirteenth Supplemental Indenture of Trust dated as of June 1, 2012, by and between the City and U.S. Bank National Association, as amended by a Fourteenth Supplemental Indenture of Trust dated as of July 1, 2012, by and between the City and U.S. Bank National Association, as amended by a Fifteenth Supplemental Indenture of Trust dated as of July 1, 2013, by and between the City and U.S. Bank National Association, as amended by a Sixteenth Supplemental Indenture of Trust dated as of August 1, 2014, by and between the City and U.S. Bank National Association, as amended by a Seventeenth Supplemental Indenture of Trust dated as of November 1, 2014, by and between the City and U.S. Bank National Association, as amended by an Eighteenth Supplemental Indenture of Trust dated as of February 1, 2016, by and between the City and U.S. Bank National Association, as amended by a Nineteenth Supplemental Indenture of Trust dated as of March 1, 2016, by and between the City and U.S. Bank National Association, as amended by a Twentieth Supplemental Indenture of Trust dated as of May 1, 2016, by and between the City and U.S. Bank National Association, as amended by a Twenty-First Supplemental Indenture of Trust dated as of November 1, 2016, by and between the City and U.S. Bank National Association, as amended by a Twenty-Second Supplemental Indenture of Trust dated as of November 1, 2017, by and between the City and U.S. Bank National Association, as amended by a Twenty-Third Supplemental Indenture of Trust dated as of January 1, 2018, by and between the City and U.S. Bank National Association, as amended by a Twenty-Fourth Supplemental Indenture of Trust dated as of June 1, 2018, by and between the City and U.S. Bank National Association, as amended by a Twenty-Fifth Supplemental Indenture of Trust dated as of July 1, 2018, by and between the City and U.S. Bank National Association, as amended by a Twenty-Sixth Supplemental Indenture of Trust dated as of February 1, 2019, by and between the City and U.S. Bank National Association and as further amended by a Twenty-Seventh Supplemental Indenture of Trust dated as of October 1, 2019, by and between the City and U.S. Bank National Association (collectively, the "Indenture") as well as various resolutions adopted by the City Council and other proceedings and determinations relating thereto (collectively, the "Resolution"), and which, taken together, determine the form and details of the issuance of the Bonds, directing their sale and providing for the rights of the holders thereof.

### **Proceeds of Issue**

The net proceeds of the Series C Bonds shall be used to partially fund the unfunded accrued liability in respect of the City's Plans A Trust, will be deposited for investment in the Plans A Trust and will be invested in accordance with prudent fiduciary practices.

For a discussion of the expected impact of the issuance of the Series C Bonds on the funded status of the Plans A Trust, see "PENSION PLANS A" contained in the "Pension Programs" section of Appendix A.

A portion of the proceeds of the Series D Bonds and the Series E Bonds will be used to refund the bonds as described below (the "Refunded Bonds") on their maturity dates at par as follows.

The Series D Bonds will refund the following:

<u>Series</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Par Amount</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP No.</u>
2012A	2/15/2032 <sup>(1)</sup>	5.000%	\$5,210,000	2/15/2022	100%	108151BW8
2012B	8/15/2021	2.500%	2,445,000	n/a	n/a	1081512H3
2012B	8/15/2021	4.000%	3,000,000	n/a	n/a	1081512K6
2014B	10/1/2020 <sup>(1)</sup>	5.000%	1,300,000	n/a	n/a	1081514D0
2016B	8/15/2021 <sup>(1)</sup>	4.000%	325,000	n/a	n/a	1081515L1
2016B	8/15/2022 <sup>(1)</sup>	5.000%	3,950,000	n/a	n/a	1081515M9
2016B	8/15/2023 <sup>(1)</sup>	5.000%	2,050,000	n/a	n/a	1081515N7
2016B	8/15/2024 <sup>(1)</sup>	5.000%	580,000	n/a	n/a	1081515P2
2016B	8/15/2025 <sup>(1)</sup>	5.000%	455,000	n/a	n/a	1081515Q0
2016D	8/15/2026 <sup>(1)</sup>	5.000%	445,000	n/a	n/a	1081516L0
2017B	8/15/2027 <sup>(1)</sup>	5.000%	830,000	n/a	n/a	108152DP1

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

The Series E Bonds will refund the following:

<u>Series*</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Par Amount</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP No.</u>
2009C	8/15/2029	6.821%	\$4,000,000	8/15/2020	100%	108151T50
2010B	9/15/2020	4.943%	985,000	n/a	n/a	108151U41
2010B	9/15/2021	5.143%	1,015,000	9/15/2020	100%	108151U58
2010B	9/15/2022	5.343%	1,050,000	9/15/2020	100%	108151U66
2010B	9/15/2023	5.493%	1,090,000	9/15/2020	100%	108151U74
2010B	9/15/2024	5.693%	1,130,000	9/15/2020	100%	108151U82
2010B	9/15/2025	5.893%	1,175,000	9/15/2020	100%	108151U90
2010B	9/15/2029	6.388%	5,205,000	9/15/2020	100%	108151V73

\*Represents the outstanding principal amounts of the \$4,000,000 2009 Subseries C (Federally Taxable – Issuer Subsidy – Recovery Zone Economic Development Bonds) dated December 3, 2009 and \$19,440,000 2010 Series B (Federally Taxable – Issuer Subsidy – Build America Bonds), dated July 15, 2010 (collectively, the “Direct Payment Refunded Bonds”). As of the issue date of the Bonds, the City will no longer claim credit payments from the federal government for the Direct Payment Refunded Bonds.

Upon delivery of the Series D Bonds and the Series E Bonds, a portion of the proceeds of such Bonds will be placed in escrow with U.S. Bank National Association (the “Escrow Holder”) under an Escrow Agreement (the “Escrow Agreement”) dated as of the date of closing, by and between the Escrow Holder and the City. The Escrow Holder will deposit the net proceeds of the Series D Bonds and other monies, if any, in an irrevocable trust fund or funds called the 2019 Series D Refunding Escrow Deposit Fund and will use such proceeds and other monies, if any, to purchase Defeasance Obligations (as such term is defined in the Indenture; see the “SUMMARY OF THE INDENTURE” attached hereto as Appendix D), the principal of and interest on which, when due, will provide amounts sufficient to pay principal, interest payments and redemption premium, if any, on the Refunded Bonds listed in the Series D Refunding table above. The Escrow Holder will deposit the net proceeds of the Series E Bonds and other monies, if any, in an irrevocable trust fund or funds called the 2019 Series E Refunding Escrow Deposit Fund and will use such proceeds and other monies to purchase Defeasance Obligations, the principal of and interest on which, when due, will provide amounts sufficient to pay principal, interest payments and redemption premium, if any, on the Refunded Bonds listed in the Series E Refunding table above. The balance of the proceeds of the Series D Bonds and Series E Bonds will be used to pay certain costs of issuance and underwriters’ discounts.

### Verification of Mathematical Computations

Robert Thomas CPA will verify from information provided to them the mathematical accuracy as of the date of the closing of (i) the computations contained in the provided schedules to determine that the anticipated receipts from the Defeasance Obligations and cash deposits, to be held in the Escrow Deposit Funds, will be sufficient to pay, when due, the principal, interest and redemption premium requirements, if any, of the Refunded Bonds at maturity or earlier redemption, and (ii) the computations of yield on both the Defeasance Obligations and the Series E Bonds contained

in the provided schedules used by Bond Counsel in its determination that the interest on the Series E Bonds is excludable from federal income tax purposes. Robert Thomas CPA will express no opinion on the assumptions provided to them, nor as to the exemption from taxation of the interest on the Series E Bonds.

### Sources and Uses of Proceeds

	Series C	Series D	Series E	Total
Sources:				
Par Amount of the Bonds	\$125,405,000.00	\$22,965,000.00	\$13,015,000.00	\$161,385,000.00
Original Issue Premium	-	-	3,604,953.50	3,604,953.50
<b>Total Sources</b>	<b>\$125,405,000.00</b>	<b>\$22,965,000.00</b>	<b>\$16,619,953.50</b>	<b>164,989,953.50</b>
Uses:				
Pension Fund	\$120,000,000.00	\$ -	\$ -	\$120,000,000.00
Escrow Deposit	-	22,576,570.72	16,383,924.47	38,960,495.19
Bond Funded Interest	2,900,000.00	-	-	2,900,000.00
Costs of Issuance <sup>(1)</sup>	1,851,789.03	289,432.43	179,924.35	2,321,145.81
Underwriters' Discount	653,210.97	98,996.85	56,104.68	808,312.50
<b>Total Uses</b>	<b>125,405,000.00</b>	<b>22,965,000.00</b>	<b>\$16,619,953.50</b>	<b>\$164,989,953.50</b>

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

### Security for the Bonds

The Bonds will be general obligations of the City secured by the full faith and credit and taxing power of the City. The City will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.

Unless paid from other sources, the Bonds are payable from any legally available source of revenue, including general property tax revenues. The City has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the City without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate, dwelling houses of qualified elderly persons of low income, or of qualified disabled persons taxable at limited amounts. There were no acres of such certified forest land on the last completed grand list of the City. Under existing statutes, the State of Connecticut is obligated to pay the City the amount of tax revenue which the City would have received except for the limitation on its power to tax such dwelling houses.

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

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

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

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

Enforcement of a claim for payment of principal of or interest on the Bonds would be subject to the applicable provisions of Federal bankruptcy laws and to provisions of other statutes, if any, hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. In the event a restructuring of the City's debt under Chapter 9 of the Federal Bankruptcy Code was to occur at some future time, the rights of the owners of the Bonds to receive interest, principal payments and redemption premiums, if any, from the City could be adversely affected. No assurance can

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

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

### Debt Service Schedule

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

Fiscal Year	Existing Aggregate Debt Service <sup>(1)</sup>			Series C Bonds		Series D Bonds		Series E Bonds		
	Principal	Interest	Total	Principal	Interest	Principal	Interest	Principal	Interest	Total
2020	\$ 32,370,000	\$ 43,467,914	\$ 75,837,914	\$ -	\$ -	\$ -	\$ 269,529	\$ -	\$ 245,839	\$ 76,353,282
2021	33,680,000	39,566,960	73,246,960	-	6,230,385	-	713,458	-	650,750	80,841,553
2022	35,545,000	37,001,954	72,546,954	-	4,522,054	-	713,458	-	650,750	78,433,216
2023	40,090,000	34,822,659	74,912,659	-	4,522,054	-	713,458	-	650,750	80,798,921
2024	45,515,000	32,318,446	77,833,446	-	4,522,054	-	713,458	-	650,750	83,719,708
2025	50,750,000	29,601,049	80,351,049	-	4,522,054	-	713,458	-	650,750	86,237,311
2026	55,275,000	26,599,582	81,874,582	-	4,522,054	-	713,458	-	650,750	87,760,844
2027	59,525,000	23,371,848	82,896,848	-	4,522,054	-	713,458	-	650,750	88,783,110
2028	63,130,000	19,793,694	82,923,694	-	4,522,054	-	713,458	-	650,750	88,809,956
2029	61,140,000	16,235,755	77,375,755	-	4,522,054	5,170,000	638,157	-	650,750	88,356,716
2030	60,800,000	12,757,285	73,557,285	1,000,000	4,507,239	-	562,856	7,860,000	454,250	87,941,630
2031	26,810,000	9,269,269	36,079,269	6,410,000	4,384,640	12,405,000	366,671	5,155,000	128,875	64,929,454
2032	17,760,000	8,231,505	25,991,505	6,625,000	4,165,456	5,390,000	85,243	-	-	42,257,204
2033	18,475,000	7,365,590	25,840,590	6,855,000	3,938,790	-	-	-	-	36,634,380
2034	19,240,000	6,446,593	25,686,593	7,090,000	3,704,305	-	-	-	-	36,480,898
2035	20,050,000	5,485,881	25,535,881	7,330,000	3,461,832	-	-	-	-	36,327,714
2036	15,125,000	4,640,733	19,765,733	7,590,000	3,200,023	-	-	-	-	30,555,756
2037	13,950,000	3,949,327	17,899,327	7,875,000	2,917,709	-	-	-	-	28,692,037
2038	12,520,000	3,311,279	15,831,279	8,165,000	2,624,899	-	-	-	-	26,621,179
2039	10,075,000	2,767,933	12,842,933	8,470,000	2,321,227	-	-	-	-	23,634,160
2040	6,135,000	2,316,188	8,451,188	8,785,000	2,006,237	-	-	-	-	19,242,425
2041	6,375,000	2,019,462	8,394,462	9,115,000	1,674,915	-	-	-	-	19,184,378
2042	6,630,000	1,711,109	8,341,109	9,465,000	1,326,447	-	-	-	-	19,132,557
2043	6,890,000	1,390,662	8,280,662	9,830,000	964,570	-	-	-	-	19,075,232
2044	7,165,000	1,057,655	8,222,655	10,205,000	588,813	-	-	-	-	19,016,468
2045	7,460,000	711,388	8,171,388	10,595,000	198,709	-	-	-	-	18,965,097
2046	7,755,000	351,145	8,106,145	-	-	-	-	-	-	8,106,145
2047	1,770,000	123,625	1,893,625	-	-	-	-	-	-	1,893,625
2048	675,000	63,000	738,000	-	-	-	-	-	-	738,000
2049	710,000	29,000	739,000	-	-	-	-	-	-	739,000
TOTAL	\$743,390,000	\$376,778,492	\$1,120,168,492	\$125,405,000	\$84,392,628	\$22,965,000	\$ 7,630,119	\$13,015,000	\$ 6,685,714	\$1,380,261,952

(1) Excludes Refunded Bonds.

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

### Book-Entry-Only System

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

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

Principal and interest payments on, and redemption premium, if any, with respect to the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, nor its nominee, the paying agent, or the City subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, and redemption

premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable but the City takes no responsibility for the accuracy thereof.

### ***DTC PRACTICES***

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

### **Bond Insurance**

#### **Bond Insurance Policy**

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

#### **Build America Mutual Assurance Company**

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27<sup>th</sup> Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: [www.buildamerica.com](http://www.buildamerica.com).

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at [www.standardandpoors.com](http://www.standardandpoors.com). The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the



terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

#### *Capitalization of BAM*

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2019 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$525 million, \$114 million and \$411 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at [www.buildamerica.com](http://www.buildamerica.com), is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

#### *Additional Information Available from BAM*

**Credit Insights Videos.** For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at [buildamerica.com/creditinsights/](http://buildamerica.com/creditinsights/). (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Credit Profiles.** Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at [buildamerica.com/obligor/](http://buildamerica.com/obligor/). BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Disclaimers.** The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

## **Tax Status of the Bonds**

### **Series C Bonds and Series D Bonds**

***Federal Income Taxes.*** In the opinion of Bond Counsel, under existing law, interest on the Series C Bonds and the Series D Bonds (together, the “Taxable Bonds”) is included in gross income for federal income tax purposes pursuant to the Code.

***United States Tax Consequences.*** The following is a summary of certain United States federal income tax consequences resulting from the beneficial ownership of the Taxable Bonds by certain persons. This summary does not consider all possible federal income tax consequences of the purchase, ownership, or disposition of the Taxable Bonds and is not intended to reflect the individual tax position of any beneficial owner. Moreover, except as expressly indicated, this summary is limited to who purchase a Taxable Bond at its issue price, which is the first price at which a substantial amount of the Taxable Bonds is sold to the public, and who hold Taxable Bonds as “capital assets” within the meaning of the Code (generally, property held for investment). This summary is applicable only to a person (a “United States Holder”) who or that is the beneficial owner of Taxable Bonds and is (a) an individual citizen or resident of the United States, (b) a corporation or other entity taxable as a corporation created or organized under the laws of the United States or any State (including the District of Columbia), or (c) certain estates and trusts with specific connections to the United States. Partnerships holding Taxable Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Taxable Bonds (including their status as a United States Holder). This summary is based on the United States tax laws and regulations currently in effect and as currently interpreted and does not take into account possible changes in the tax laws or interpretations thereof any of which may be applied retroactively. Except as provided below, it does not discuss the tax laws of any state, local, or foreign governments.

***Payments of Stated Interest.*** In general, for a United States Holder, interest on a Taxable Bond will be taxable as ordinary income at the time it is received or accrued, depending on the beneficial owner’s method of accounting for tax purposes.

***Purchase, Sale, Exchange, and Retirement of Series C Bonds and Series D Bonds.*** A United States Holder’s adjusted basis in a Taxable Bonds generally will equal its cost, increased by the amount of any original issue discount previously included in the United States Holder’s income with respect to the Taxable Bonds, and reduced by the amount of any amortizable bond premium applied to reduce interest on the Taxable Bonds. A United States Holder generally will recognize gain or loss on the sale, exchange, or retirement of a Taxable Bond equal to the difference between the amount realized on the sale or retirement (not including any amount attributable to accrued but unpaid interest) and the United States Holder’s adjusted basis in the Taxable Bond. Any such gain or loss recognized on the sale, exchange or retirement of a Taxable Bond generally will be capital gain or loss and will be long-term capital gain or loss if the Taxable Bonds was held for more than one year. The defeasance or material modification of the terms of any Taxable Bonds may result in a deemed reissuance thereof, in which event a United States Holder may recognize taxable gain or loss without any corresponding receipt of proceeds.

***Medicare Tax Affecting United States Holders.*** Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals earning certain investment income. Holders of the Taxable Bonds should consult their own tax advisors regarding the application of this tax to interest earned on the Taxable Bonds and to gain on the sale of a Taxable Bond.

***Information Reporting.*** In general, information reporting requirements will apply with respect to payments to a United States Holder of principal and interest (and with respect to annual accruals of original issue discount) on the Taxable Bonds, and with respect to payments to a United States Holder of any proceeds from a disposition of the Taxable Bonds. This information reporting obligation, however, does not apply with respect to certain United States Holders including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts. In the event that a United States Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or is notified by the IRS that it has failed properly to report payments of, interest and dividends, a backup withholding tax generally will be imposed on the amount of any interest and principal and the amount of any sales proceeds received by the United States Holder on or with respect to the Taxable Bonds. Prospective United States Holders should consult their tax advisors concerning the application of backup withholding rules.

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

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

Owners of the Taxable Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning or disposing of such Taxable Bonds.

### **Tax Exemption of the Series E Bonds**

**Federal Taxes.** In the opinion of Bond Counsel, under existing law, (i) interest on the Series E Bonds is excluded from gross income for federal income tax purposes, and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

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

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

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

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

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

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

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

### **General**

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

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

### **Changes in Federal and State Tax Law**

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Series E Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the issuance of the Series E Bonds will not have an adverse effect on the tax status of interest on the Series E Bonds or the market value or marketability of the Series E Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Series E Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Investors in the Bonds should be aware that future legislative actions may increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be adversely affected and the ability of holders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds.

### **Ratings**

The Bonds are rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), based on BAM's financial strength. An explanation of the significance of the rating and current reports may be obtained from S&P at [www.standardandpoors.com](http://www.standardandpoors.com). The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds.

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

## **Municipal Advisor**

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

## **Underwriting**

The Bonds are being purchased for reoffering by the Underwriters listed on the cover hereof for whom Raymond James & Associates, Inc. is acting as the representative. The Bonds are being purchased by the Underwriters pursuant to the terms of a purchase contract for the Bonds with the City (the “Bond Purchase Agreement”). Pursuant to the Bond Purchase Agreement, the Underwriters have agreed to purchase (i) the Series C Bonds at the net aggregate purchase price of \$124,751,789.03, which is equal to the par amount of the Series C Bonds and less an underwriters’ discount of \$653,210.97, (ii) the Series D Bonds at the net aggregate purchase price of \$22,866,003.15, which is equal to the par amount of the Series D Bonds and less an underwriters’ discount of \$98,996.85, and (iii) the Series E Bonds at the net aggregate purchase price of \$16,563,848.82, which is equal to the par amount of the Series E Bonds plus original premium of \$3,604,953.50 and less an underwriters’ discount of \$56,104.68. Pursuant to the Bond Purchase Agreement, the City has agreed to indemnify the Underwriters against certain liabilities, including certain liabilities arising under federal and state securities laws. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into unit investment trusts) and others at prices lower or yields higher than the public offering prices or yields stated on the inside cover page hereof. The initial offering prices or yields may be changed from time to time by the Underwriters.

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

In addition, certain of the Underwriters have entered into distribution agreements with other broker-dealers (that have not been designated by the City as Underwriters) for the distribution of the Bonds at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

FTN Financial Capital Markets (“FTN Financial”), an underwriter of the Bonds, anticipates in late October 2019 it will be changing its name from FTN Financial to *FHN Financial*, pending regulatory approval. The name change is being made in connection with the overall rebranding by its parent company, First Horizon National Corporation (NYSE: FHN), to align the branding of all of its divisions and subsidiaries around the First Horizon name. When the change occurs, FTN Financial’s legal name will become “FHN Financial Capital Markets, a division of First Horizon Bank.”

## **Legal Matters**

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

## Availability of Information

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

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

Stephen Maceroni  
Director  
PFM Financial Advisors LLC  
10 Weybosset Street, Suite 902  
Providence, RI 02903  
Telephone: (401) 709-5111

## Continuing Disclosure

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

The City has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bond and notes to provide certain annual financial information and notices of certain events pursuant to the Rule. Over the last five years, the City has complied in all material respects with its undertakings under such agreements, except for the inadvertent failure to timely file its Fiscal Year 2018 audited financial statements and financial and operating data with EMMA by its due date of April 1, 2019. The Fiscal Year 2018 audited financial statements were included in the City's official statement that was filed with EMMA on February 6, 2019, but the City failed to file its Fiscal Year 2018 audited financial statements and financial and operating data separately with EMMA. When it was brought to the City's attention, the City promptly filed its Fiscal Year 2018 audited financial statements and financial and operating data with EMMA on July 23, 2019 and filed a Notice of Late Filing of Fiscal Year 2018 Audited Financials and Financial & Operating Data on July 26, 2019.

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

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

## Concluding Statement

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

The following officials in their capacity as officers of the City, and in the name and on behalf of the City, do hereby certify in connection with this issue, that they have examined this Official Statement, and to the best of their knowledge and belief, the description and statements relating to the City and its finances are true and correct, as of the date of this Official Statement, in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

By /s/ Joseph Ganim  
*Mayor*

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

By /s/ Terri Coward  
*Treasurer*

Dated as of October 11, 2019

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**APPENDIX A**

**CITY OF BRIDGEPORT, CONNECTICUT  
INFORMATION STATEMENT  
DATED SEPTEMBER 30, 2019**

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## THE CITY

### Overview

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

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

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

Bridgeport is also the home of numerous attractions that enhance the City's economic fortunes. The Barnum Museum showcases the life and times of former City Mayor and renowned showman, P.T. Barnum. The Stadium at Harboryard and The Arena at Harboryard have brought hundreds of thousands of visitors annually to the City's Downtown area to watch minor league baseball, minor league hockey, college basketball, college hockey, concerts and other shows. The City has entered into an agreement with Live Nation entertainment to renovate and convert the stadium at Harboryard into an amphitheater for outdoors concerts and other events with the expected reopening in 2020. The Beardsley Zoo is one of the most visited tourist attractions in the State. The Discovery Museum, located in the north end of the City, offers interactive science and space displays.

## CITY GOVERNMENT

### Description of Municipal Government and Services

The City has a Mayor-City Council form of government. The Mayor is the chief executive officer of the City, and is serving a 4-year term, which began on December 1, 2015 and will end on November 30, 2019. The City Council, which acts as the City's legislative body, consists of twenty members elected for two-year terms. City Council elections were held on November 7, 2017. The new members took office on December 1, 2017. Municipal elections are scheduled for November 5, 2019.

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

**Principal Municipal Officials**

<u>Office</u>	<u>Name</u>	<u>Manner of Selection/Term</u>	<u>Term Expires</u>
Mayor	Joseph Ganim	Elected 4-year term	November 30, 2019
Chief Administrative Officer	John Gomes	Appointed by Mayor	At the pleasure of the City’s Mayor
Director of Finance/CFO*	Kenneth Flatto	Appointed by Mayor	At the pleasure of the City’s Mayor
Treasurer	Terri Coward	Appointed by Mayor	At the pleasure of the City’s Mayor
Director of Office of Policy & Management	Nestor Nkwo	Appointed by Mayor	At the pleasure of the City’s Mayor
Director of Office of Planning and Economic Development	Thomas Gill	Appointed by Mayor	At the pleasure of the City’s Mayor
City Attorney	R. Christopher Meyer	Appointed by Mayor	At the pleasure of the City’s Mayor

\*Tenure includes supervising other departments with the City including Offices of the Comptroller, Treasurer, Assessor, Purchasing, and Tax Collector.

**Municipal Services**

**Police Department:** The Bridgeport Police Department is governed by a seven-member Board of Police Commissioners and is under the command of the Police Chief. The table of organization for the uniformed force consists of 426 sworn members, and 60 civilians consisting of clerical staff, maintenance personnel, detention officers, and parking enforcement personnel. The Police Department is comprised of several divisions: Auxiliary Support; Professional Support; Support Operations; Tactical Operations; Investigative Services; and Uniformed Services. The City has successfully hired several new classes of officers over the past two years who have strengthened the department’s manpower levels.

**Fire Department:** The Fire Department is governed by a seven-member Board of Fire Commissioners and is under command of the Fire Chief. The table of organization consists of 300 uniformed members and 8 civilians. The Fire Department consists of several divisions: Administration; Maintenance; Training; Fire Prevention; Operations; and the Office for Emergency Management. This Department currently utilizes 14 apparatus operating out of 8 fire stations.

**Public Facilities:** The Public Facilities Department currently operates with approximately 185 full-time employees to provide many services to the City. Among the more important services are: supervision of all City construction projects; the construction, repair, maintenance, paving and snow removal on all City streets; the operation and maintenance of bridges spanning waterways for navigation purposes; the staffing of a municipal garage to maintain City vehicles; the maintenance of all City buildings with the exception of schools; and the effectuation of State-mandated residential and commercial recycling.

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

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

term operations and management contract with Inframark, Inc. (formerly known as Severn Trent) for the operation of the wastewater treatment and field operations function of the WPCA. The areas covered by the operations and management contract represent approximately 65% of the WPCA's Fiscal Year 2020 budget, which include the billing and collection of current sewer user invoices, and budgeted operation and maintenance expenses.

**Parks and Recreation Department:** Bridgeport, known as the “Park City,” has almost one acre of parkland per 100 residents. The Department of Parks and Recreation, managed by an eight-member board, employs approximately 34 employees and is responsible for 45 park areas totaling 1,330 acres, which include 19 playgrounds, 31 ball fields, 24 tennis courts, 26 football and soccer fields, Connecticut’s Beardsley Zoo and Carousel and the 12,000 seat Kennedy Stadium. Three major recreational facilities, Seaside Park, Saint Mary’s by the Sea and Pleasure Beach, dominate the City’s five miles of shoreline. The City owns the 36-hole, 320-acre Fairchild Wheeler Golf Course. The Department is the landlord for the Wonderland of Ice skating rink and the waterfront real estate that houses the private Captain’s Cove Marina.

**Library:** The Bridgeport Public Library includes the Main Library and five neighborhood branches with approximately 68 budgeted full-time employees. It is managed by the Library Board of Directors. The library’s resources include 477,052 volumes, 660 periodical subscriptions, 62,500 videos, DVDs, compact discs, and audiocassettes. In addition, the library offers information through electronic resources, and internet access. The library has 285 personal computers available for public use. The library’s book catalog is on-line and available to remote users who have access to the World Wide Web. The main library also contains extensive business and technology resources, as well as in-depth collections on P.T. Barnum, local history, and genealogy. During Fiscal Year 2018 the library circulated 350,000 items with volume up to 500,000. Two new east side and east end neighborhood library branches are under construction or planned.

**Finance:** The Department of Finance manages all aspects of the City’s operating finances, including the Comptroller’s division, Tax Assessor division, Tax Collector division, Treasury division, Purchasing division, and Print shop with a total of 49 full-time employees in this Department. The Department is responsible for issuing and managing matters relating to monthly financial reports to the Mayor and City Council, the annual audit, cash flows, bank accounts, capital program bonding, payables and receivables, purchasing, and general ledger accounting. The City uses the Tyler Company’s MUNIS financial reporting software system. The mission of the Department includes cost saving initiatives, seeking process efficiencies, and advising the Mayor and other elected officials. In Fiscal Years 2013 through 2018, the Department received the GFOA’s Excellence in Financial Reporting award for the City’s annual CAFR.

**Office of Policy and Management:** The overall mission of the City’s Office of Policy and Management (“OPM”) is to integrate financial and operational planning and control. The main purpose of this office is to relate dollars to results and ensure the cost effectiveness of City services. OPM is the focus for management, policy and program analysis for the City. OPM prepares and reviews the City’s budget, provides guidance for managing departmental performances, and oversees the implementation of management improvement projects, program development, management of grants, and control of capital expenditures. In Fiscal Years 2013 through 2018, the Department was commended by the GFOA for a Distinguished Budget and received a certificate of achievement from the International City/County Management Association Center for Performance Management.

**Health and Social Services:** The City operates a full-time Department of Health and Social Services with approximately 39 full-time employees. The Department of Health oversees a variety of programs that promote and sustain the health of the City’s residents. These programs include a communicable disease clinic, emergency preparedness, environmental and housing code inspections, and transportation and recreation opportunities for senior citizens and veterans. Social service programs offering income tax preparation, housing assistance, Women, Infants and Children programs and other employment and training options are also included. Special Revenues to the department annually total approximately \$4 million from State, Federal and foundation grants-in-aid.

**Employees**

	<b>Total Full-Time Budgeted Employees <sup>(1)</sup></b>			
	<u><b>2015-2016</b></u>	<u><b>2016-2017</b></u>	<u><b>2017-2018</b></u>	<u><b>2018-2019</b></u>
General Government	1,341	1,337	1,316	1,331
Board of Education	<u>2,210</u>	<u>2,165</u>	<u>2,145</u>	<u>2,071</u>
Total	3,551	3,502	3,461	3,402

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

(1) Total budgeted personnel does not include approximately 293 BOE and 29 City grant funded program employees and approximately 200 part-time positions, since such costs do not materially impact budget..

## Employee Bargaining Organizations

As of July 1, 2019

<u>Employees</u>	<u>Bargaining Organizations</u>	<u>Number of Employees</u>	<u>Current Contract Expiration Date</u>
<b><u>General Government<sup>(2)</sup></u></b>			
Clerical & Blue Collar	Local 1522, AFSCME	541	6/30/19 <sup>(1)</sup>
Public Works Employees	Local 1303 – 468, AFSCME	90	6/30/20
Supervisors	Bridgeport City Supervisors Association	141	6/30/23
White Collar	LIUNA	79	6/30/22
Police AFL-CIO	Local 1159, AFSCME	431	6/30/21
Firefighters	Local 834, IAFF	298	6/30/20
Clerical & Custodians	Local RI-200, NAGE	523	6/30/21
Tradesmen & Journeymen	Bridgeport Building Trade Council	32	7/31/20
Associate City Attorneys	Local 1303-272, AFSCME	8	12/31/20
Printers	Typographical Union	3	6/30/19 <sup>(1)</sup>
School Crossing Guards	School Crossing Guards (P/T)	77	8/31/21
<b><u>Board of Education</u></b>			
Administrators & Supervisors	Bridgeport Council of Administrators and Supervisors	82	6/30/20
Teachers	Bridgeport Education Association	1498	6/30/20
Nurses	New England Healthcare, Local 1199	30	6/30/22

Source: City of Bridgeport

- (1) In negotiation; organization continues to operate under existing agreement until a new multi-year agreement is approved by City Council and Mayor.
- (2) Some General Government unions include both City and BOE employees.

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

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

### BRIDGEPORT'S EDUCATIONAL SYSTEM

The City's school system encompasses three high schools, twenty-four elementary schools and middle schools, three magnet elementary/middle K-8 schools, two magnet high schools, two alternative schools and one special education facility. The Operating Budget passed by the City Council for the school system for Fiscal Year 2020 is approximately \$271 million, with a City budgetary contribution of \$66 million, \$1 million more than Fiscal Year 2019. The City will receive approximately \$185 million in State education cost sharing aid, \$2.6 million more than the amount of aid received in Fiscal Year 2019. In addition to the Operating Budget for the school district, there is also an operating budget for the school nutrition lunch program of approximately \$19 million in expenditures, fully reimbursed by federal aid and local school lunch funds. The Board of Education also administers approximately \$65 million for the Fiscal Year 2020 in additional categorical grants such as Federal Individuals with Disabilities Education Act of 2004 ("IDEA") and federal entitlements which consist of Title I and Title II Part A, an Alliance Grant and a State Priority District Grant.

With the exception of the construction of the new Bassick High School, the City has completed the implementation of a master plan for school construction. This master plan modernized and replaced certain existing schools, building Energy and Environmental Design certified schools to meet educational needs of its residents. All school capital projects are funded jointly by the State Department of Education and the City, with the portion of the City's share being approximately 21%, as determined by Connecticut state statute. During the past five years, the City has opened three new elementary schools, two new middle schools and one newly renovated high school, one new magnet high school, and a new high school campus to replacing the old Harding High School campus, resulting in a total gross capital expenditure of \$396 million. The City has bonded approximately 22% of this total and the State has funded approximately 78 % of such total. Approximately \$20 million of these state grant funds are owed to the City pending final state audit reviews. These projects

which the City completed include the following: the Discovery Magnet Elementary School at a cost of \$29 million, the expansion of the Bridgeport Regional Vocational Aquaculture School at a cost of \$25 million, the Fairchild Wheeler Interdistrict Multi-Magnet High School at a cost of \$113 million, the new Harding High School at a cost of \$105 million, the renovation of the Columbus and Cross Elementary Schools at a cost of \$33 million, the opening of the new Roosevelt School at a cost of \$42 million and the new Longfellow School at a cost of \$49 million. The science themed Multi-Magnet High School partners with the Connecticut Beardsley Zoo, Sacred Heart University and the Discovery Museum and accepts students from Bridgeport and the surrounding communities.

In addition, the school renovation projects recently completed include the following: renovations/additions to the Black Rock School costing \$12 million; the Hooker School roof costing \$2.4 million, and the Dunbar School renovation costing \$9 million. The \$87 million renovation of Central High School was completed in August 2018. All of the aforementioned projects were approved by the State at a reimbursement rate of approximately 69% except for the three magnet schools which the State funded at 95% of the cost.

Initial planning for the last large school project facing the City, the construction of a new Bassick High School, has started and an application is before the State for aid reimbursement has been approved by the legislature and is pending final state action expected in the summer of 2019. The City's new Five-Year Capital Plan for Fiscal Years 2020-2024 envisions the City expending \$27.5 million in total as the City share for this \$90 million project, design costs included in the City's upcoming new money bond issuance and \$3 million bonded already for design.

### **Magnet School Programs**

Magnet school programs have been in existence since 1979 when the City's school system created an elementary magnet program and followed in 1983 with a high school magnet program. In 2010, a new Interdistrict Discovery Magnet School opened for grades PreK-7 and expanded to grade 8 in the 2013-2014 school year. The Fairchild Wheeler Interdistrict Multi-Magnet High School opened in 2013. The enrollment of the magnet schools is determined by lottery for students in grades K-12. Bridgeport students have approximately 75% of the slots at the magnet schools while students from surrounding towns are entitled to have 25% of such slots.

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

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

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

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

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

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

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

#### ***Secondary Magnet Schools***

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

The Business Magnet Program at Bassick High School serves students in grades 9-12. The high school technology program is designed to prepare students for a career in business fields such as accounting, information technology,

entrepreneurship and international business. Students enrolled in the program may participate in technology prep courses at Sacred Heart University to earn college credit.

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

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

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

**School Enrollment and Projections**

In total, there were 21,049 students enrolled in the school system at the commencement of the 2018-2019 school year. The table below illustrates total school enrollment over the last ten years.

<u>School Year</u>	<u>Grades</u>		<u>Total</u>
	<u>K-8</u>	<u>9-12</u>	
2009-10	15,151	5,084	20,235
2010-11	15,366	5,041	20,407
2011-12	15,588	4,657	20,245
2012-13	15,270	4,526	19,796
2013-14	15,893	4,949	20,842
2014-15	16,221	5,367	21,588
2015-16	15,879	5,248	21,127
2016-17	15,854	5,222	21,076
2017-18	15,754	5,282	21,036
2018-19	15,723	5,326	21,049

Source: Bridgeport Board of Education

**ECONOMIC AND DEMOGRAPHIC DATA**

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

<u>Population Trends</u>			
<u>Year</u>	<u>Bridgeport</u>	<u>Fairfield County</u>	<u>State of Connecticut</u>
1990	141,686	823,645	3,287,116
2000	139,529	882,567	3,405,565
2010	144,229	916,829	3,574,097
2017	147,586	947,328	3,594,478

Source: 1990, 2000 & 2010 Figures: U.S. Department of Commerce, Census Bureau. 2017 Figures: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates



## Major Private Employers

<u>Firm</u>	<u>Sector</u>	<u>Employees</u>
St. Vincent's Medical Center	Healthcare	1,936
Bridgeport Hospital, Inc. <sup>1</sup>	Healthcare	1,738
People's United Bank	Banking	1,338
Bridgeport Health Care Center	Healthcare	525
Prime Line Resources	Manufacturing	499
University of Bridgeport	Educational	477
Lacey Manufacturing Company	Manufacturing	332
Sikorsky Aircraft	Manufacturing	309
Housatonic Community College	Educational	201
Jewish Senior Services Center	Senior Housing	170

Source: City of Bridgeport – City Finance Department.  
 1. Affiliated with Yale/New Haven Hospital System.

The Bridgeport region and labor market area consists of eleven towns and cities: Ansonia, Beacon Falls, Bridgeport, Derby, Easton, Fairfield, Monroe, Oxford, Shelton, Stratford and Trumbull. As illustrated in the following table, the decreases in unemployment experienced since 2013 reflect the improvement of the national economy.

### Employment

	<u>City of Bridgeport</u>		<u>% Unemployed</u>		
	<u>Employed</u>	<u>Unemployed</u>	<u>City of Bridgeport</u>	<u>Bridgeport Labor Market</u>	<u>State of Connecticut</u>
August 2019	66,741	3,901	5.5%	3.6%	3.6%
July 2019	67,625	3,723	5.2%	3.6%	3.6%
June 2019	66,433	3,847	5.5%	3.9%	3.8%
May 2019	65,895	3,691	5.3%	3.6%	3.6%
April 2019	65,392	3,262	4.8%	3.2%	3.3%
March 2019	65,067	4,339	6.3%	4.1%	4.2%
February 2019	64,862	4,554	6.6%	4.4%	4.4%
January 2019	65,216	4,781	6.8%	4.7%	4.7%
Annual Average 2018	65,472	4,204	6.0%	6.0%	4.1%
Annual Average 2017	65,776	4,809	6.8%	4.7%	4.7%
Annual Average 2016	65,505	5,459	7.7%	5.0%	5.1%
Annual Average 2015	65,011	6,187	8.7%	5.5%	5.6%
Annual Average 2014	64,237	7,281	10.2%	6.4%	6.6%
Annual Average 2013	58,046	7,755	11.8%	7.2%	7.8%

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

## BRIDGEPORT'S ECONOMIC DEVELOPMENT PROGRESS

Bridgeport continues to see growth in all sectors of its economy: residential, higher education, health care, energy and retail.

### Downtown Development

There has been a steady market in the residential conversion of the City's historic downtown buildings. Additionally, new residential construction has begun on smaller infill sites. The City's policies encouraging transit-oriented development have supported this growth. On the regulatory side, the City has adopted a downtown zoning code that encourages density and has zero off-street parking requirements so that projects may move more quickly and without having to absorb extra costs. Over the past ten years since the recession of 2008, some 700 new units of housing have been completed and occupied. Additionally, over 80% of these units were developed by for-profit developers pursuing

market-rate programs. As part of the \$29 million “Jayson – Newfield” historic renovation, an additional 102 units were constructed in the downtown, with lease-up beginning soon. Throughout downtown, residential occupancy is at 95% or better. Moreover, those units which have been recently completed are leasing ahead of schedule and above projected rents. Developer interest in producing new housing downtown continues. The City is currently reviewing proposals for an additional 300 market-rate units in the downtown area.

Along with this residential growth, the attendant increase in real estate values, and the revitalized appearance of its historic buildings, the downtown is now seeing increased developer interest in new commercial and retail investment. In December of 2017, the City approved and signed a development agreement with Harbor Yard Amphitheater LLC to transform the former minor league stadium at Harbor Yard into a state-of-the-art outdoor musical amphitheater. The Amphitheater will have a seating capacity of approximately 5,000 seats, twenty (20) luxury suites, and three (3) VIP Clubs/Lounges. Live Nation, the largest live entertainment company in the world and the largest producer of concerts in the world, has signed a partnership agreement for promotion. The \$22 million renovation is currently underway, with the City and developer sharing these costs on a 50% - 50% basis. The first events are slated to begin by 2020.

In furtherance of the commercial redevelopment of the historic downtown, in December of 2017, the City executed a major development agreement with New York City-based Exact Capital Group, LLC. This project will be undertaken in phases to renovate and restore the historic Majestic Theater, Poli Palace Theater and former Savoy Hotel. The first \$55 million phase will consist of the complete renovation of the former Majestic Theater and the restoration and creation of a 200 room hotel, utilizing the former Poli Palace Theater entrance renovated to its original historic luster as the new entrance to the Savoy Hotel, with the balance of the old theatre re-purposed for all of the new hotel’s ancillary facilities. New residential construction, on the order of 400 units, will follow the renovation of the theatre buildings. The developer has finalized some of its financing plans, and the City Council recently approved an extension to the Memorandum of Agreement’s required milestones.

Along with the major commercial and mixed-used developments, downtown has seen a steady growth in destination retail. The Forstone Capital McLevy Square Development is another historic renovation of four contiguous buildings, adding 32 apartments to the residential mix, the “Harlan Haus” German beer hall, and the new “Stress Factory” comedy club into the downtown mix. These new venues reflect a type of development that is increasingly coming to Bridgeport, drawing more customers and bringing more vitality into the city center. In Bridgeport’s historic Arcade Mall, the first enclosed mall in the country, occupancy is near 100%, anchored by “Artist and Craftsmen Supply,” a growing regional and national retailer which has located in Bridgeport owing to the growth, size, and vitality of the local artistic community, many of whom are housed in historic buildings in or near downtown, buildings like the former Reads Department Store, a 40-unit working artist loft complex developed and managed by the Minneapolis-based Artspace.

To support the growing residential population and the growing commercial development, the City is making use of federal and state grant funds to make significant public investments in downtown. Over \$20 million in federal traffic improvements grants are already in the planning stages, with road, traffic and street light construction along Lafayette Boulevard and North Main Street expected within two years. The City has another \$8 million in approved downtown transportation projects to be funded by grant sources. Such grant funding will finance improvements to the City’s intermodal transit center (which features connected train and bus service) and will improve connections between downtown’s major arterial boulevards and I-95. Moreover, these dollars are expected to improve the pedestrian experience of downtown in general with a focus on traffic calming and human-scale streetscapes.

The State is also using a \$50 million resiliency grant received from the federal government to develop cutting-edge, national-demonstration projects in the south end, including major green oriented infrastructure (berms, swales, water retention systems), all designed to integrate into the existing park system and to connect the south end to downtown within two years.

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

Bridgeport’s *Steelpointe Harbor* project, a 50-acre mixed-use development, continues apace. This highly visible project running beside I-95 along the City’s inner harbor is anchored by the 175,000 square foot Bass Pro Shops and complemented by a Starbucks, a Chipotle and a T-Mobile store. Over the past two years, the development effort has focused on the water’s edge. In the spring of 2017, the project’s developer, Bridgeport Landing Development (BLD), earned the American Council of Engineering’s “Excellence Award” for its construction plan of a 1500-foot, \$9 million waterfront bulkhead that serves as the border for what will be the development’s waterfront promenade. Rising above

that promenade, the 48,000 square foot Dock Master Building is now completed. The building features a thriving waterfront restaurant and serves as the main office for the harbor's new 200-slip marina. The slips are in the process of being installed. To complement this development and to service the Steelpointe Harbor Marina, BLD recently concluded the acquisition of the neighboring Bridgeport Boatyard from the Bridgeport Port Authority. Located just across the harbor to the east, this facility, which sold for \$8 million, features a 50,000 square foot, high-bay large ship repair facility served by both a 75-ton and a 200-ton travel lift. The Bridgeport Boatyard offers service to both marine and recreational vessels, and will add a strong working component to the Bridgeport waterfront. The Steelpointe Infrastructure Improvement District, a special taxing district which encompasses the Steelpointe Harbor project, expects to issue \$35 million of tax incremental financing bonds ("TIF Bonds") in Fiscal Year 2020 to pay for public infrastructure improvements related to the Steelpointe Harbor project. The debt service on the TIF Bonds will be secured by the increase in incremental real estate taxes created from the Steelpointe Harbor project and special assessments, not by the full faith and credit of the City, as provided in an interlocal agreement between the City and the District.

Of note in the progress of the overall project is the pending introduction of market-rate, high-end residential development. With the proximity of name-brand national retailers, and the presence of an active, attractive, and accessible waterfront, the peninsula is now ready for significant residential development. BLD has announced its intent to break ground on 200 new units of residential housing by 2020.

In the past year, this area has attracted the interest of MGM Resorts International and the tribal operators of the Mohegan Sun and Foxwoods Resorts, which has proposed, pending enabling legislation by the Connecticut State Legislature, to construct a major entertainment center and casino on Bridgeport's increasingly desirable waterfront near the Steelpointe Harbor project. The project would require local, state and federal approval to proceed, none of which has yet been obtained. The Governor has publicly deemed this project to be a priority for the state. It is expected that enabling legislation will be proposed during the state legislature's 2020 session. This project, if approved, would bring significant investment, jobs, and growth in the grand list for the City.

### **Higher Education and Health Care**

The growing presence of young academicians, international students, researchers, and professors makes the City an increasingly vibrant place culturally and intellectually. Downtown, the Housatonic Community College continues to expand. Having just completed a 50,000 square foot addition in 2016, the modern urban campus now occupies over 300,000 square feet in the center of the City and serves over 6,000 students annually. The College also serves as a cultural anchor. The Housatonic Museum of Art, whose collection is valued at over \$13 million, displays some 1,700 works of art throughout the campus.

A few blocks to the south, the University of Bridgeport likewise continues to grow and modernize its 50-acre campus along Bridgeport's Seaside Park on the shores of Long Island Sound. Offering a career-oriented undergraduate and graduate curriculum, this private university offers 13 schools, colleges and institutes in diverse areas of study. Its growing student population now exceeds 5,300. International students represent ¼ of the student population, bringing a strong international presence to Bridgeport. It offers the second largest engineering program in New England (behind only M.I.T.). It has recently partnered with both the State of Connecticut and the City of Bridgeport to establish the "CTech IncUBator" facility on campus. This facility supports the commercialization of the intellectual innovations emanating from the student body and faculty research in such areas as robotics, holistic medicine, and digital printing.

In the northern end of the City, the City co-hosts the Sacred Heart University (SHU) campus with the neighboring town of Fairfield. Home to over 8,500 students (roughly 5,000 undergraduate and 3,000 graduate), SHU is the second largest Catholic university in New England, and was ranked last year by *U.S. News and World Report* (in *Best Colleges 2018*) as one of the most innovative in the northern United States. In 2017 SHU completed the newest addition to its fast-growing campus, its 120,000 square foot Center for Healthcare Education located on 4000 Park Avenue in Bridgeport. Sacred Heart also now owns and is developing the former General Electric headquarters in nearby Fairfield.

Healthcare continues to be a growth area for the City. Both of the City's major regional hospitals are expected to be part of larger, well-capitalized, health care systems. St. Vincent's Medical Center, including all of its affiliate entities, which employs over 1,900 people, is in the process of being purchased by Hartford Healthcare. The parties have an agreement in place and have received State governmental approval. Bridgeport Hospital's affiliation with the Yale New Haven Health System brought Bridgeport Hospital's 1 million square foot facility, and its over 1,000 employees, into one of the world's most renowned medical research centers in Yale Medical Center.

## **Energy and Innovation**

Recently completed in the southern end of the City, Public Service Electric and Gas (PSEG)'s new \$550 million natural gas power plant represents one of the largest developments in the City's modern history. Having broken ground in the summer of 2017, the plant became fully operational this summer. This new plant's operation will also allow for, and hasten, the decommissioning of a coal-powered plant adjacent to the site, which should be phased out within the next 3 years. Some of that parcel may then be repositioned for redevelopment along the waterfront. This facility has already added nearly \$300 million to the City's 2018 Grand List, with an expected additional \$50 million projected to be added to the 2019 Grand List due to final completion over the past nine months.

The clean energy sector continues to be a growth area for the City. Bridgeport already houses one of the continent's largest fuel cell power installations in Dominion Power's Bridgeport Fuel Cell Park. Building on the City's success in converting its former city landfill into a 2.2 megawatt solar field, the City has since created one of Connecticut's first electric micro-grids serving the City's municipal buildings downtown. The City is also exploring the development of an extensive thermal heating loop system proposed for the southern and west end of the City where it could power various commercial enterprises as well as the University of Bridgeport.

## **Neighborhood Development**

The City's Economic Development office has worked in partnership with the Bridgeport Public Housing Authority (now known as Park City Communities) to reclaim and reposition formerly troubled public housing developments by supporting private-sector redevelopment of these sites into mixed-income, mixed-use, and privately managed communities. Replicating a model that has worked successfully in other cities, working with JHM Financial Group and the Richman Group out of Stamford and Greenwich, the City has supported over \$65 million worth of investment in the completion of 107 new mixed-income units over the past two years on the City's east side, with another 60 units scheduled for construction during 2019. The City has also contributed close to \$5 million to the demolition of vacant public housing units to make way for this new development. Additionally, the City continues to support the efforts of a variety of non-profit community-based developers, such as Habitat for Humanity and the Bridgeport Neighborhood Trust, in projects that provide high quality affordable housing throughout the City's varied neighborhoods.

The City also continues to invest in education and in brownfields reclamation. Working in partnership with the General Electric Corporation, which completed the demolition and clean-up of its former headquarters on a brownfield site, the City took title to the donated land and completed the development of the new \$105 million Harding High School, which opened in August 2018. The City has also supported charter school development, often in concert with the renovation and adaptive reuse of vintage industrial buildings, such as in the West End of the City where the \$55 million Cherry Street Lofts project is converting two distinctive historic industrial buildings into 157 units of new housing and a mini "teacher's village" in concert with the new charter school. Construction on the second phase of the project, which will consist of an additional 175 units of workforce housing and accompanying retail, is expected to begin in 2020.

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

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

### **Cost Savings Initiatives**

The Administration undertook a program that reduced budgeted employment positions and froze certain discretionary spending to the extent of over \$8 million per annum in reduced expenditures from Fiscal Year 2017 through Fiscal Year 2019. These reductions created a positive surplus for Fiscal Year 2017 in excess of \$4 million and in Fiscal Year 2018 a surplus in excess of \$1.7 million. This program continued in Fiscal Year 2019, and is expected to result in at least a \$2 million surplus.

## **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. An additional \$2 million in delinquent back property taxes have been collected over the past year due to this program. In addition, the City is selling certain City owned parcels comprised of vacant underutilized properties to spur economic development and to raise revenues from such sales. In Fiscal Year 2019, \$5 million was received from such City property sales, primarily from the sale of a large parcel of land at the former Derecktor site, now being developed for retail and commercial use.

The City utilized a Bootfinder Program over the past decade to identify delinquent motor vehicle taxpayers. The City uses TaxServ LLC to serve as the City's tax collection agency regarding delinquent motor vehicle taxes. Combined, these programs have collected an average of over \$500,000 of delinquent taxes per annum.

The City has used many methods to increase collection of real estate taxes, including heightened enforcement and the sale of tax liens. The City's tax collection rate continues at over 98% annually. Tax lien sales have proven to be an effective management tool in collecting current and arrears taxes, interest and penalties. The sale of liens enables the City to realize an immediate financial benefit from the delinquent taxes, and relieves the City of incurring the expense and delay associated with ongoing collection efforts. The City retains no interest in the assigned liens, and the purchaser bears all the risks relating to its ability to collect the amounts owed, and, should it acquire title to the underlying real estate through foreclosure or otherwise, will bear all risks associated with the ownership and sale of real property. The latest tax lien sale was completed in June 2019 for which the City received approximately \$7.5 million in taxes, interest and fees.

## **Internal Service Fund**

In 2007, the City, by ordinance, established an Internal Service Fund to account for self-insured health benefit activities of the City, Board of Education and all other departments. Governmental Accounting Standards allow for the use of Internal Service Funds for risk financing activities. The Internal Service Fund is a proprietary type fund, which utilizes the accrual basis of accounting. The use of an Internal Service Fund, for self-insured benefit activities can help smooth the impact of severe claims fluctuations which, in the past, have occurred in the General Fund. Funding of the Internal Service Fund is provided through the annual General Fund Budget, the WPCA Budget, and non-General Fund employee contributions. As stated in the ordinance adopted by the City Council, a prior year deficit or surplus in the fund will be considered in the calculation of contributions to be made to the fund in future years; it is expected that deficits will be amortized over a long term period. As of June 30, 2019, the fund is projected to have a deficit of approximately \$60 million which includes an actuarial estimate of liability for present and future workers' compensation claims of approximately \$50 million. City wide health claim costs decreased during Fiscal Year 2019, due to the City and Board of Education successfully negotiating with all unions to join the CT State Partnership Plan for municipalities. Over the next two years, savings are projected to reach \$9 million per annum between the City and the Board of Education. The liability for workers' compensation claims has remained stable this past year. Workers' compensation claims are not subject to the amortization requirements set forth in the ordinance.

## **Other Post Retirement Benefits Trust Fund**

A new ordinance was approved by the City Council in June 2018 creating an Other Post Retirement Benefits Trust and Trust Fund (OPEB Trust Fund). This Trust Fund was initially funded with \$100,000 in Fiscal Year 2018. In Fiscal Year 2019, the City funded an additional \$100,000 and for Fiscal Year 2020, the City has budgeted another \$100,000. As noted these funds are deposited in a separate irrevocable Trust fund. While the City is currently paying all annual OPEB benefits on a pay as you go basis, the City is cognizant of the long term goal to set aside and invest funds to eventually meet its future OPEB liabilities over the long term.

## **FUTURE PLANNED BORROWINGS**

**Tax and Grant Anticipation Notes:** Since 2006, the City has issued tax anticipation notes ("TANs") on an annual basis. The City has decreased its TANs offerings by 35% over the last two years. The proceeds from the sale of these notes are used to provide funds to pay ongoing expenses of the City on a short-term basis due to cash flow needs. The notes are repaid from ad valorem property taxes and State grants received by the City while the notes are outstanding. The City issued \$20 million in TANs on December 12, 2018. The TANs were repaid in full on February 1, 2019. The City did not need to issue any TANs in the spring of 2019 but does expect to issue \$35 million in TANs in December, 2019. At this

time the City does not anticipate issuing any additional TANs beyond this December, 2019 offering during Fiscal Year 2020. The City also issued \$22.5 million in short term Grant Anticipation Notes (GANS) solely as a short-term measure to handle the recent needs to finish two large high school projects. As soon as the City receives the state aid reimbursements due to the City, these GANS will be repaid. It is expected that the GANS will be repaid in full on December 11, 2019 or rolled over for one more year pending receipt of the state aid reimbursements. The GANS are secured by the full faith and credit of the City.

**Capital Improvement Program:** The City is not planning to initiate any other large new capital building projects over the next four fiscal years, except for the renovation of Bassick High School. The school is expected to cost \$95 million, \$68 million of which is expected to be funded with State grants and \$27 million of which is expected to be funded with City funds. \$1 million of initial bonding was issued in July 2018 for this school project. It is anticipated that the final \$26 million of City bonding for the project will be issued in Fiscal Years 2020 and 2021. The City expects during Fiscal Years 2020 through 2023 to reduce the size of annual new capital bonding to an average of \$20 million per year. There are no other large city building projects expected within the term of the current capital plan. Please see Five-Year Capital Plan section.

## **FINANCIAL INFORMATION**

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

### **Information Technology Services**

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

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

### **Basis of Accounting**

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

### **Budget Procedure**

The Mayor’s annual budget is developed by the City’s OPM from department requests and request by the Board of Education. The Mayor is required by Charter to present his annual operating budget to the City Council no later than the first Tuesday in April. The City Council then in turn holds public hearings and makes such additions and changes as deemed necessary before adopting the annual Budget. The City Council is required to adopt a budget by the second Tuesday in May. The Mayor has a final opportunity to veto line item changes made by the Council. However, any Mayoral change to a Council approved Budget may be overturned upon a two-thirds vote of the Council before June 30. The City maintains budgetary control through OPM. The objective of budgetary control is to ensure compliance with legal provisions embodied in the annual adopted budget approved by the City Council. The level of budgetary control is established by organization, agency and object. The City also utilizes an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances reserve appropriations that have been obligated through purchase orders or contractual documents. Encumbrances are reported as reservations of fund balance at the end of the year. Transfers of appropriations between departments require the approval of the City Council. The City’s Capital and General Fund Budgets must be adopted by the City Council and approved by the Mayor.

The Fiscal Year 2020 budget was adopted by the City Council on May 3, 2019 and signed by the Mayor on May 17, 2019. See “Adopted Budget for Fiscal Year 2020” herein.

## **Internal Controls**

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

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

## **Audit**

State statutes require an annual audit by independent certified public accountants. In compliance with these requirements, the City Council selected Blum, Shapiro & Company, PC to perform the audit for Fiscal Year 2018. The City's Fiscal Year 2018 audit was issued on December 24, 2018. The General Purpose Financial Statements for Fiscal Year 2018 and schedules are included as Appendix A of this Official Statement. The auditor's reports which relate specifically to the Federal and State Single Audit Acts are included in separate documents, which are available upon request. The Fiscal Year 2019 audit process commenced in June 2019 with preliminary field work. Audited results for Fiscal Year 2018 show that the general unrestricted fund balance improved significantly over the past several years with the undesignated unreserved fund balance increasing by over \$6 million from Fiscal Year 2016 to a total of approximately \$21.0 million as of June 30, 2018. The Fiscal Year 2019 results are projected to increase the fund balance to over \$23 million.

## **Pension Programs**

### Single Employer Defined Benefit Plans

The City maintains and administers four single employer defined benefit pension plans which cover substantially all of the employees of the City with the exception of those covered under the Connecticut Municipal Employees' Retirement Fund ("CMERF") and the State Teachers' Retirement System. The four City plans and the number of plan participants as of June 30, 2018 are as follows:

- (i) Public Safety Plan A Investment and Pension Trust ("Plans A") – 650 participants
- (ii) Police Retirement Plan B – 134 participants
- (iii) Firefighters' Retirement Plan B – 78 participants
- (iv) Janitors' and Engineers' Retirement Fund – 19 participants

### *PENSION PLANS A*

Plans A are partially funded through an Investment Trust (the "Investment Trust") created from the proceeds of the City's \$350,000,000 Pension Obligation Bonds issued in 2000 (discussed below). The net benefits paid under Plans A in Fiscal Year 2019 were approximately \$32 million. Actuarial projections indicate that the net benefits to be paid under Plans A will decline in future years due to the aging of retirees remaining in the Plan. These amounts include proceeds from a previous annuity contract for Plans A purchased in 1985. The City's liability for the actuarially determined pension contribution requirements in excess of actual contributions made since 1986 is recorded as a noncurrent liability in the government-wide financial statements. Plans A is a closed plan, and no new enrollments are covered by this plan. The City's actuary, Segal Consulting, calculated the City's aggregate actuarial accrued liability under the Plans A to be \$298,311,407 as of June 30, 2018. The actuarial value of assets held in Plans A as of June 30, 2018 is \$63,271,230, resulting in an unfunded actuarial accrued liability of \$235,040,177. The assumed annual rate of return on the Plans A assets is 6.75%, unchanged from July 2017 and lowered from 7% in July 2016. The assumed cost of living adjustment in the actuarial determination of plan liabilities and contribution requirements is 2.54%.

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

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
07/01/2012	\$ 147,698,808	\$ 336,963,074	\$ 189,264,266	43.83%	\$ 1,675,494	11296.03%
07/01/2013	126,379,780	327,047,224	200,678,444	38.64%	1,622,196	12270.00%
07/01/2014	119,088,096	294,737,010	175,648,914	40.40%	*	*
07/01/2015	97,991,000	351,341,616	253,350,616	27.89%	*	*
07/01/2016	76,643,488	327,252,219	250,608,731	23.42%	*	*
07/01/2017	71,029,447	311,235,137	240,205,690	22.82%	*	*
07/01/2018	63,271,230	298,311,407	235,040,177	21.21%	*	*

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

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

**Schedule of Employer Contributions**

Plan Year Ended June 30	Annual Required Contribution	Actual Contributions	Percentage Contributed
2012	\$ 9,794,368	\$ 7,000,000	71.50%
2013	11,554,504	10,500,000	90.87%
2014	12,623,967	11,600,000	91.89%
2015	11,407,599	11,407,599	100.00%
2016	15,488,177	15,488,177	100.00%
2017	15,945,203	15,945,713	100.00%
2018	15,596,475	15,600,000	100.00%
2019	15,983,052	16,000,000	100.00%

The adopted 2020 Fiscal Year budget has budgeted \$18.2 million for the Plans A contribution, which represents 112.35% of the required contribution.

In August, 2000, the City issued \$350,000,000 non-callable General Obligation Taxable Pension Bonds, 2000 Series B (the “Pension Bonds”) to finance approximately 79% of the City’s then unfunded actuarial accrued liability for benefits under Plans A. The Pension Bonds were issued pursuant to Section 7-374c of the Connecticut General Statutes (the “Act”). The net proceeds of the Pension Bonds were deposited into the Investment Trust with the corpus and any earnings of such Investment Trust utilized to pay pension benefits to the beneficiaries of Plans A. The Trustees of the Investment Trust are the City’s Mayor, Director of Finance and Treasurer. The assets of the Investment Trust are invested in equities, bonds and other financial instruments.

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

As a result of the 2008 economic downturn, special legislation was passed by the Connecticut General Assembly in 2009 which permitted the City to limit its pension contribution for Plans A to \$6 million for the fiscal year ended June 30, 2009. For Fiscal Years 2010 and 2011, the legislation required that the City submit a plan for funding Plans A to the Secretary



of the Office and Policy and Management and the State Treasurer in each fiscal year. While the minimum amount required under this legislation was \$4 million for Fiscal Years 2010 and 2011, the City funded Plans A in the amount of \$4.7 million for Fiscal Year 2010 and funded Plans A in the amount of \$5 million for Fiscal Year 2011. During the 2011 legislative session, the Connecticut General Assembly approved legislation which replaced the original funding requirements of the Act for the City. The City contributed \$7 million to Plans A in Fiscal Year 2012 as required by the new legislation. For Fiscal Year 2013 and subsequent fiscal years, the legislation requires the City to make an annual contribution to the Plans A based on: (A) a calculation by the City's actuary of the Plans A unfunded actuarial accrued liability at the beginning of each fiscal year, applying standard methods and assumptions used in actuarial practice, and a level percentage amortization of the unfunded actuarial accrued liability with a 5% growth rate; (B) a 24-year amortization period starting in Fiscal Year 2013 and declining by one year in each subsequent fiscal year; and (C) an annual recalculation of the contribution to take into account any gains and losses experienced by the Plans A in determining its unfunded actuarial accrued liability for the year, and amortizing them over the remaining period. Under the new legislation, the City's annual required contribution for Fiscal Year 2014 was \$12,623,967, of which \$11.6 million was paid in Fiscal Year 2014. For Fiscal Year 2015, the City's annual required contribution was \$11,407,599 which the City made in such fiscal year. In Fiscal Year 2016, the City made 100% of its required contribution of approximately \$15.5 million. In Fiscal Year 2017, the City made 100% of its required contribution of approximately \$15.95 million. In Fiscal Year 2018, the City made a contribution of \$15.6 million, and in Fiscal Year 2019 a contribution of \$16 million, which amounts are more than the required contributions for both years. For each of the past five fiscal years, the City has made at least 100% of its annual required contributions for Plans A.

The City recognizes the need to continue to increase annual contributions to Plans A. For Fiscal Year 2020, the City's estimated total contributions are budgeted at over \$18 million which exceeds the required actuarial contribution level of \$16,200,000 for such Fiscal Year. While the asset investment performance of Plans A has been strong in recent years through June 30, 2019, its assets and funding ratio continue to decline due to the limited base of assets in Plans A. The City's current pension benefit payment under Plans A is approximately \$32 million per year.

The plan of financing will invest approximately \$120 million in proceeds from the Series C Bonds (including premium) to support Plans A. Such proceeds will replenish the assets invested in the Plans A while structurally improving the City's balance sheet relating to pension liabilities and debt service. This initiative will immediately increase the funded status of Plans A from 21% to approximately 61% according to an analysis by Segal Consulting. In particular, the structure of the Series C Bonds will restore adequate funding levels of the City's Plans A assets while smoothing the City's liabilities attributable to payments otherwise to be made to Plans A beneficiaries from the City's general fund. The plan of finance is expected to create net present value savings and years of annualized general fund budgetary savings for the City which will be attained from the net difference between lower levels of actuarially determined contributions to be made from the City's general fund to the Plans A as compared to the additional annual debt service on the Series C Bonds to be paid by the City from its general fund. Prevailing low interest rates enable the City to complete this transaction in a fiscally prudent manner while improving the funding position of the Plans A. Bond proceeds placed into Plans A shall be invested in the Investment Trust and shall be invested in accordance with recognized fiduciary standards. Given that the Plans A is a closed plan to new participants, the actuarial analysis conducted by Segal Consulting demonstrates that after a decade, the Plans A should become fully funded until the Plans A no longer has retiree members. The City's general fund is expected to absorb the debt service on the Series C Bonds given the very significant reduction in the City's outstanding debt occurring in ten years as the original Pension Bonds and other City bonds mature. In addition, the Series D Bonds and the Series E Bonds are structured to provide debt service relief to absorb the increase in debt service resulting from the issuance of the Series C Bonds.

The below tables compare the City’s existing General Obligation Bonded Debt and current Unfunded Actuarial Accrued Liability for Plans A versus the pro-forma General Obligation Bonded Debt and Unfunded Actuarial Accrued Liability for Plans A after the financing. The City’s Plans A Actuarial Valuation as of June 30, 2018 and Funding Projection for Plans A produced by Segal Consulting are available on EMMA.

**Existing Debt and Pension Liabilities**

**Pro-Forma After 2019 Bond Issuances**

FY 6/30	2000 B POB				GO Bonds Issued for Plans A Pension				
	D/S	Other GO D/S	Existing UAAL	Existing D/S + Existing UAAL	2000 B POB D/S	2019 Series C POB D/S*	Restructured GO D/S	New UAAL	New D/S+ New UAAL
2020	\$ 30,265,742	\$ 46,517,622	\$ 17,830,000	\$ 94,613,364	\$ 30,265,742	\$ -	\$ 46,087,540	\$ 8,390,000	\$ 84,743,282
2021	30,267,016	47,098,999	18,670,000	96,036,015	30,267,016	3,330,385	44,344,152	8,780,000	86,721,553
2022	30,269,598	50,716,403	19,560,000	100,546,001	30,269,598	4,522,054	43,641,564	9,200,000	87,633,216
2023	30,267,376	51,049,367	20,480,000	101,796,743	30,267,376	4,522,054	46,009,491	9,630,000	90,428,921
2024	30,269,238	51,900,304	21,440,000	103,609,542	30,269,238	4,522,054	48,928,416	10,080,000	93,799,708
2025	30,267,926	52,861,367	22,440,000	105,569,293	30,267,926	4,522,054	51,447,331	10,550,000	96,787,311
2026	30,266,182	54,213,982	23,480,000	107,960,164	30,266,182	4,522,054	52,972,608	11,040,000	98,800,844
2027	30,265,984	55,175,358	24,550,000	109,991,342	30,265,984	4,522,054	53,995,072	11,550,000	100,333,110
2028	30,268,546	55,528,076	25,670,000	111,466,622	30,268,546	4,522,054	54,019,356	12,070,000	100,879,956
2029	30,269,318	50,172,544	26,820,000	107,261,862	30,269,318	4,522,054	53,565,344	12,620,000	100,976,716
2030	30,268,368	47,962,047	28,000,000	106,230,415	30,268,368	5,507,239	52,166,023	13,170,000	101,111,630
2031	-	36,339,769	29,200,000	65,539,769	-	10,794,640	54,134,814	13,740,000	78,669,454
2032	-	31,462,005	30,400,000	61,862,005	-	10,790,456	31,466,748	14,300,000	56,557,204
2033	-	25,840,590	31,570,000	57,410,590	-	10,793,790	25,840,590	14,850,000	51,484,380
2034	-	25,686,593	32,600,000	58,286,593	-	10,794,305	25,686,593	15,330,000	51,810,898
2035	-	25,535,881	33,100,000	58,635,881	-	10,791,832	25,535,881	15,570,000	51,897,714
2036	-	19,765,733	-	19,765,733	-	10,790,023	19,765,733	-	30,555,756
2037	-	17,899,327	-	17,899,327	-	10,792,709	17,899,327	-	28,692,037
2038	-	15,831,279	-	15,831,279	-	10,789,899	15,831,279	-	26,621,179
2039	-	12,842,933	-	12,842,933	-	10,791,227	12,842,933	-	23,634,160
2040	-	8,451,188	-	8,451,188	-	10,791,237	8,451,188	-	19,242,425
2041	-	8,394,462	-	8,394,462	-	10,789,915	8,394,462	-	19,184,378
2042	-	8,341,109	-	8,341,109	-	10,791,447	8,341,109	-	19,132,557
2043	-	8,280,662	-	8,280,662	-	10,794,570	8,280,662	-	19,075,232
2044	-	8,222,655	-	8,222,655	-	10,793,813	8,222,655	-	19,016,468
2045	-	8,171,388	-	8,171,388	-	10,793,709	8,171,388	-	18,965,097
2046	-	8,106,145	-	8,106,145	-	-	8,106,145	-	8,106,145
2047	-	1,893,625	-	1,893,625	-	-	1,893,625	-	1,893,625
2048	-	738,000	-	738,000	-	-	738,000	-	738,000
2049	-	739,000	-	739,000	-	-	739,000	-	739,000
<b>Total</b>	<b>\$ 332,945,294</b>	<b>\$ 835,738,414</b>	<b>\$ 405,810,000</b>	<b>\$ 1,574,493,708</b>	<b>\$ 332,945,294</b>	<b>\$ 206,897,628</b>	<b>\$ 837,519,030</b>	<b>\$ 190,870,000</b>	<b>\$ 1,568,231,952</b>

\*Includes \$2,900,000 of bond funded interest in FY 2021

**PENSION PLANS B**

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

Upon the transfer of active Police and Fire members to CMERF only retired police and firefighters not covered by Plans A participate in Police Retirement Plan B and Firefighters’ Retirement Plan B. The Police Retirement Plan B and Firefighters’ Retirement Plan B are funded on an actuarial basis and the Janitors’ and Engineers’ Retirement Fund is funded on a “pay as you go” basis that is, the City’s contribution to the plan is the amount necessary to pay annual benefits. Based on the most recent actuarial valuation as of June 30, 2018, the Firefighters’ Retirement Plan B was funded at 102.9%, held assets with an actuarial value equal to approximately \$37,322,926 as of June 30, 2018 and has an overfunded actuarial accrued liability of \$1,049,034 as of June 30, 2018. Based on the most recent actuarial valuation of as of June 30, 2018, the Police Retirement Plan B was funded at 81.2%, held assets with an actuarial value equal to approximately \$63,394,911 as of June 30, 2018 and has an unfunded actuarial accrued liability of \$14,688,256 as of June 30, 2018. The City’s contributions to the Janitors’ and Engineers’ Retirement Fund was funded by the Board of Education and amounted to \$889,803 for Fiscal Year 2014, \$861,495 for Fiscal Year 2015, \$796,380 for Fiscal Year 2016, \$731,496 for Fiscal Year 2017, \$632,714 for Fiscal Year 2018 and \$602,269 for Fiscal Year 2019. The City’s contributions to the Janitors’

and Engineers' Retirement Fund for each of Fiscal Years 2014, 2015 and 2019 exceeded the actuarially determined contribution for such years while the contributions made for the last four Fiscal Years fell below the actuarially determined contribution for such years. The City contributed approximately \$1,400,000 to the Police Retirement Plan B fund and \$20,000 to the Firefighters Retirement Plan B fund for Fiscal Year 2019. Due to strong asset investment performance, actuarial recommendations have resulted in a reduced need for contributions. The City contributed slightly more than the actuarially recommended contributions for Fiscal Year 2018 and Fiscal Year 2019 for such plans. The City has budgeted \$1,600,000 for Police Retirement Plan B and \$40,000 for Firefighters' Retirement Plan B for contributions in Fiscal Year 2020. At this time the Firefighters' Retirement Plan B is fully funded.

Following the transfer of the City's pension obligations for the then active police and firefighters to CMERF, a subsequent review of the assets transferred by the City to CMERF revealed a substantial accrued unfunded actuarial liability owed by the City to CMERF. At that time, the City and CMERF agreed that the City could pay the unfunded liability in periodic annual payments on an extended twenty-eight year amortization schedule including an interest component at 8% per annum. During the 2017 State legislative session, the City secured state legislation which was enacted into law in June 2017 to permit the City to issue bonds to fund the accrued unfunded actuarial liability to CMERF. In January 2018, the City issued \$99.5 million General Obligation Bonds (Federally Taxable), 2017 Series D to fully fund the accrued unfunded actuarial liability to CMERF. As of January 2018, the entire CMERF unfunded actuarial liability of over \$230 million was completely eliminated and was not included in the City's financial statements as of June 30, 2018. Following the issuance of these taxable bonds in January 2018, the City is paying all such debt service on the bonds rather than pay the City's annual required unfunded obligations to CMERF on an annual basis. Accordingly, the City achieved current and future budgetary savings annually over a twenty-six year period averaging approximately \$2 million per annum over this period.

#### Connecticut Municipal Employees' Retirement Fund

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

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

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

CMERF also provides death and disability benefits.

Benefits and other plan provisions are established by State statute. Covered employees are required by Connecticut statute to contribute 2-1/4% of earnings upon which social security tax is paid plus 5% of earnings upon which no social security tax is paid. The share of employee contributions deducted from payroll totaled \$7.5 million for Fiscal Year 2019. The City is required to make contributions as set by the State Retirement Commission to fund the remaining cost. The employer contribution represented from 15% to 16.93% of covered payroll for Fiscal Years 2016 to Fiscal Year 2019 for Police and Fire employees and 11% to 12.1% for other City and Board of Education employees. The combined City and BOE's Fiscal Year 2019 contributions totaled \$21.7 million. The combined City and BOE's contributions in total for Fiscal Years 2018, 2017 and 2016 were \$21.5 million, \$22.7 million, and \$22.2 million, respectively, equal to the actuarially required contributions for each year. The City has budgeted a combined City and BOE's contribution of approximately \$23.8 million for Fiscal Year 2020 due to increases in CMERS rates, and is making such payments on a monthly basis, based upon a State employer required contribution of approximately 21% for Police and Fire employees and 14% for other City and Board of Education employees. The payroll for City and BOE employees covered by this plan for each of Fiscal Years 2019 and 2020 is approximately \$150 million. The financial statements of the plan are available from the State Retirement Commission for the CMERF Fund.

State Teachers' Retirement System

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Section 10-183 of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age 60 and has accumulated twenty years of credited service in the public schools of Connecticut or has attained any age and has accumulated thirty-five years of credited service, at least twenty-five of which are service in the public schools of Connecticut. The payroll for City education employees covered by this plan for Fiscal Year 2018 was approximately \$70 million. The financial statements of the plan are available from the Connecticut Office of the State Comptroller, 55 Elm Street, Hartford, CT 06106.

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

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

Other Post-Employment Benefits

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

Currently, the City funds its other post-employment benefit (OPEB) costs on a pay-as-you-go basis. The City established an OPEB Trust Fund in June 2018. The Trust Fund was funded with an initial contribution of \$100,000. In Fiscal Year 2019, the City contributed an additional \$100,000 into the OPEB Trust Fund. For Fiscal Year 2019, approximately \$27 million was paid for OPEB costs, representing 32.7% of the Annual Required Contribution. For Fiscal Years 2018 and 2017, the payments were approximately \$27.2 million and \$29.2 million, respectively, and the Annual Required Contribution percentages were 32.7% and 47.0%, respectively. The City is in compliance with the requirements of GASB Statements 43 and 45, which require municipalities and other governmental entities to undertake a biannual actuarial evaluation of their OPEB plans and include information concerning the valuation of such plans in their financial statements. The City retains an outside actuarial consulting firm, AON, to prepare the valuation of its OPEB plans. Based on the most recent actuarial valuation report as of June 30, 2018, the City's unfunded actuarial accrued liability for its OPEB plans is \$949,780,361 and the annual recommended contribution for Fiscal Year 2019 was \$83,170,106, of which the City actually contributed \$27,190,667. The City is having a full biannual 2019 actuarial valuation completed for June 30, 2019 as required by GASB. This report is expected to be issued in November 2019.

The following table shows the actuarial value of assets, the actuarial accrued liabilities and other relevant information for the City's OPEB plans as of July 1, 2008, July 1, 2010, July 1, 2012 and July 1, 2014, July 1, 2016, and July 1, 2018 (the six most recent valuation dates):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Underfunded AAL (OAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	O AAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2008	-	\$ 861,812,200	\$ 861,812,200	0.0%	\$ 221,789,000	388.6%
7/1/2010	-	915,806,973	915,806,973	0.0	180,948,566	506.1
7/1/2012	-	723,711,649	723,711,649	0.0	221,438,910	326.8
7/1/2014	-	1,003,337,378	* 1,003,337,378	* 0.0	236,179,687	424.8
7/1/2016	-	804,740,362	804,740,362	* 0.0	245,409,264	327.9
7/1/2018	-	949,780,361	949,780,361	* 0.0	245,409,264	387.0

\*For the July 1, 2014 valuation, the actuary reduced the discount rate from 7.0% to 4.5% and such rate was employed in the July 1, 2016 update and has since been reduced to the current rate of 3.87%.

For the July 1, 2016 actuarial valuation, the decrease in the actuarial accrued liability reflects the fact that the City negotiated so that all employees contribute at least 25% of the cost of medical and prescription benefits (health). New

employees have experienced an increase of 1% per year in their contribution for health benefits and currently pay 30%-33%% of such premium cost, until they reach the maximum contribution rate of 50%. In Fiscal Year 2018 over 70% of city employees contributed 30%-33%% of the cost of medical and prescription benefits (health) and Board of Education employees contributed 20%-31% of such cost. These percentages increased by 1% effective July 1, 2018 for the Fiscal Year 2019.

The table below shows the City’s annual required contributions versus the pay-as-you-go costs incurred for OPEB for the five fiscal years 2013 through 2018:

<b>Year Ended</b>	<b>Annual Required Contribution</b>	<b>Actual Contribution</b>	<b>Percentage Contributed</b>
2013	\$ 47,743,386	\$ 25,803,894	54.0%
2014	51,062,573	28,451,770	55.7
2015	70,570,886	33,345,101	47.3
2016	71,905,518	31,891,398	44.4
2017	61,998,950	29,153,378	47.0
2018	83,170,106	27,190,667	32.7

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

Compensated Absences

City employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability is typically paid out of the City’s General Fund.

**City Investment Policy**

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

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

**CITY FINANCES**

**GAAP Basis for Fiscal Years 2016-2018 – General Fund**

A summary of the General Fund Operations of the City for Fiscal Years 2016-2018 on a GAAP basis follows. The selected financial information was obtained from the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds contained in the CAFR for the Fiscal Years 2016-2018. (See “APPENDIX A-COMPREHENSIVE ANNUAL FINANCIAL REPORT” herein.)

For a discussion of Fiscal Year 2016-2018 results, see the section entitled “Fiscal Results on a Budgetary Basis for Fiscal Years 2016-2018” below. For a discussion of Fiscal Year 2019, see the section entitled “Preliminary Financial Results for Fiscal Year 2019” below. For a discussion of Fiscal Year 2020, see the section entitled “Adopted Budget for Fiscal Year 2020” below.

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

	<u>Audited Results</u> <u>Fiscal Year 2016</u>	<u>Audited Results</u> <u>Fiscal Year 2017</u>	<u>Audited Results</u> <u>Fiscal Year 2018</u>
<b>Revenues:</b>			
Property Taxes	\$ 299,380,641	\$ 312,461,292	\$ 311,378,677
Intergovernmental	234,246,831	271,187,039	272,473,344
Fees, Permits and Licenses	22,139,661	19,752,714	18,136,529
Interest	62,160	252,418	526,679
Other	11,421,003	2,755,404	5,214,991
<b>Total Revenues</b>	<b>\$ 567,250,296</b>	<b>\$ 606,408,867</b>	<b>\$ 607,730,220</b>
<b>Expenditures:</b>			
General Government <sup>1</sup>	46,543,553	51,199,039	51,478,229
Protection of Person and Property	135,416,264	137,976,278	139,352,315
Conservation of Health	5,162,250	4,850,797	4,747,608
Public Facilities	35,862,313	36,553,580	38,983,342
Education <sup>2</sup>	-	-	-
Special Services	1,610,253	1,600,570	917,362
Debt Service	71,557,934	75,213,985	69,893,493
<b>Total Expenditures</b>	<b>\$ 296,152,567</b>	<b>\$ 307,394,249</b>	<b>\$ 305,372,349</b>
Revenues Over (Under)			
Expenditures	271,097,729	299,014,618	302,357,871
<b>Other Financing Sources (Uses):</b>			
Transfers In <sup>3</sup>	3,313,024	349,851	99,894,391
Transfers out <sup>2,3</sup>	(274,091,084)	(294,717,182)	(401,491,920)
Bond Refunding Issue	59,640,000	-	79,975,000
Premium on Bond Refunding	10,505,915	-	6,941,186
Payment to Escrow Agent	(69,559,903)	-	(85,928,224)
<b>Total other Financing Sources (Uses)</b>	<b>\$ (270,192,048)</b>	<b>\$ (294,367,331)</b>	<b>\$ (300,609,567)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 905,681</b>	<b>\$ 4,647,287</b>	<b>\$ 1,748,304</b>
<b>Fund Balance - GAAP Basis, Beginning</b>	<b>\$ 13,713,461</b>	<b>\$ 14,619,142</b>	<b>\$ 19,266,129</b>
<b>Fund Balance - GAAP Basis, Ending</b>	<b>\$ 14,619,142</b>	<b>\$ 19,266,429</b>	<b>\$ 21,014,433</b>

Source: City of Bridgeport – Comprehensive Annual Financial Report

1. Includes all General Government, Economic Development and Libraries.
2. For presentation purposes education expenditures are included as transfers out.
3. Payments to MERS and Bonds issued to pay MERS liabilities are not included in expenditures, but rather as transfers out and transfers in.

**GAAP Basis for Fiscal Years 2016-2018 – All Governmental Funds**

A summary of the Governmental Funds’ Operations of the City for Fiscal Years 2016-2018 on a GAAP basis follows. The selected financial information was obtained from the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds contained in the CAFR for the Fiscal Years 2016-2018. (See “APPENDIX A-COMPREHENSIVE ANNUAL FINANCIAL REPORT” herein.)

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

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

	<u>Audited Results</u> <u>Fiscal Year 2016</u>	<u>Audited Results</u> <u>Fiscal Year 2017</u>	<u>Audited Results</u> <u>Fiscal Year 2018</u>
<b>Revenues:</b>			
Property Taxes	\$ 299,380,641	\$ 312,461,292	\$ 311,378,677
Intergovernmental	447,358,336	411,442,721	429,798,854
Fees, Permits and Licenses	22,139,661	19,752,714	18,136,529
Interest	279,985	749,006	1,387,642
Other	12,609,215	3,404,616	6,384,907
Total Revenues	<u>\$ 781,767,838</u>	<u>\$ 747,810,349</u>	<u>\$ 767,086,609</u>
<b>Expenditures:</b>			
Current			
General Government <sup>1</sup>	47,793,276	51,396,361	53,239,267
Protection of Person and Property	135,416,264	137,976,278	139,352,315
Conservation of Health	7,319,991	5,580,511	5,769,652
Public Facilities	35,862,313	36,553,580	38,983,342
Charities and Hospitals	-	-	-
Education	388,183,531	379,893,985	381,561,975
Special Services	21,568,961	16,630,856	10,149,883
Debt Service			
Principal Retirements	38,679,933	39,754,694	37,205,672
Interest and other Charges	34,878,001	37,170,844	39,599,033
Capital Outlay	95,861,461	76,499,225	97,226,365
Total Expenditures	<u>\$ 805,563,731</u>	<u>\$ 781,456,334</u>	<u>\$ 803,087,504</u>
Revenues Over (Under) Expenditures	<u>(23,795,893)</u>	<u>(33,645,985)</u>	<u>(36,000,895)</u>
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	4,313,331	2,528,854	2,719,351
Operating Transfers Out	(5,813,331)	(2,528,854)	(2,719,351)
Operating Transfers Out (MERS) <sup>2</sup>			(98,582,467)
Bonds Issued	23,195,000	60,970,000	133,480,773
Bond Refunding Issue	59,640,000		97,385,000
Premiums on Bond Issuance	12,337,545	9,224,816	13,600,652
Payment to Escrow Agent	(69,559,903)		(85,928,224)
Total Other Financing Sources (Uses)	<u>24,112,642</u>	<u>70,194,816</u>	<u>59,955,734</u>
Net Change in Fund Balances	\$ 316,749	\$ 36,548,831	\$ 23,954,839
Fund Balances, Beginning	<u>\$ 92,656,182</u>	<u>\$ 92,972,931</u>	<u>\$ 129,521,762</u>
Fund Balances, Ending	<u>\$ 92,972,931</u>	<u>\$ 129,521,762</u>	<u>\$ 153,476,601</u>

Source: City of Bridgeport – Comprehensive Annual Financial Report

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

2. Payments to MERS and Bonds issued to pay MERS liabilities are reflected within Other Financing Sources (Uses), not included in the expenditures section.

### **Fiscal Results on a Budgetary Basis for Fiscal Years 2016-2018**

A summary of the General Fund Operations of the City for Fiscal Years 2016-2018 on a budgetary basis follows. The selected financial information was obtained from the Statement of Revenues and Other Financing Uses contained in the General Purpose Financial Statements of the City for Fiscal Years 2016-2018

For Fiscal Year 2016, the City reported a General Fund operating surplus of revenues and other financing sources less expenditures and other financing uses of \$905,681 on a budgetary basis. In Fiscal Year 2016, actual revenues and other financing sources on a budgetary basis were approximately \$570.6 million. Actual expenditures and other financing uses were approximately \$569.7 million. Tax collections for current and overdue taxes came in slightly under budget while an additional \$6,700,000 in revenues came from the sale of City real estate. These funds enabled the City to cover the additional expenses incurred due to public safety needs and pension obligations.

For Fiscal Year 2017, the City reported a General Fund operating surplus of revenues and other financing sources less expenditures and other financing uses of \$4,946,987 on a budgetary basis. In Fiscal Year 2017, actual revenues and other financing sources on a budgetary basis were approximately \$554.3 million, approximately \$2.0 million over budget. Actual expenditures and other financing uses on a budgetary basis were approximately \$549.3 million, or \$2.0 million under budget. Tax collections for current and overdue taxes came in slightly below budget due to the conclusion of certain tax appeals, namely the resolution of the Wheelabrator case. Over \$7,000,000 in added revenues coming from state aid were received over the adopted budgeted level. The City undertook a successful program to reduce expenses within the various operations of the City during the fiscal year, primarily through attrition and a freeze on certain discretionary expenditures. The City's adopted mill rates in Fiscal Year 2017 were 54.37 mills for real and personal property, and 37 mills for motor vehicles.

For Fiscal Year 2018, the City reported a General Fund operating surplus of revenues and other financing sources less expenditures and other financing uses of \$1,748,304 on a budgetary basis. In Fiscal Year 2018, actual revenues and other financing sources on a budgetary basis were approximately \$548.8 million, approximately \$18.4 million below budget. This was solely due to final State aid revenues realized being below the adopted budget. Tax collections for current and overdue taxes came in at budgeted levels. Actual expenditures and other financing uses on a budgetary basis were approximately \$547.1 million, or \$20.1 million under budget. The City undertook a successful program to reduce expenses in Fiscal Year 2018 within the various operations of the City. This program was achieved primarily through attrition, a hiring freeze, a freeze on certain discretionary expenditures and savings from bond refundings. The City's adopted mill rates in Fiscal Year 2018 were 54.37 mills for real and personal property, and 43 mills for motor vehicles.



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

	<b>Audited Results</b>	<b>Audited Results</b>	<b>Audited Results</b>
	<b>Fiscal Year 2016</b>	<b>Fiscal Year 2017</b>	<b>Fiscal Year 2018</b>
<b>Revenues and Other Financing Sources:</b>			
Property Taxes	\$ 299,380,641	\$ 312,461,292	\$ 311,378,677
Intergovernmental	234,246,831	218,720,935	213,168,065
Fees, Permits and Licenses	22,139,661	19,752,714	18,136,529
Interest	62,160	252,418	526,679
Other	11,421,003	2,755,404	5,214,991
Transfers In	3,313,024	349,851	394,391
Appropriation of Fund Balance	-	-	-
<b>Total revenue and other financing sources</b>	<b>\$ 570,563,320</b>	<b>\$ 554,292,614</b>	<b>\$ 548,819,332</b>

<b>Expenditures, Encumbrances and Other Financing Uses:</b>			
General Government <sup>1</sup>	\$ 46,543,553	\$ 58,696,191	\$ 58,125,605
Protection of Person and Property	135,416,264	171,872,123	171,292,783
Conservation of Health	5,162,250	4,850,797	4,747,611
Public Facilities	35,862,313	50,281,138	50,738,018
Charities and Hospitals	-	-	-
Education	273,774,169	258,614,219	259,972,848
Parks and Recreation	-	-	-
Special Services and Transfers Out	1,341,156	1,600,577	2,194,163
Debt Service <sup>2,3</sup>	71,557,934	3,430,582	-
<b>Total Expenditures and Encumbrances</b>	<b>\$ 569,657,639</b>	<b>\$ 549,345,627</b>	<b>\$ 547,071,028</b>
Revenues and other financing sources over expenditures and encumbrances	\$ 905,681	\$ 4,946,987	\$ 1,748,304

Source: City of Bridgeport – Comprehensive Annual Financial Report

1. Includes all General Government, Economic Development, Libraries and Human Resources Development.
2. In FY 2016, the budget of the debt service was included as one item while such debt service for other years was allocated by department.
3. In FY 2016, debt service was separated out from various categories as expenditures, but audited results beginning in FY 2017 included debt service within the actual categories of expenditures, as applicable.

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.

**Preliminary Financial Results for Fiscal Year 2019**

The City's Fiscal Year 2019 operating budget was approximately \$9.9 million less than the Fiscal Year 2018 adopted budget. This reduction was due to several factors primarily the final impact of state aid reductions to the City in Fiscal Year 2018 that carried over to Fiscal Year 2019. To compensate for such reductions in revenues to the City, the City adopted a budget with approximately \$7 million less in annual debt service payments reflecting the restructuring and refinancing of debt, approximately \$2.5 million less in expenditures to CMERF due to savings from an approved reduction in annual pension payments to the CMERF system, and approximately \$3 million of reductions in personnel budget costs and discretionary budget costs made by the City during the budget process. In the Fiscal Year 2019 budget, the City also adopted two general contingency accounts, the first for \$1 million with the expectation that this sum shall be contributed to the accumulated fund balance of the City at fiscal year-end, and a second contingency account for possible costs related

to collective bargaining and other matters. The general contingency is being applied to such fund balance as of June 30, 2019. The Board of Education received an additional \$1.5 million in state aid for Fiscal Year 2019, and the City increased its contribution to the Board of Education by approximately \$1 million. In addition, the City and Board of Education finalized negotiations with a coalition of all bargaining units to make changes to the combined health insurance plans for the City and Board employees which has saved millions of dollars per year for each of the City and the Board within Fiscal Year 2019 and for future fiscal years. The mill rate for property taxes remained at 54.37 mills, with no change for Fiscal Year 2019. The motor vehicle mill rate was adjusted to 45 mills, pursuant to a change in the state cap on motor vehicle mill rates which allows for this rate to increase from the previous prior year cap of 43 mills. No significant changes to the City's fiscal condition occurred for Fiscal Year 2019, and the City expects to end the year with a budgetary surplus of over \$2.5 million and shall accrue such funds to the accumulated fund balance.

### **Adopted Budget for Fiscal Year 2020**

The City adopted a balanced operating budget for the Fiscal Year 2020, which was approved by the City Council on May 6, 2019 and signed by the Mayor on May 27, 2019. The Fiscal Year 2020 budget is approximately \$7 million more than the Fiscal Year 2019 budget, with most of this increase due to personnel cost of living increases and small increases in the City's debt service level. The City has again adopted two general contingency accounts, the first for \$1 million with the expectation that this sum shall be contributed to the accumulated fund balance of the City at fiscal year-end, and a second contingency account for possible costs related to collective bargaining related matters. State aid to the City remains stable for Fiscal Year 2020, with no reductions expected to formula aid. The Board of Education expects to receive an additional \$2.6 million in state aid for Fiscal Year 2020, and the City increased its contribution to the Board of Education by approximately \$1 million as well. The City mill rate for property taxes was adopted and reduced to 53.99 mills from the previous level of 54.37 mills. The motor vehicle mill rate remains at 45 mills. No significant changes were made within the Fiscal Year 2020 Budget as compared to the Fiscal Year 2019 Budget, and the City expects to continue to manage its budget to produce a surplus.

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

In an effort to replenish the City's fund balance, the City in 2012 implemented a fund policy establishing a goal of a fund balance at 8% of annual operating expenditures of the prior audited Fiscal Year. The City contributed over \$4.6 million into the fund balance for Fiscal Year 2017, all of which remained unobligated and unspent as of June 30, 2017. In Fiscal Year 2018, the City contributed over \$1.7 million into fund balance. As of June 30, 2018, Undesignated Fund Balance is approximately \$21.0 million, or approximately 3.6% of budget. The City's projected results for Fiscal Year 2019 are expected to achieve an increase in unreserved fund balance of over \$2.5 million which will result in a cumulative fund balance of approximately \$24 million.

## DEBT AND CAPITAL PROGRAMS

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

As of October 1, 2019 the principal balance of the City's outstanding bonds, equaled \$760,725,000.

### Principal Amount of Indebtedness - Long Term Debt As of October 1, 2019

Bond Series	Date of Issuance	Original Par Amount	Final Maturity	Outstanding Par Amount <sup>(2)</sup>
Series 2000B <sup>1</sup>	8/29/2000	\$350,000,000	1/15/2030	\$219,905,000
Series 2004C	8/12/2004	58,580,000	8/15/2021	6,270,000
Series 2009B <sup>3</sup>	12/15/2009	29,135,000	8/15/2028	1,990,000
Series 2009C <sup>3</sup>	12/15/2009	4,000,000	8/15/2029	4,000,000
Series 2010B <sup>3</sup>	7/22/2010	19,440,000	9/15/2025	11,650,000
Series 2012A	6/14/2012	67,930,000	2/15/2032	29,155,000
Series 2012B	7/12/2012	55,225,000	8/15/2021	5,515,000
Series 2014A	8/28/2014	66,580,000	7/1/2034	50,450,000
Series 2014B	11/18/2014	32,435,000	10/1/2026	22,855,000
Series 2016A	3/17/2016	23,195,000	8/15/2035	15,915,000
Series 2016B	3/17/2016	36,570,000	8/15/2025	35,895,000
Series 2016C	5/17/2016	23,070,000	8/15/2024	17,585,000
Series 2016D	11/22/2016	57,510,000	8/15/2046	50,490,000
Series 2016E	11/22/2016	4,260,000	8/15/2026	3,055,000
Series 2017A	11/30/2017	34,785,000	11/1/2037	30,500,000
Series 2017B	11/30/2017	41,415,000	8/15/2029	39,845,000
Series 2017C	11/30/2017	17,410,000	8/15/2029	17,410,000
Series 2017D <sup>1</sup>	1/4/2018	99,500,000	7/1/2045	97,480,000
Series 2018A	6/12/2018	34,315,000	8/15/2030	34,315,000
Series 2018B	6/12/2018	4,245,000	8/15/2030	4,245,000
Series 2018C	7/18/2018	24,250,000	7/15/2048	24,250,000
Series 2019A	2/11/2019	33,950,000	2/1/2049	33,950,000
Series 2019B	2/11/2019	4,000,000	2/1/2039	4,000,000
<b>TOTAL</b>		<b>\$1,121,800,000</b>		<b>\$760,725,000</b>

Source: City of Bridgeport

Note: Total may not add due to rounding.

<sup>1</sup> Pension Obligation Bonds

<sup>2</sup> Excludes City general obligation debt in the amount of \$6,229,855 reimbursed by the WPCA and does not include HUD Section 108 loans.

<sup>3</sup> Build America Bonds

## **Other Long Term Commitments**

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

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

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

Bridgeport is also part of an Inter-Community Agreement dated September 15, 1989 establishing a regional recycling program. The Southwest Connecticut Regional Recycling Operating Committee (SWEROC) was established to implement a regional recycling program to meet the State of Connecticut mandated program for recycling, per Sections 22a-241 through 22a-241i of the Connecticut General Statutes. This program was restructured in Fiscal Year 2018 with SWEROC now reorganized and named The Greater Bridgeport Regional Recycling Operating Committee (GBRRO). A contract with a new vendor, Oak Ridge Inc., was signed in autumn 2018. Bridgeport is one of thirteen "Contracting Communities" participating in the GBRRO recycling program. The City is committed to supply recyclables annually consisting of: food and beverage containers made of glass, metal and certain plastics, and newspapers. Other defined residential recyclables are cardboard, waste oil, storage batteries and scrap metal.

## **Water Pollution Control Authority**

The City is contingently liable on the debt obligations of the WPCA. The City expects these obligations to absolutely be satisfied out of the user fees and other revenues of the WPCA. Loans to the WPCA under the State’s Clean Water Fund program are guaranteed, however, by the full faith and credit of the City. Loans to the WPCA from City bond proceeds are made under agreements between the City and the WPCA by which the WPCA agrees to repay to the City the debt service on the bonds from user fees. As of December 31, 2018 the balance of WPCA loans outstanding was \$37.1 million. This amount represents \$31,572,631 of the outstanding loan balance for completed and active major CWF projects and the outstanding balance of certain bonds of the City as follows: \$1,175,938 from the City’s 2009 bond issue; \$275,767 from the City’s 2010 bond issue; \$1,274,193 from the City’s 2012 bond issue, \$800,000 from the City’s 2016 bond issue, \$821,000 from the City’s 2017 bond issue, and \$1,245,000 from the City’s 2018 bond issue. The City plans up to \$100 million in additional Clean Water funding over the next five years for plant improvements and CSO upgrades. It is expected that these projects will be financed through the State of Connecticut’s Clean Water SRF Fund which will include a combination of grants and low interest loans.

**Detail of WPCA Borrowings  
As of October 1, 2019**

<b>WPCA Major Project Loans</b>				
<b>CLEAN WATER FUND PROJECTS:</b>	<b>CWF No.</b>	<b>Date of Loan</b>	<b>Loan Amount<sup>1</sup></b>	<b>Loan Balance as of October 1, 2019</b>
Completed Projects	206C	1/31/1997	\$32,033,046	\$1,132,574
	416C	7/23/2004	3,384,911	633,749
	572C	1/31/2006	624,067	194,383
	102CSL	6/30/2010	4,608,318	2,150,549
	625CSL	1/31/2011	1,672,257	856,998
	613C	3/31/2011	960,201	530,699
	372C	12/31/1999	3,211,547	-
	372CD1	12/31/1999	1,858,034	-
	372CD2	1/31/2002	649,570	-
	409D	4/3/2001	611,285	101,994
	409C	10/31/2006	1,911,688	644,316
	559C	1/31/2006	1,236,190	357,571
	575C	3/31/2009	2,323,916	973,657
	621D	7/31/2009	1,260,771	801,305
	452C2	3/7/2008	6,824,081	4,444,402
	213CSL	2/28/2013	3,115,301	2,449,638
	658C	12/31/2015	325,921	262,123
	621C	1/31/2016	3,956,483	3,057,282
	628C	5/31/2017	7,456,219	6,524,183
	681C	11/30/2018	2,265,100	1,514,469
Total Completed Projects			\$80,288,906	\$26,629,891
Active Projects	706DC	11/30/2018	2,920,027	1,963,078
Total Active CWF Project Loans			\$2,920,027	\$1,963,078
<b>TOTAL CWF DEBT</b>			<b>\$83,208,933</b>	<b>\$28,592,969</b>
2009 Bonds				1,088,974
2010 Bonds			1,845,000	254,874
2012 Bonds			425,300	1,207,646
2016 Bonds			1,564,217	779,134
2017 Bonds			800,000	804,227
2018 Bonds			821,000	1,245,000
2019 Bonds			1,245,000	850,000
<b>TOTAL WPCA DEBT</b>			<b>\$89,909,450</b>	<b>\$34,822,823</b>

Source: WPCA for the City of Bridgeport

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

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

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

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

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

<b>Fiscal Year</b>	<b>2018<sup>(3)</sup></b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Bond Anticipation Notes <sup>(1)</sup>	\$ --	\$ --	\$ --	\$ --	\$ --
Long-Term Debt <sup>(2)</sup>	<u>768,195</u>	<u>658,990</u>	<u>605,550</u>	<u>647,610</u>	<u>622,395</u>
<b>Total</b>	<u>\$768,195</u>	<u>\$658,990</u>	<u>\$605,550</u>	<u>\$647,610</u>	<u>\$622,395</u>

Source: City of Bridgeport Annual Financial Report

1. Excludes Tax Anticipation Notes and Grant Anticipation Notes.
2. Excludes City general obligation debt for WPCA projects and HUD Section 108 loans.
3. Excludes debt issued after June 30, 2018.

**DEBT STATEMENT**

**As of October 1, 2019**

**General Obligation Debt:**

General Purpose Bonds	\$335,913,648
School Bonds	110,623,696
Pension Obligation Bonds <sup>1</sup>	<u>314,187,656</u>
<b>Total General Obligation Debt<sup>2</sup></b>	<u>\$760,725,000</u>

Source: City of Bridgeport

1. See the "FINANCIAL INFORMATION -- Pension Programs" herein.
2. Excludes City general obligation debt in the amount of \$6,229,855 reimbursed by the WPCA and does not include HUD Section 108 loans

**CURRENT DEBT RATIOS**

**As of October 1, 2019**

Population <sup>1</sup>	147,629
Net Taxable Grand List 10/1/18 (70%) <sup>2</sup>	\$ 6,353,392,000
Estimated Full Value of Taxable Grand List 10/1/18 (100%)	\$ 9,076,274,000
Equalized Net Taxable Grand List 10/1/18	\$ 6,206,778,000
Personal Income Per Capita <sup>1</sup>	\$ 50,104

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

	<b>Total Debt</b>	<b>Net Total Debt</b>	<b>Total Debt (excluding Pension Obligation Bonds)</b>	<b>Net Total Debt (excluding Pension Obligation Bonds)</b>
Per Capita	\$5,153	\$5,153	\$3,025	\$3,025
Ratio to Net Taxable Grand List	11.97%	11.97%	7.03%	7.03%
Ratio to Estimated Full Value	8.38%	8.38%	4.92%	4.92%
Ratio to Equalized Net Taxable Grand List	12.26%	12.26%	7.19%	7.19%
Per Capita to Personal Income Per Capita	10.28%	10.28%	6.04%	6.04%

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

<u>Fiscal Year</u>	<u>Annual Debt Service<sup>1</sup></u>	<u>General Fund Expenditures</u>	<u>Percent</u>
2019 <sup>2</sup>	\$70,364,829	\$554,852,905	12.68%
2018	69,893,493	547,071,028	12.78%
2017	74,817,558	550,206,133	13.60%
2016	71,557,934	534,527,763	13.39%
2015	77,557,896	528,272,438	14.68%
2014	74,023,395	549,445,907	13.47%
2013	67,172,412	511,511,329	13.13%
2012	70,974,002	497,630,374	14.26%
2011	71,949,542	470,136,457	15.30%
2010	72,194,167	462,276,451	15.62%
2009	72,194,166	489,471,659	14.75%
2008	72,009,393	492,348,971	14.63%
2007	67,441,349	462,031,673	14.60%
2006	67,335,830	460,218,044	14.63%
2005	66,557,526	447,886,784	14.86%

Source: City of Bridgeport Comprehensive Annual Financial Reports.

1. Includes debt service related to the City's outstanding Pension Bonds.
2. Unaudited

## DEBT LIMITATION AND DEBT MARGIN COMPUTATION

### Statement of Statutory Debt Limitation and Debt Margin

As of October 1, 2019

#### Debt Limitation Base

Audited total tax collections (including interest and lien fees) for the year ended June 30, 2018	\$310,755,095
Plus Reimbursement for revenue loss:	
Tax Relief for the elderly	<u>701,182</u>
Base	\$311,456,277
Debt Limit (7 x Base)	\$2,155,549,802

### Computation of Debt Limitation and Debt Margin

	<u>General Purpose</u>	<u>Unfunded Past Benefit Obligation</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>
<b>Multiple of Base</b>					
2 ¼ times base	\$692,855,294				
3 times base	--	\$923,807,058			
4 ½ times base	--	--	\$ 1,385,710,587		
3 ¾ times base	--	--	--	\$ 1,154,758,823	
3 ¼ times base	--	--	--	--	\$ 1,000,790,980
Total Debt Limitation	<u>\$692,855,294</u>	<u>\$923,807,058</u>	<u>\$ 1,385,710,587</u>	<u>\$1,154,758,823</u>	<u>\$ 1,000,790,980</u>
<b>Indebtedness (as of October 1, 2019)</b>					
Bonds and Notes Payable	\$335,913,648	\$314,187,656	\$110,623,696	\$ 34,822,823 <sup>(2)</sup>	\$ 1,583,000
Grant Anticipation Notes	--	--	22,500,000	--	--
Bonds authorized-but-unissued	47,590,000	125,000,000	7,272,139	119,845,544	--
Less: School construction grants <sup>(1)</sup>	--	--	(22,500,000)	--	--
Total Net Indebtedness	<u>383,503,648</u>	<u>439,187,656</u>	<u>117,895,835</u>	<u>154,668,317</u>	<u>1,583,000</u>
Total Bonding Availability	<u>\$309,351,646</u>	<u>\$484,619,402</u>	<u>\$1,267,814,752</u>	<u>\$ 1,000,090,456</u>	<u>\$ 999,207,980</u>

Source: City of Bridgeport Finance Department.

- (1) School construction grants are now receivable in full as soon as State grant audits are completed and obtained from the Grants Management Office, State of Connecticut. The total is as of June 30, 2019.
- (2) Includes both State clean water bonds and general obligation bonds, See "Detail of WPCA Borrowings" herein.

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

In accordance with Connecticut General Statutes, municipalities may not incur indebtedness through the issuance of bonds which will cause aggregate indebtedness to be exceeded by class as outlined above and in no case shall total indebtedness exceed seven times the Debt Limitation Base calculated above, or \$2,155,549,802. Total net indebtedness currently issued or authorized, is \$1,096,838,456.

**Debt Authorization**

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

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

**Five-Year Capital Plan City to Provide FY 2020 CIP Summary**

The City's Five-Year Capital Plan for Fiscal Years 2020 -2024 was approved by the City Council on April 29, 2019 and includes anticipated capital expenditures of \$79,495,000 over the next five years, with approximately \$26 million approved and authorized for Fiscal Year 2020. The City does not expect to bond all authorizations within the remaining years of this Capital Plan. Such borrowing plans will be phased in at a lower amount than in Fiscal Year 2020 as total Capital Improvement Program requests are diminished. The capital improvements in the City's five year plan are broken down into four distinct categories: Board of Education, Economic Development, Public Facilities and Other Departments.



## Adopted Capital Improvement Program

PROJECT DESCRIPTIONS	FY2019 Council Amended Capital Plan	FY2020 "BAC" Adopted Capital Plan	FY2021 Proposed Capital Plan	FY2022 Proposed Capital Plan	FY2023 Proposed Capital Plan	FY2024 Proposed Capital Plan	Total Proposed Capital Plan FY2020-FY2024
<b>BOARD OF EDUCATION:</b>							
BOE - Maintenance Veh. Dump Truck/4 vans/2 pickup				105,000			105,000
New Bassick High School(21% City Share)	27,500,000						0
High Horizons - HVAC Controls	400,000						0
Black Rock - 4 Exterior Doors			150,000				150,000
Multi-Cultural-HVAC Controls ( 2 roof top Units)	400,000						0
Read School -Elevator Repairs/Upgrades	120,000						0
Cesar Batallia - Replace Ice Storage Syst.w/Chiller		100,000					100,000
Read - Renovate Students Bathroom	100,000						0
JFK Air Handling Admin- 2 Roof Tops Units		450,000					450,000
JFK Air - Elevator Repair/Upgrades	85,000						0
Madison - Roof Top Heating Units Replace 4 units		225,000					225,000
Madison School - Elevator Repairs/Upgrades	182,000						0
Bryant - Masonry and Parapet		160,000					160,000
Edison School - Boiler Replacement (2 units)		160,000					160,000
Park City Magnet - HVAC Equip-Replace 2 boilers		250,000					250,000
Blackham - Masonry-Outside Pool Wall/Heating Syst.			125,000				125,000
Blackham - Elevator Repairs/Upgrades	40,000						0
Marin - HVAC Equipment-Replace 3 A/C Units		300,000					300,000
Marin - Roof Replacement (21% City Share)	504,000						0
Marin School - Elevator Repair/Upgrades	33,000						0
Hallen - Elevator Repairs/Upgrades	51,000						0
<b>TOTAL BOARD OF EDUCATION</b>	<b>29,415,000</b>	<b>1,645,000</b>	<b>275,000</b>	<b>105,000</b>	<b>0</b>	<b>0</b>	<b>2,025,000</b>
<b>ECONOMIC DEVELOPMENT:</b>							
Land Management / Acquisition	1,000,000	1,000,000	1,000,000	1,000,000	0		3,000,000
City Owned Properties-Development Ready Program	1,000,000	1,000,000	1,000,000	1,000,000		1,000,000	4,000,000
Congress Street Bridge Replacement - City Share(Amended)*	12,000,000						0
Master Plan Update and Zoning Update	150,000						0
Lafayette Blvd/Fairfield Ave./Redesign-(10 %City Match)	290,000	400,000					400,000
Site Improvement/Public Housing		600,000	600,000		600,000	600,000	2,400,000
Gateway To South End/Citywide Strategic Acquisition	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000		4,000,000
Blight / Demolition / Clean Up/Property Management	1,000,000	3,000,000			2,000,000	0	6,000,000
Seaview Ave Corridor/Waterfront Proj(20% city match)(Amended)*		2,000,000		1,000,000			3,000,000
Preservation Block Acquisition/Demolition (Amended)*	1,000,000						0
Civic Block Demolition/ Clean Up (Amendment)*	1,000,000						0
City Wide Acquisition/Clean Up (Amendment)*	4,850,000						0
City Wide Streetscapes/Blight/Develoment(Amended)*	4,000,000						0
<b>TOTAL ECONOMIC DEVELOPMENT</b>	<b>27,290,000</b>	<b>9,000,000</b>	<b>3,600,000</b>	<b>5,000,000</b>	<b>3,600,000</b>	<b>1,600,000</b>	<b>22,800,000</b>

<b>PUBLIC FACILITIES:</b>							
Roadway Paving, Bridges, Culverts, Intersections	0	1,000,000	1,000,000	1,200,000	2,100,000	0	5,300,000
Public Facilities Equipment	1,700,000	1,000,000	500,000	0	0	1,500,000	3,000,000
Muni Bldg HVAC / Heating / Elec./ Facilities	0	1,450,000	750,000	500,000	800,000		3,500,000
City Wide Building & Security Improvements	1,500,000	1,000,000	0	1,000,000	1,000,000	0	3,000,000
Public Facilities Buildings at 990 Housatonic Avenue	875,000	350,000		0	0	0	350,000
Municipal Storm Sewer Separator System (MS4 Req.)	500,000						0
New East Side Senior Center-Old Engine 10/Putnam St.	500,000						0
Facilities Assessments /Planning Studies				100,000			100,000
Energy Conservation /Conversion Program		250,000		250,000			500,000
Harbor Yard Ballpark Upgrades		150,000	150,000	150,000	150,000		600,000
Arena Rehabilitation (Amendment)*	10,000,000	5,000,000	0	0			5,000,000
Producto Building Demolition/Remediation (Amended)*	3,000,000						0
752 East Main Street Demolition (Amendment)*	2,000,000		3,000,000				3,000,000
Street Lights Wattage Upgrade		500,000		250,000		250,000	1,000,000
Various Airport Improvement Projects				275,000			275,000
Parks Maintenance Equip(Include Golf Course)	200,000	400,000	300,000	400,000	600,000		1,700,000
Various Park Improvement Projects	450,000	200,000		400,000	100,000		700,000
Barnum Museum			1,000,000				1,000,000
Bloom Bulkhead	2,500,000						0
Side Walks/Street scape Replacements	0		1,500,000	500,000	500,000	500,000	3,000,000
Pleasure Beach Bridge and Fishing Pier			1,000,000				1,000,000
Landfill Closure-Stewardship	1,000,000						0
Ferry Terminal Ramp/Loading Dock (20% City Match)	250,000	225,000	0	0			225,000
Citywide Signage	125,000	125,000	125,000	0			250,000
Citywide Deco Lights		500,000	0			500,000	1,000,000
Traffic Lights Upgrades		125,000	125,000				250,000
Perry Memorial Arch.	250,000	0	0	400,000	400,000		800,000
Veterans Memorial Park Improvements		100,000	100,000	150,000	0		350,000
Tennis Courts Improvement	100,000	100,000	150,000	0	130,000		380,000
Kennedy Stadium		150,000					150,000
Knowlton Park		100,000					100,000
Park Restrooms	100,000	120,000	0	170,000	170,000		460,000
Pleasure Beach Park	0	300,000	100,000	150,000			550,000
Golf Course Improvements	150,000	150,000	150,000	300,000	0		600,000
Beardsley Zoo Improvements		640,000			1,500,000	1,000,000	3,140,000
Lincoln Boulevard			500,000				500,000
<b>TOTAL PUBLIC FACILITIES</b>	<b>25,200,000</b>	<b>13,935,000</b>	<b>10,450,000</b>	<b>6,195,000</b>	<b>7,450,000</b>	<b>3,750,000</b>	<b>41,780,000</b>
<b>OTHER DEPARTMENTS:</b>							
Police Fleet Upgrade					1,000,000	0	1,000,000
Police Equipment / Technology/VHF Portable Radios				500,000			500,000
Fire Apparatus Replacement Program / Vehicles		705,000		1,606,000	1,128,500	846,000	4,285,500
Technology Enhancement / Systems Improvement			250,000				250,000
WPCA Capital Improvements (Amended)*	2,095,000	1,140,000	1,085,000	1,390,000	1,115,000	925,000	5,655,000
Emergency Operations / Technology up grade	300,000						0
IT Telephony & Computer Replacement Program		200,000	500,000		500,000		1,200,000
Citywide Departments -Fiber Optics Installation	3,500,000						0
<b>TOTAL OTHER DEPARTMENTS</b>	<b>5,895,000</b>	<b>2,045,000</b>	<b>1,835,000</b>	<b>3,496,000</b>	<b>3,743,500</b>	<b>1,771,000</b>	<b>12,890,500</b>
<b>TOTAL ALL DEPARTMENTS</b>	<b>87,800,000</b>	<b>26,625,000</b>	<b>16,160,000</b>	<b>14,796,000</b>	<b>14,793,500</b>	<b>7,121,000</b>	<b>79,495,500</b>

## Water Pollution Control Authority

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

	<u>Budget Fiscal Year 2020</u>	<u>Budget Fiscal Year 2019</u>	<u>Budget Fiscal Year 2018</u>	<u>Actual Fiscal Year 2017</u>	<u>Actual Fiscal Year 2016</u>
<b>Revenues</b>					
User Fees	\$36,263,202	\$36,315,707	\$35,187,941	\$36,827,008	\$35,481,622
Income from Operations	4,612,765	5,067,765	976,791	1,023,942	1,114,924
Total Revenues	<u>\$40,875,967</u>	<u>\$41,383,472</u>	<u>\$36,164,732</u>	<u>\$37,850,950</u>	<u>\$36,596,546</u>
<b>Expenditures</b>					
Operating	\$34,425,070	\$34,948,358	\$32,066,625	\$32,533,243	\$25,296,621
Bad Debt <sup>2</sup>	1,490,946	1,557,589	(254,900)	(37,384)	1,115,221
Debt Service <sup>1</sup>	603,937	397,525	428,738	379,156	393,619
State Loan Funding	4,356,014	4,480,000	4,711,671	4,969,590	6,068,671
Total Expenditures	<u>\$40,875,967</u>	<u>\$41,383,472</u>	<u>\$36,952,134</u>	<u>\$37,844,605</u>	<u>\$32,874,132</u>

Source: City of Bridgeport WPCA

1. Debt Service: Includes costs related to bonds that were issued in Fiscal Years 2007, 2009, 2010, 2012, 2016, and 2017 by the City.

2. Bad Debt: Fiscal Years 2018 and 2017 were a negative amount due to reserve adjustments.

The WPCA approved rates per hundred cubic feet were \$5.946 in Fiscal Year 2016 and \$5.945 in Fiscal Years 2017 through Fiscal Year 2019. This rate has remained unchanged at \$5.945 for Fiscal Year 2020.

The City of Bridgeport's WPCA currently has a long-term operations and management contract with Severn Trent Environmental Services, Inc. which began on January 1, 2014 for the operation of the wastewater treatment and field operations function of WPCA. The areas covered by the contract operation represent approximately 65.0% of WPCA's Fiscal Year 2020 budget, which includes the billing and collection of current sewer user invoices, and budgeted operation and maintenance expenses. The WPCA is engaged in a long-term capital program that is expected to cost \$244 million through Fiscal Year 2019 in total, of which \$152 million is to be from State low-cost loans, \$89 million from State grants, and \$3 million provided by the City. To date, \$203.5 million of projects costs have been expended leaving \$41 million of project costs to be completed. In addition, the WPCA anticipates the issuance of \$100 million in bonds to finance plant improvements and CSO projects, which includes \$75 million for plant improvements and \$25 million for sewer overflows. A number of these capital programs are mandated by a consent decree between the Connecticut Department of Energy and Environmental Protection and the City with respect to the wastewater treatment facility and the sanitary and storm collection system as a result of a court settlement. It is anticipated that \$22 million of these future project costs will be borrowed from the State at an interest rate of 2%. The remaining \$20 million of future project costs are expected to be provided by State grants and local share. The borrowings and any future borrowings are general obligations of the City with repayments expected to be made from sewer user fees imposed by the WPCA.

## TAX BASE DATA

### Assessments

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

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

On February 28, 2016, the Tax Assessor certified the grand list for the 2015 assessment year based upon all revalued assessments as of October 1, 2015. Valuations are subject to transfers of ownership, additions for new construction and reductions for demolitions after October 1, 2015.

This was a statistical revaluation conducted for the Tax Assessor by Vision Appraisal. The grand list decreased from the basis used for the past eight years based off prior assessment values from October 1, 2008. This was primarily due to the impact of the national recession lasting from 2008 to 2010. The overall change in real property values, including personal property and motor vehicles, decreased by approximately 15%. This was in line with revaluation results seen in other area communities. The next revaluation is scheduled for 2020 for grand list effective 2022. The City Council in June, 2019 approved the contract for the 2020 revaluation firm of Municipal Valuation Services. Any taxpayer who is unsatisfied with any new assessment may file a written appeal of such assessment with the City's Board of Assessment Appeals and may receive, subject to the discretion of the Board of Assessment Appeals, an appeal hearing and final determination of any increase or decrease from the property's original assessment. Each year the Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted.

The Assessor filed the most recent Grand List on January 31, 2019 for the Grand List period ending October 1, 2018. This current Grand List totals approximately \$6.35 billion, an approximately \$300 million increase from the prior year. This increase was primarily due to the substantially completed construction of the new PSEG natural gas power plant in the south end of Bridgeport.

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

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

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

Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property and creates a cap on the local property tax mill rate for motor vehicles. The City's mill rate for motor vehicles for the assessment year commencing October 1, 2018 (the Fiscal Year ending June 30, 2019) was 45 mills. The mill rate for motor vehicles for Fiscal Year 2020 is still 45 mills.

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

Under Section 4-66l, municipal spending does not include expenditures: (i) for debt service, special education, or costs to implement court orders or arbitration awards; (ii) associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; (iii) for any

municipal revenue sharing grant the municipality disburses to a district; or (iv) budgeting for an audited deficit, non-recurring grants, capital expenditures or payments on unfunded pension liabilities.

**Levy**

Property taxes are levied on all taxable assessed property on the grand list of October 1 prior to the beginning of each fiscal year. Real and personal property taxes are generally payable in two installments on July 1 and January 1, except that motor vehicle taxes and real and personal property taxes under \$100 are payable in one installment on July 1. Motor vehicle supplemental bills are payable on January 1. An estimate for outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Payments not received within one month after the due dates are delinquent, with interest charged at the rate of one and one-half percent per month from the due date of the tax. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are lien-ed each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Tax accounts are transferred to suspense accounts no later than 15 years after the due date in accordance with State statutes.

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

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

**Comparative Assessed Valuations of Taxable Property**

<b>Grand List 10/1</b>	<b>Fiscal Year</b>	<b>Real Estate Property Percent</b>	<b>Personal Property Percent</b>	<b>Motor Vehicle Percent</b>	<b>Gross Taxable Grand List (000's Omitted)</b>	<b>Less Exemptions (000's Omitted)</b>	<b>Net Taxable Grand List (000's Omitted)</b>	<b>Percent Increase/Decrease</b>
2018	2020	75.2%	16.9%	7.9%	\$6,510,006	\$156,614	\$6,353,392	4.70%
2017	2019	77.2	14.5	8.3	6,211,800	147,137	6,064,663	0.64
2016	2018	78.6	13.3	8.1	6,153,886	127,853	6,026,033	(0.30)
2015	2017	79.0	13.0	8.0	6,160,313	114,953	6,045,360	(13.90)
2014	2016	83.5	10.3	6.2	7,146,507	125,798	7,020,709	2.00
2013	2015	84.1	9.8	6.1	7,111,268	124,597	6,986,671	(0.94)
2012	2014	84.1	9.9	5.9	7,193,167	141,048	7,052,118	0.94
2011	2013	84.9	9.2	5.9	7,152,536	166,364	6,986,172	(0.52)

## Property Tax Levies and Collections

<u>Grand List 10/1</u>	<u>Fiscal Year</u>	<u>Net Taxable Grand List (000's Omitted)</u>	<u>Mill Rate</u>	<u>Adjusted Annual Levy<sup>1</sup></u>	<u>Estimated Percent of Annual Levy Collected at End of Fiscal Year</u>	<u>Percent of Annual Levy Uncollected at End of Fiscal Year</u>
2018	2020	\$6,353,392	53.99	\$318,088,019	NA	NA
2017	2019	6,064,663	54.37	307,164,691	98.70%	1.30%
2016	2018	6,026,033	54.37	305,652,121	98.80	1.20
2015 <sup>(2)</sup>	2017	6,045,360	42.20	312,546,911	98.10	1.90
2014	2016	7,020,709	42.198	300,101,354	98.00	2.00
2013	2015	6,986,771	42.198	298,189,222	97.80	2.20
2012	2014	7,052,118	41.855	298,129,882	96.96	3.04
2011	2013	6,986,171	41.11	285,048,701	97.25	2.75
2010	2012	7,022,705	39.64	275,342,274	97.25	2.75
2009	2011	7,101,376	39.64	248,796,430	97.52	2.48
2008 <sup>2</sup>	2010 <sup>2</sup>	6,726,359	38.74	262,590,658 <sup>2</sup>	97.14	2.86
2007	2009	5,540,266	44.58	249,988,602	97.44	2.56
2006	2008	5,414,024	41.28	258,206,710	97.04	2.96

Source: City of Bridgeport.

- Adjusted Annual Levy includes amounts levied against Payment in Lieu of Taxes (PILOT) properties, but do not included collection of 'prior year' tax receipts. Adjustments are processed throughout the year based upon actual payment date of PILOT receipts.
- Implementation of the October 1, 2015 revaluation.

## THE CITY'S TAX BASE

The City Assessor submitted the Assessor's 2018 Grand List on January 31, 2019. The official Board of Assessment Appeals Grand List was filed in May, 2019. For additional information, please reference "TAX BASE DATA – Assessments".

### Principal Taxpayers

#### Net Grand List as of October 1, 2019

<u>Principal Taxpayers</u>	<u>Nature of Business</u>	<u>2018 Assessed Value</u>	<u>Percentage of Assessed Value</u>
PSEG Power Connecticut LLC	Utility	\$364,983,868	5.61%
United Illuminating Co. Inc.	Utility	311,047,390	4.78
Wheelabrator BPT LLP*	Utility	122,500,000	1.88
Bridgeport Energy LLC	Utility	95,640,000	1.47
Connecticut Light & Power	Utility	48,825,110	0.75
Southern CT Gas Co.-Energy EA	Utility	42,714,030	0.66
People's United Bank	Bank	37,716,470	0.58
Aquarian Water Co. of CT	Utility	28,279,600	0.43
Success Village Apts. Inc.	Apartments	21,706,740	<u>0.33</u>
Total 2018 Net Grand List			16.49%

\*Name change occurred during period.

Source: City of Bridgeport Assessor

## ECONOMIC AND DEMOGRAPHIC INFORMATION

### Age Distribution of the Population

<u>Age</u>	<u>City of Bridgeport</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
0-4	10,004	6.8	186,188	5.2%
5-19	30,170	20.4	682,144	19.0
20-34	36,423	24.7	685,088	19.1
35-54	38,447	26.0	969,012	26.9
55-64	16,785	11.4	496,289	13.8
65+	15,757	10.7	575,757	16.0
Total	<u>147,586</u>	<u>100.0%</u>	<u>3,594,478</u>	<u>100.0%</u>

<u>Median Age</u>	<u>2010</u>	<u>2017</u>
City of Bridgeport	32.6	33.8
Fairfield County	39.5	40.2
State of Connecticut	40.0	40.8

Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates.

### Income Distribution

<u>Income for Households</u>	<u>City of Bridgeport</u>		<u>State of Connecticut</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
\$0 - \$ 9,999	5,564	11.1 %	73,078	5.4 %
\$10,000 - \$14,999	3,233	6.4	48,416	3.6
\$15,000 - \$24,999	3,094	6.1	104,604	7.7
\$25,000 - \$34,999	8,279	16.4	99,688	7.3
\$35,000 - \$49,999	7,515	14.9	148,260	10.9
\$50,000 - \$74,999	8,089	16.1	216,936	15.9
\$75,000 - \$99,999	5,909	11.7	171,880	12.6
\$100,000 - \$149,999	5,262	10.5	232,398	17.1
\$150,000 - \$199,999	1,843	3.7	116,915	8.6
\$200,000 or more	<u>1,553</u>	<u>3.1</u>	<u>149,580</u>	<u>11.0</u>
Total:	50,341	100.0 %	1,361,755	100.0 %

Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates Note: As of the 2010 Census, this data is no longer a part of the Census and will be measured as a part of the annual American Community Survey administered by the Census Bureau.

### Educational Attainment

(Years of School Completed, Age 25 and over)

<b><u>Educational Attainment</u></b>	<b><u>City of Bridgeport</u></b>		<b><u>State of Connecticut</u></b>	
	<b><u>Number</u></b>	<b><u>Percent</u></b>	<b><u>Number</u></b>	<b><u>Percent</u></b>
Less than 9 <sup>th</sup> grade	12,035	12.7 %	104,623	4.2 %
9 <sup>th</sup> to 12 <sup>th</sup> grade, no diploma	11,129	11.7	137,877	5.6
High school graduate	30,743	32.4	673,582	27.2
Some college, no degree	18,250	19.2	422,535	17.0
Associate's degree	5,630	5.9	188,481	7.6
Bachelor's degree	10,885	11.5	532,055	21.5
Graduate or professional degree	6,263	6.6	421,144	17.0
Percent high school graduate or higher		75.2 %		90.3 %
Percent Bachelor's degree or higher		18.0 %		38.5 %

Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates.

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

### Number and Size of Households

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

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



### Age Distribution of Housing

<b>Year Built</b>	<b>City of Bridgeport</b>		<b>State of Connecticut</b>	
	<b>Units</b>	<b>Percent</b>	<b>Units</b>	<b>Percent</b>
Built 2014 or later.....	38	0.1 %	5,367	0.4 %
Built 2010 to 2013.....	322	0.6	17,308	1.1
Built 2000 to 2009.....	1,893	3.3	105,131	7.0
Built 1990 to 1999.....	1,500	2.6	114,261	7.6
Built 1980 to 1989.....	4,277	7.4	191,939	12.7
Built 1970 to 1979.....	4,936	8.5	200,217	13.3
Built 1960 to 1969.....	6,651	11.4	205,463	13.6
Built 1950 to 1959.....	7,409	12.7	225,763	15.0
Built 1940 to 1949.....	6,879	11.8	104,251	6.9
Built 1939 or earlier.....	<u>24,219</u>	<u>41.7</u>	<u>338,011</u>	<u>22.4 %</u>
	58,124	100.0 %	1,507,711	100.0

Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates.

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

### Number of Housing Units

<b>Fiscal Year</b>	<b>New Construction</b>	<b>Net Increase (Reduction)<sup>1</sup></b>	<b>Total Housing Units<sup>2</sup></b>
2017	41	(190)	57,658
2016	119	554	57,889
2014	134	120	57,335
2013	16	(25)	57,215
2012	175	167	57,240
2011	126	61	55,578
2010	69	67	55,517
2009	92	43	55,450
2008	128	42	55,407
2007	243	38	55,321
2006	305	82	55,116

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

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

## Housing Unit Inventory and Vacancy Rates

<u>Housing Units</u>	<u>City of Bridgeport</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Units in structure:				
1 unit, detached	15,349	26.4%	892,621	59.2%
1 unit, attached	3,501	6.0	81,393	5.4
2 to 4 units	23,140	39.9	253,954	16.9
5 to 9 units	3,872	6.7	82,787	5.5
10 or more units	12,216	21.0	185,017	12.3
Mobile home, trailer, other	46	0.1	11,939	0.8
Total Units	<u>58,124</u>	<u>100.0%</u>	<u>1,507,711</u>	<u>100.0%</u>
Occupied housing units <sup>1</sup>	50,341	86.6	1,361,755	90.3
Vacant housing units <sup>1</sup>	<u>7,783</u>	<u>13.4</u>	<u>145,956</u>	<u>9.7</u>
Total units <sup>1</sup>	<u>58,124</u>	<u>100.0%</u>	<u>1,507,711</u>	<u>100.0%</u>
Mean number of rooms per unit	4.8	--	5.6	--
Homeowner vacancy rate	--	3.2%	--	1.9%
Rental vacancy	--	8.4%	--	6.6%

Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates.

### Owner-Occupied Housing Units

	<u>City of Bridgeport</u>	<u>State of Connecticut</u>
Total owner-occupied units	21,138	906,798
Persons per unit	2.97	2.67
Median number of rooms	4.8	5.7
Lower quartile	\$ 150,700	\$ 201,100
Median quartile	\$ 206,300	\$ 285,900
Upper quartile	\$ 288,200	\$ 423,500

	<u>City of Bridgeport</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
<i>Specified owner-occupied units</i>				
Less than \$50,000.....	1,366	6.5 %	24,038	2.7 %
\$ 50,000 to \$ 99,999.....	2,443	11.6	29,789	3.3
\$100,000 to \$149,999.....	3,853	18.2	83,320	9.2
\$150,000 to \$199,999.....	5,814	27.5	141,024	15.6
\$200,000 to \$299,999.....	5,575	26.4	244,356	26.9
\$300,000 to \$499,999.....	1,627	7.7	236,671	26.1
\$500,000 to \$999,999.....	278	1.3	106,192	11.7
\$1,000,000 or more.....	<u>182</u>	<u>0.9</u>	<u>41,408</u>	<u>4.6</u>
Total.....	21,138	100.0 %	906,798	100.0 %

Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates.

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

### Building Permits

<u>Fiscal Year</u>	<u>Number</u>	<u>Value</u>
2018	3,465	\$157,013,114
2017	3,276	179,252,251
2016	3,451	285,958,105
2015	1,868	69,922,173
2014	2,942	175,166,590 <sup>(1)</sup>
2013	3,114	78,809,066
2012	3,346	65,398,271
2011	2,425	48,862,472
2010	2,522	80,959,003
2009	2,683	173,761,841
2008	2,478	131,211,799
2007	2,386	195,631,366
2006	2,724	183,273,790
2005	2,381	108,551,386

Source: Provided by Building Department, City of Bridgeport.

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

### Land Use Summary

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

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

## LEGAL AND OTHER INFORMATION

### Litigation

The City, its officers and its employees are defendants in a number of lawsuits. The ultimate disposition and fiscal consequences of these lawsuits are not presently determinable. The City Attorney's Office has reviewed the status of the pending litigation and reports that it is the opinion of the City Attorney that such pending litigation will not be finally determined to result individually or in the aggregate in any final judgment against the City, or settlement which would materially adversely affect its financial position.

#### *Personal Injury and Other Actions*

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

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**APPENDIX B – COMPREHENSIVE ANNUAL REPORT**

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# CITY OF BRIDGEPORT, CONNECTICUT



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year  
July 1, 2017 to June 30, 2018

Prepared By:  
DEPARTMENT OF FINANCE

Kenneth A. Flatto  
Director of Finance

**CITY OF BRIDGEPORT, CONNECTICUT  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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 JUNE 30, 2018**

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# Introductory Section



JOSEPH P. GANIM  
Mayor

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

KENNETH A. FLATTO  
Finance Director/CFO

December 27, 2018

Honorable Joseph 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, 2018.

Blum Shapiro has issued an unmodified (“clean”) opinion on the City of Bridgeport, Connecticut’s financial statements for the year ended June 30, 2018. 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 controls 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. There were no material or significant findings issued this year.

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. The MD&A complements 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. Bridgeport Harbor is one of the three deep-water ports in Connecticut. Amtrak and Metro-North provide passenger service to the City from the downtown Transportation Center. With a 2010 U.S. Census population of 144,229 residents, Bridgeport is the largest city in the State of Connecticut, averaging almost 7,500 people per square mile. Encompassing an area of 19.38 square miles (approximately 16.0 square miles of land and 3.38 square miles of water), Bridgeport’s 57,000 housing units are the most of any municipality in the State of Connecticut.

Bridgeport operates under and is governed by the laws of the State of Connecticut and its own City charter, which was originally adopted in 1907. The last major revision to the City's charter was adopted in 1992 and 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. The Charter provides for four-year terms for the Mayor, City Clerk and Town Clerk.

The City provides a full range of services to its citizens, businesses and visitors. These include: police and fire protection; sewer and sanitation; education; library; airport; highways, streets and infrastructure maintenance; parks and recreation; economic development and housing; 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 FY2018 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, 2018 fiscal year with a solid \$1.7 million budgetary surplus, consistent with commitments made to rating agencies. This was attained in large measure by an across the board set of Administration actions taken 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 large school capital projects. The City is fully funding all required pension obligations as recommended by actuaries and during fiscal year 2018 the City approved an Ordinance and established an Other Post Employment Benefits (OPEB) Trust, and related Trust Fund. 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 planning for internal purposes for forecasting future budget needs. The City enters into multi-year contracts for various services when beneficial with utility providers, certain health care providers, non-profit organizations, and with developers seeking to revitalize City owned sites. The City implements multi-year collective bargaining contracts on a regular basis.

### **Reassessment and Mill Rates**

The City's current property tax bill rate was set during the FY2019 budget process at 54.37 mills, which for the second year in a row represents no change. The mill rate for motor vehicles has been set at 45 mills for FY 2019 based upon a State legislative mandated cap on car tax mill rates. The City receives 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, 2017 was adopted at a full value of approximately \$6.1 billion, as 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. The next revaluation takes place in October 2020.

### **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 and State courthouses are located within the central business district. Corporate and regional business offices are located downtown, including the national headquarters office of People's United Bank. Other major employers residing within the City's boundaries include PSE & G, the University of Bridgeport, Housatonic College, Jewish Senior Services, Bridgeport Health Care Center, Bass Pro Shop, Sikorsky Industries, Pullman & Comley 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 as new arrivals 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. The Workplace Inc. is a major multi-state job training and enterprise non-profit center.

Bridgeport is the home of numerous attractions that enhance the City's economic fortunes. The Webster Bank Arena and other downtown venues bring hundreds of thousands of visitors annually to Bridgeport's Downtown to watch 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 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. A new LiveNation concert amphitheater is under construction at Harbor Yard.

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 favored destination. The City's strategy of identifying growth industries such as medical, financial services, construction, and technology 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 to accommodate new business, redevelopment and private investment. Over two million square feet of new development is underway and in developmental and marketing stages, including a major new natural gas power plant.

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

Investment in Steel Point has come to fruition and continues expanding. Approximately 175,000 square foot of retail, including Bass Pro Shops, Starbucks, Chipotle, T-Mobile and more, has been built. Several retail tenants have signed letters of intent for Phase Two which is under construction and scheduled to open in 2019, with a new marina and housing expected to open within another year. Nearby a joint Bridgeport Development Landing (BDL)-MGM Casino and mixed-use development is proposed and under consideration by the State legislature.

Other plans include robust public improvements such as an approximately 70-foot-wide greenway along the South End waterfront. Property tax-based Tax Increment Financing will be used to fund some of these improvements. The Steel Point Infrastructure Improvement District (the “District”) and BDL are expanding development efforts nearby including BDL’s purchase of the former Derektor shipyard site. Plans include a new supermarket and significant additional business opportunities.

### **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.

In 2017 and 2018, the City bonded funds for a new Congress Street bridge, remediation clean up efforts along the Seaview Avenue corridor, and downtown parking improvements, to be implemented alongside other Bridgeport downtown improvements. Another \$25 million in state and federal funding is being spent 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 and a 1,400-car commuter parking facility help link the various modes of transportation (such as Amtrak, Metro North, water ferries, city buses and taxis). Downtown Bridgeport and the South End is receiving a \$40 million grant to upgrade flood protection and resilience efforts. A plan for a high-speed ferry dock along Water Street is also planned by the Port Authority for 2020.

Housatonic Community College has doubled the size of its downtown facilities over the past decade. The college’s enrollment has increased to over 6,000 students. Significant private investment is occurring along Main Street and Main Street North, including a joint venture of the *Spinnaker Group* and *Forstone Capital* along sections of downtown real estate from People’s United Bank to Main Street North. Forstone’s renovation of the former Mechanics & Farmers Bank Complex on State Street into 32 housing units, professional offices, the Stress Factory comedy club, and a Bavarian restaurant have opened. 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.

A major new and historic \$400 million plan to revitalize the Majestic and Poli Theaters and to build two landmark eighteen story apartment towers has been agreed with the City and construction is planned to start in 2019. Mixed-use buildings have been refurbished into new office and retail space and inter-connected buildings and adding to the downtown residential housing stock *along* the Securities block. Just north of those buildings, the city has helped to start redevelopment of five city blocks, including both historic buildings and vacant land, with joint developers Spinnaker, POKO, Urban Green Builders, and Navarino. These projects include 105 housing units and retail space, have commenced remediation and reconstruction.

### **Industrial Development and Housing Projects**

In the City's West End Redevelopment area, significant industrial investment has occurred. The \$70 million Bridgeport Fuel Cell Energy Park produces enough electricity for 15,000 homes. An Eco-Technology Park is located in the West End and South End neighborhoods. Adjacent to the Eco-Technology Park, a 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 Associate redevelopment has renovated several former dilapidated industrial buildings and plans to create approximately 325 units of mixed-income housing, space for a charter school, and approximately 20,000 square feet of retail space. The first phase underway includes 157 units of housing, the charter school, and open space.

### **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, employs over 2,500 people and is constantly innovating. St. Vincent's Medical Center, which employs more than 2,600, after construction of a \$140 million expansion project.

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 moved to Bridgeport. The City helped back this project with support on financing fully paid by JSS.

### **Education**

The City and Bridgeport Public Schools are completing the most comprehensive school upgrade program in decades. New high schools, middle schools and elementary schools are now complete, with the new Harding High School and renovated Central High School reopened this autumn. The city public school system is striving to improve student outcomes while simultaneously taking steps to conserve budget resources. The City and State support Bridgeport Public Schools.

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

The City has instituted significant cost-saving initiatives through financial system upgrades, improvement of revenue collection, restructuring of employee benefits, and budget freezes on hiring. In addition, the City is completing technology upgrades to improve public customer services including online payment systems, web-based operations and fiber optic connectivity.

The major historic economic development initiatives described above will provide a significant boost to the tax base and to budgetary revenues over the next couple of years. The City has also adopted revenue enhancements including improved tax collections, received new federal grants. A huge anti-blight program is cleaning up city owned properties.

### **Revenue Collection Initiatives**

The City implements innovative strategies for enhancing its tax revenues, accelerating its receipt of delinquent taxes, non-tax revenues and controlling costs. The City increased collection of real estate taxes, through 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 City conducted its last tax lien sale in May 2018 netting over \$2 million.

### **Internal Service Fund & OPEB Fund**

The City, by Ordinance, established an Internal Service Fund (ISF) and an Other Post Employment Benefits Fund (OPEB) 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 ISF 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 claims fluctuations. Funding of the Internal Service Fund is provided through the annual Board of Education budget, the City General Budget, the Library, WPCA Budget, and by employee contributions. As of June 30, 2018, the fund continues to have a deficit which considered in the calculation of contributions to be made to the Fund in future years. The long-term liability decreased \$4 million from the previous year. It is expected that deficits will be reduced over a reasonable period of years. The OPEB Trust Fund was established with a small deposit from the General Fund as the City plans to deal with this long-term challenge. The City is striving to rein in and restructure health costs with newly hired employees not eligible for OPEB.

### **City Investment Policies**

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 FDIC insured money market investments and funds 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 another 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, 2017. 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 FY2018 Annual Budget.

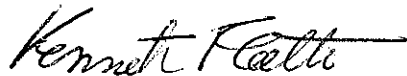


The preparation of the Comprehensive Annual Financial Report was made possible by the tremendous dedication and hard work of the entire staff of the Finance Department, particularly the Comptroller's and Finance Offices, the City Treasurer's Office, Tax Collectors Office and In-Plant Print Shop. We want to express our appreciation for the cooperation, assistance and support of all other City departments and to the City Council Budget and Appropriations Committee. 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](http://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,

A handwritten signature in black ink that reads "Kenneth Flatto". The signature is written in a cursive style with a long horizontal stroke at the end.

Kenneth A. Flatto  
Director of Finance/CFO



Government Finance Officers Association

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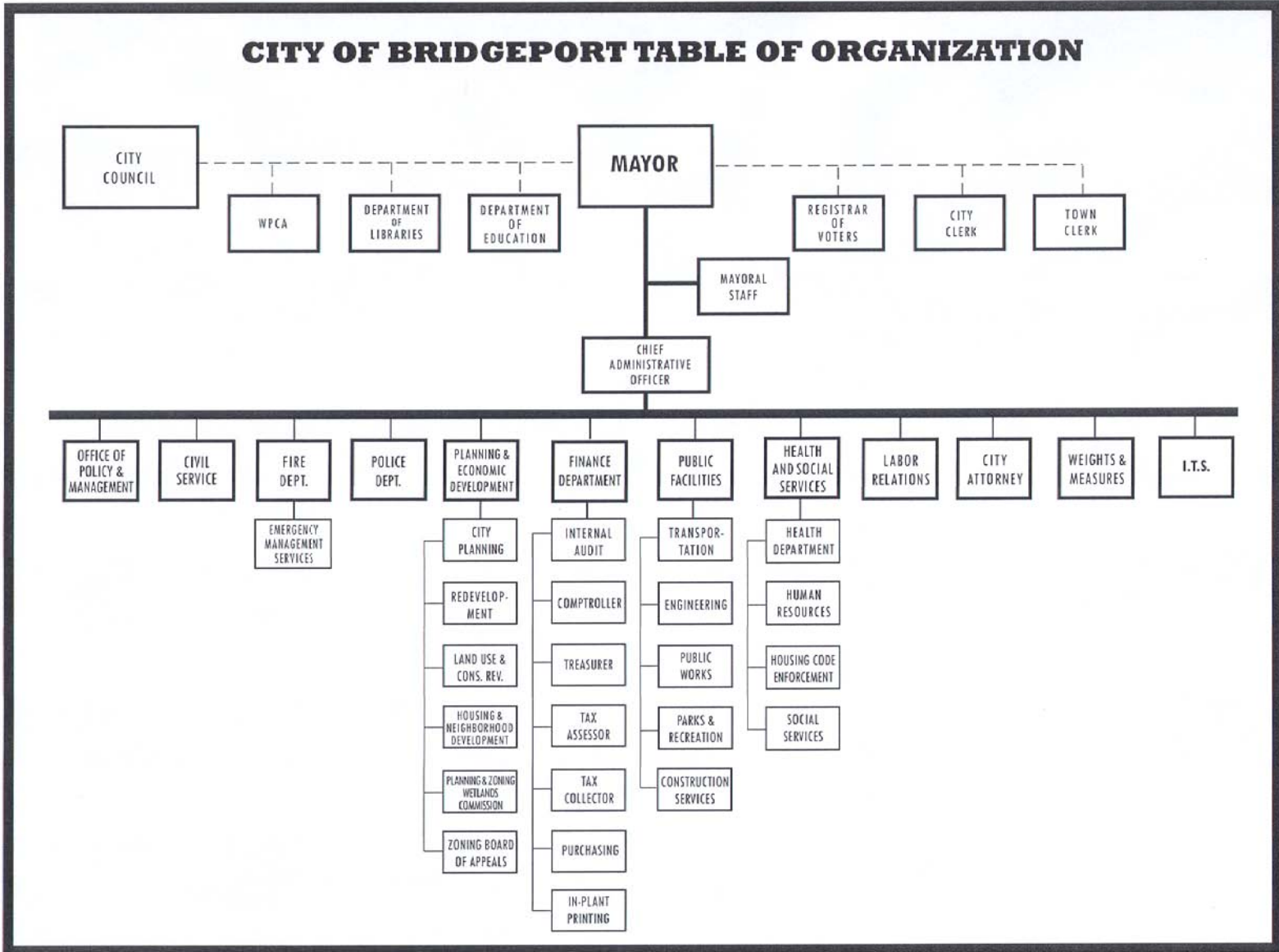
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

# CITY OF BRIDGEPORT TABLE OF ORGANIZATION



## CITY OF BRIDGEPORT, CONNECTICUT

### LIST OF PRINCIPAL OFFICERS

---

<u>Office</u>	<u>Name</u>	<u>Manner of Selection and Term</u>
Mayor	Joseph P. Ganim	Elected - 4 Year Term
City Clerk	Lydia Martinez	Elected - 4 Year Term
Town Clerk	Charles Clemons	Elected - 4 Year Term
Chief Administrative Officer	Kimberly Staley	Appointed by Mayor
Deputy Chief Administrative Officer	John Gomes	Appointed by Mayor
Director of Finance	Kenneth Flatto	Appointed by Mayor
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**

## **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, 2018, 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, 2018 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Change in Accounting Principle***

As discussed in Note 16 to the financial statements, during the fiscal year ended June 30, 2018, the City of Bridgeport, Connecticut, adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The net position of the City of Bridgeport, Connecticut, has been restated to recognize the net other postemployment benefit liability in accordance with GASB No. 75. 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, the budgetary comparison information and the pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Bridgeport, Connecticut, as of and for the year ended June 30, 2017 (not presented herein), and have issued our report thereon dated January 10, 2018, 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, 2017 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 2017 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2017 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, 2017.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 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  
December 27, 2018



**City of Bridgeport, Connecticut**  
**Management's Discussion and Analysis**  
**June 30, 2018**

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, 2018. 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 \$(575.3) 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 \$(673.6) million and total net position for Business-Type Activities was \$98.3 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 reduced this liability in fiscal year 2018 and plans to take steps to reduce these liabilities in the future. The primary reason for a slight \$(.08) million decrease in net position for Business Activities is due to capital related expenses for the ongoing operation of the Water Pollution Control Authority and its assets.
- ◆ On a government-wide basis, during the year, the City's net position increased by \$218.9 million from \$(794.2) million to \$(575.3) million. The change from prior year is primarily due to a decrease in the city's MERS pension system prior service cost liability due to a repayment of this liability by the city during fiscal year 2018, as well as some strengthening in general fund and grant financial operations. Net position increased by \$219.7 million for Governmental Activities and decreased by \$0.8 million for Business-Type Activities. Government-wide expenses for governmental activities were \$745.0 million, while revenues were \$806.9 million, and the special item for reduction of the MERS pension liability totaled \$156.7 million. The total unrestricted net deficit at June 30, 2018 was \$(1.59) billion including the ongoing costs of long term pension obligations. The improvement in net position for Governmental Activities is due to the improvement in net investment in capital assets as described above as well as 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 \$153.5 million, an increase of \$24.0 million from the prior fiscal year. This improvement in total fund balances is due to a combination of surplus generated from operations of \$1.7 million, a \$0.6 million change in Education Grants fund balance, and an increase in capital bond issue fund of \$34.0 million. Of the total fund balance as of June 30, 2018, \$25.2 million represents the restricted fund balance, \$107.3 million committed or assigned, and \$21.0 million is unassigned in the general fund, special revenue funds, capital projects fund and permanent trust fund. The unassigned \$21.0 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 \$21.0 unassigned. This improvement of \$1.7 million from the prior year is due to the favorable results from general operations. The available unassigned general fund balance at year-end represents 3.5% of total general fund expenditures and other financing sources of \$606.0 million.
- ◆ The City's total long-term debt increased by \$121.1 million during fiscal year 2018 due to the net 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 the City is better or worse off because 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 the current year's revenues and expenses are considered 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 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 balances 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 balances) 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 28-86 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.

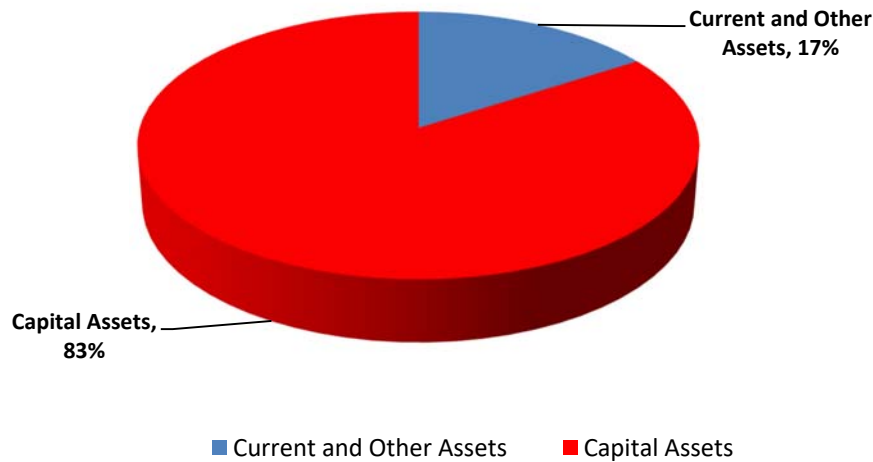
### Government-Wide Financial Analysis

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 (\$575.3) million at June 30, 2018. This is an increase of \$218.9 million from last year's net restated position of \$(794.2) million. The change from prior year is primarily due to a decrease in the city's MERS pension system prior service cost liability due to a repayment of this liability by the city during fiscal year 2018, as well as some strengthening in general fund and grant financial operations.

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017 (as Restated)	2018	2017 (as Restated)	2018	2017 (as Restated)
Current and other assets	\$ 280,122	\$ 232,657	\$ 16,815	\$ 17,739	\$ 296,937	\$ 250,396
Capital assets	1,263,616	1,193,681	125,908	126,714	1,389,524	1,320,395
Total assets	<u>1,543,738</u>	<u>1,426,338</u>	<u>142,723</u>	<u>144,453</u>	<u>1,686,461</u>	<u>1,570,791</u>
Deferred outflows of resources	62,007	93,963	-	-	62,007	93,963
Other liabilities	106,672	85,796	3,463	3,319	110,135	89,115
Long-term debt outstanding	2,129,705	2,325,590	40,919	42,014	2,170,624	2,367,604
Total liabilities	<u>2,236,377</u>	<u>2,411,386</u>	<u>44,382</u>	<u>45,333</u>	<u>2,280,759</u>	<u>2,456,719</u>
Deferred inflows of resources	42,957	2,230	8	-	42,965	2,230
Net position:						
Net investment in capital assets	903,775	852,428	88,269	88,090	992,044	940,518
Restricted	24,249	8,970			24,249	8,970
Unrestricted	<u>(1,601,613)</u>	<u>(1,754,713)</u>	<u>10,064</u>	<u>11,030</u>	<u>(1,591,549)</u>	<u>(1,743,683)</u>
Total Net Position	<u>\$ (673,589)</u>	<u>\$ (893,315)</u>	<u>\$ 98,333</u>	<u>\$ 99,120</u>	<u>\$ (575,256)</u>	<u>\$ (794,195)</u>

### City of Bridgeport Asset Composition June 30, 2018



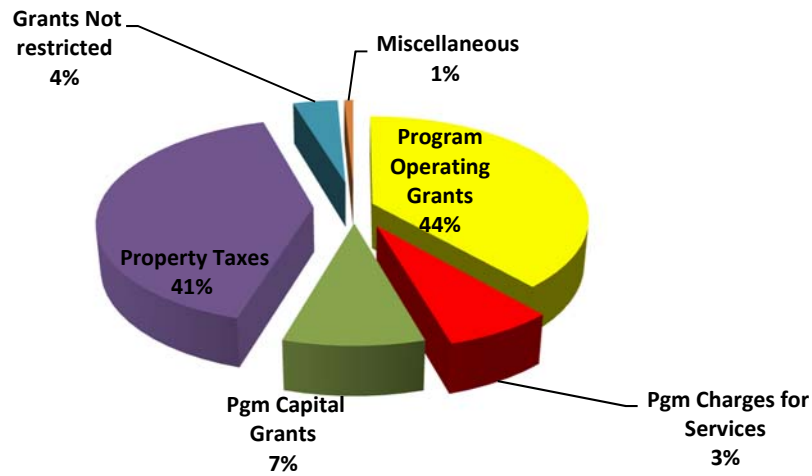
The portion of the City's net position in capital assets, \$992.0 million, reflects its investment in such capital assets (e.g., land, buildings, infrastructure, machinery and equipment), net of any outstanding debt related to these assets. The City uses these capital assets to provide services to citizens; 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, \$24.2 million, represents resources that are subject to external restrictions on how they may be used. Unrestricted net deficit of \$(1.59) 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 increase in net position in capital assets can primarily be explained by an increase in long term assets due to improvements to capital infrastructure, primarily to school buildings.

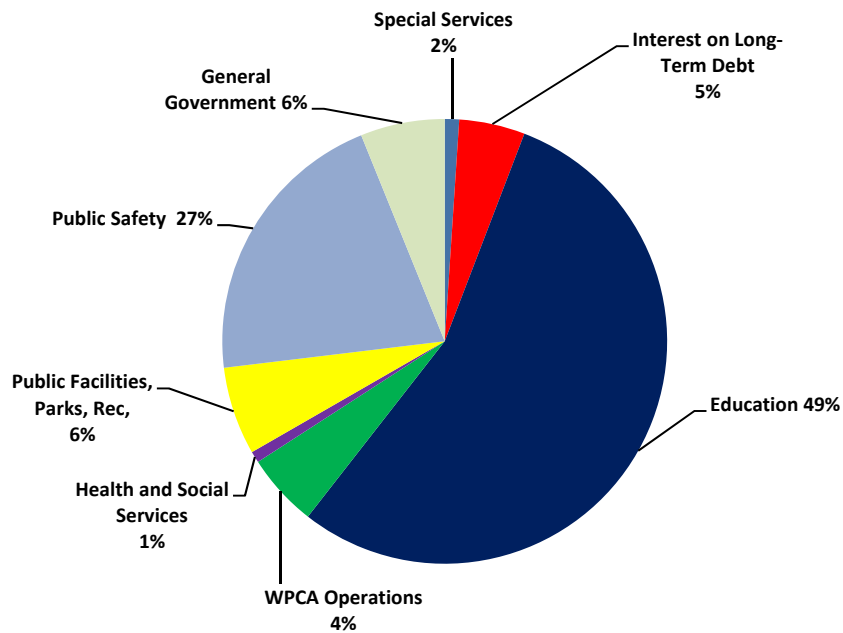
**CITY OF BRIDGEPORT, CONNECTICUT**  
**CHANGES IN NET POSITION**  
(In Thousands)

	Governmental Activities		Business-Type Activities		Total Government-Wide	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 22,487	\$ 23,923	\$ 36,165	\$ 37,851	\$ 58,652	\$ 61,774
Operating grants and contributions	335,644	332,065			335,644	332,065
Capital grants and contributions	63,676	39,532	2,716	1,321	66,392	40,853
General revenues:						
Property taxes	314,782	298,910			314,782	298,910
Grants not restricted to specific programs	29,725	36,456			29,725	36,456
Unrestricted investment earnings	1,388	749	19	15	1,407	764
Miscellaneous	236	1,182			236	1,182
Total revenues	<u>767,938</u>	<u>732,817</u>	<u>38,900</u>	<u>39,187</u>	<u>806,838</u>	<u>772,004</u>
Expenses:						
General government	41,505	54,722			41,505	54,722
Public safety	154,715	161,664			154,715	161,664
Public facilities, parks and recreation, planning and development	51,851	44,073			51,851	44,073
Health and social services	6,156	4,579			6,156	4,579
Operations			39,687	39,180	39,687	39,180
Education	407,535	407,494			407,535	407,494
Interest on long-term debt	35,712	32,760			35,712	32,760
Special services	7,414	16,261			7,414	16,261
Total expenses	<u>704,888</u>	<u>721,553</u>	<u>39,687</u>	<u>39,180</u>	<u>744,575</u>	<u>760,733</u>
Special item - Reduction of MERS liability for prior service costs	156,676				156,676	-
Change in net position	219,726	11,264	(787)	7	218,939	11,271
Restatement		(659,916)		(3,390)		(663,306)
Net Position, beginning	<u>(893,315)</u>	<u>(244,663)</u>	<u>99,120</u>	<u>102,503</u>	<u>(794,195)</u>	<u>(142,160)</u>
Net Position, Ending	<u>\$ (673,589)</u>	<u>\$ (893,315)</u>	<u>\$ 98,333</u>	<u>\$ 99,120</u>	<u>\$ (575,256)</u>	<u>\$ (794,195)</u>

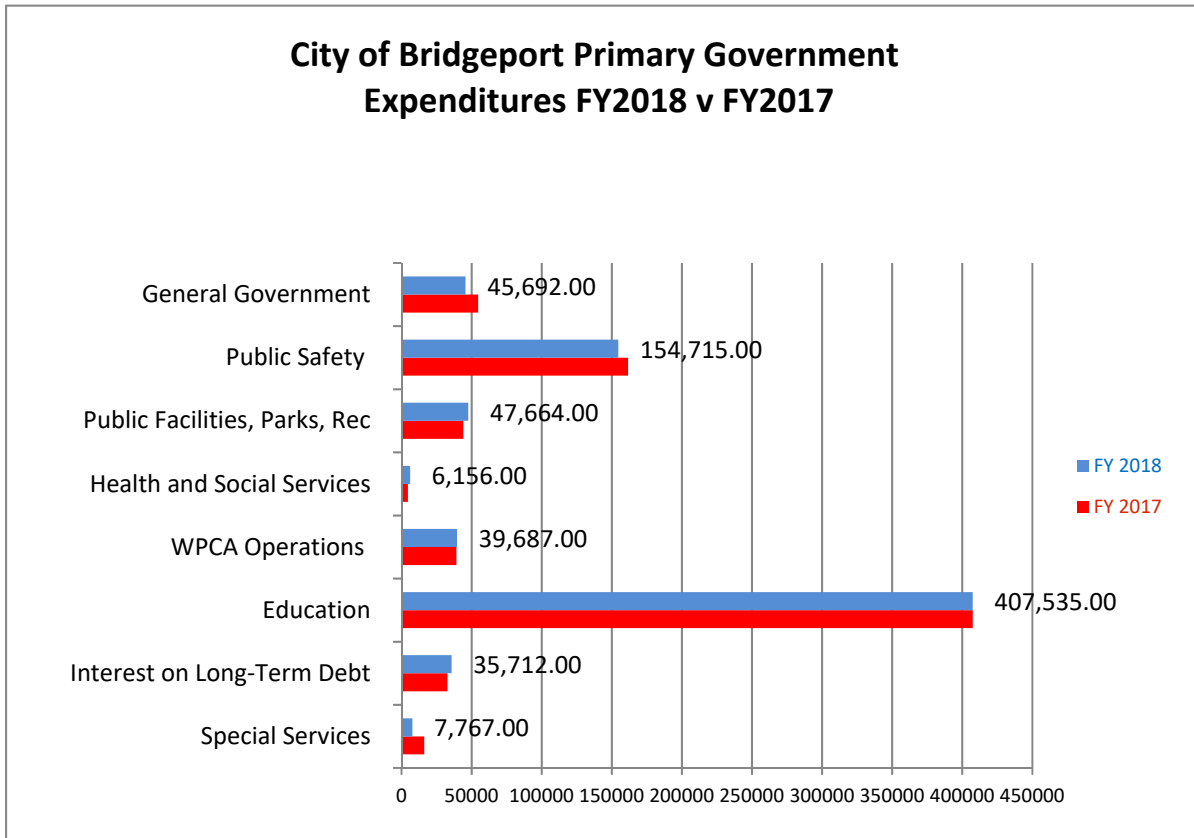
## City of Bridgeport FY18 Revenues



## City of Bridgeport Expenses - Primary Government June 30, 2018



### City of Bridgeport Primary Government Expenditures FY2018 v FY2017



#### Governmental Activities

Program revenues represented 45% of total revenues, followed by property taxes at 41%, and program capital at 7%, other unrestricted grants at 4%, program charges for service at 3%, and other miscellaneous revenues at 1%.

Major revenue factors included:

- ◆ Property tax revenues recorded for fiscal year 2018 of \$314.8 million represents a decrease of \$(1.08) million from the prior fiscal year ended June 30, 2017, with no increase in the property tax mill rate of 54.37 mills.
- ◆ Program operating revenues of \$335.6 million increased \$3.6 million for fiscal year 2018 from the prior fiscal year to \$332.0 million. The decrease was primarily due to fewer school construction projects.

For Government-Wide Activities, 58% of the City’s expenses relate to education; 22% relate to public safety; 1% relate to special services; 5% relate to interest payments on long-term debt; 7% relate to public facilities, libraries and parks and recreation; 4% related to Water Pollution Control Authority operations; 6% relate to general government; and 1% relate to health and welfare.

Major expense factors include:

- ◆ During the 2017-2018 budget process, discretionary expenses slightly decreased as general government spending was kept minimal.
- ◆ Police, fire and other public safety staffing and operations also slightly decreased due to efficiencies in safety community programming 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. 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 \$153.5 million, an increase of \$24.0 million from the prior year. Total General Fund balance increased from \$19.3 million to \$21.0 million, a significant increase of \$1.7 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 \$21.0 million. This \$21.0 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 3.5% of total General Fund expenditures.

The Capital Bond Issue Fund has a total fund balance at June 20, 2018 of \$125.4 million up \$24.8 million from \$100.6 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, 2018 of \$7.0 million, down \$3.2 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, 2018 was \$98.3 million, as compared to \$99.1 million in the prior year.

The unrestricted net position of the Water Pollution Control Authority as of June 30, 2018 was \$10.0 million. The Water Pollution Control Authority experienced operating revenues of \$36.2 million from user fees. There was a total operating loss for the WPCA of \$2.7 million after interest expenditures of \$(0.8) million and capital contributions of \$2.7 million. The net position for the fiscal year ended June 30, 2018 decreased \$(0.8) million for fiscal year ended June 30, 2018, due solely to a restatement of OPEB liability in this fund.

Net position of the Internal Service Fund was \$(62.5) million, as compared to \$(66.0) million in the prior year. This decrease was due to reduced estimates in the workmen's compensation program and efforts related to negotiated lower benefit costs to the city, as well as the restatement to the proprietary WPCA fund.

## General Fund Budgetary Highlights

The City's fiscal 2018 budget was a balanced budget, producing a surplus of \$1.7 million. The budget kept the mill rate at 54.37, no change from the prior year including a 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 \$567.3 million versus an actual result of \$548.8 resulting in actual below budgetary revenues of \$(18.5) million. Over all total property taxes were slightly higher than the budgetary results for fiscal year 2018 by \$0.5 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 2018 with a strong general fund surplus of \$1.7 million and a total unassigned fund balance of \$21.0 million.

## Capital Asset and Debt Administration

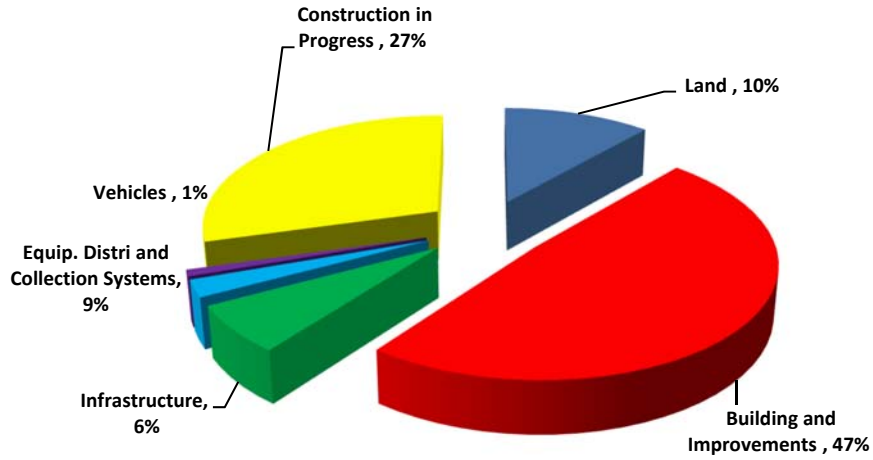
### Capital Assets

The City's investment in capital assets for its governmental and business-type activities, as of June 30, 2018, amounted to \$1.26 billion, 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 \$69.9 million.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Land	\$ 145,491	\$ 142,496	\$	\$	\$ 145,491	\$ 142,496
Buildings and improvements	617,829	633,983	38,724	43,239	656,553	677,222
Infrastructure	85,949	69,353			85,949	69,353
Equipment, distribution and collection systems	30,949	31,840	80,421	82,382	111,370	114,222
Vehicles	11,722	7,954	523	230	12,245	8,184
Construction in progress	371,676	308,055	6,240	863	377,916	308,918
<b>Total</b>	<b>\$ 1,263,616</b>	<b>\$ 1,193,681</b>	<b>\$ 125,908</b>	<b>\$ 126,714</b>	<b>\$ 1,389,524</b>	<b>\$ 1,320,395</b>

**City Bridgeport Capital Assets - Primary  
Government - June 30, 2018**



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

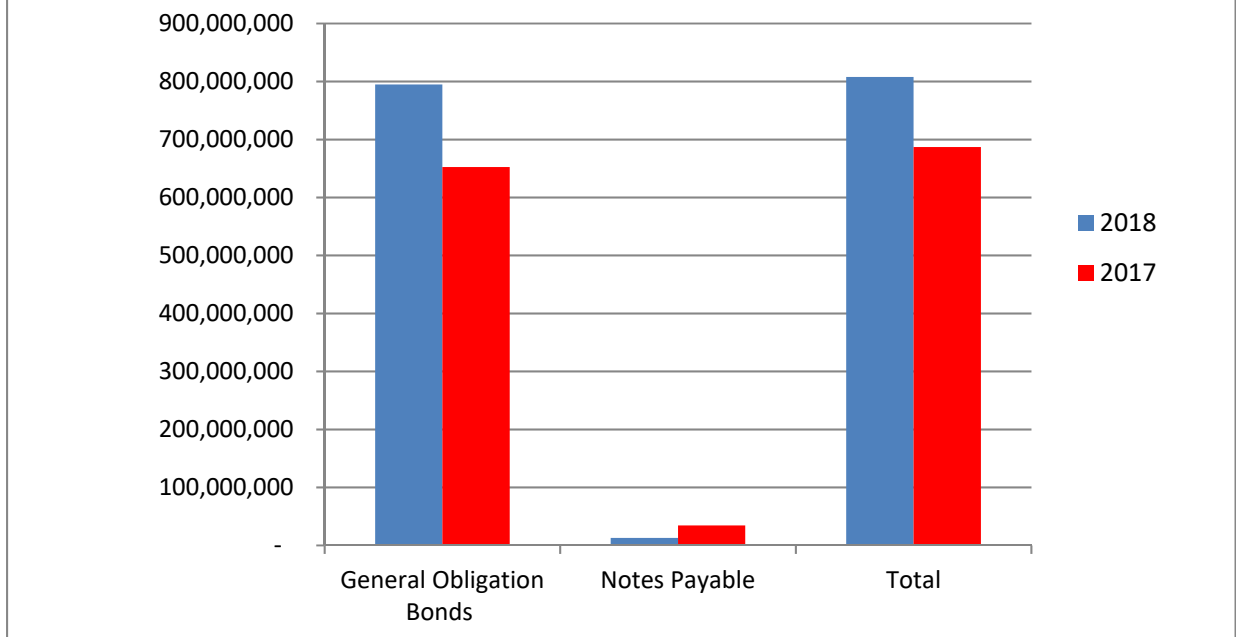
- ◆ Construction, improvements and renovations to school buildings and facilities.
- ◆ Continued rehabilitation of playgrounds and athletic fields.
- ◆ Infrastructure improvements including roads, bridges, and sanitary and sewer projects.
- ◆ Acquisition of parcels and remediation efforts for ongoing 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	
	2018	2017	2018	2017	2018	2017
General obligation bonds \$	763,760,607	\$ 648,585,506	\$ 4,434,391	\$ 3,854,495	\$ 768,194,998	\$ 652,440,001
Notes payable			30,271,403	34,331,925	30,271,403	34,331,925
<b>Totals</b>	<b>\$ 763,760,607</b>	<b>\$ 648,585,506</b>	<b>\$ 34,705,794</b>	<b>\$ 38,186,420</b>	<b>\$ 798,466,401</b>	<b>\$ 686,771,926</b>

## Outstanding Debt - General Obligation and Revenue Bonds FY2018 vs FY2017



### Long-term debt

At the end of the 2018 fiscal year, the City had total bonded debt outstanding of \$807.8 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 \$37.5 million of this long-term debt through ongoing user fee charges.

The City's total long-term debt increased by \$121.1 million during fiscal 2018 due to issuance of new capital improvement bonds and obligations bonds to repay outstanding MERS pension liabilities.

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 times the annual receipts from taxation or \$2.17 billion. As of June 30, 2018, the City recorded long-term debt of \$755.7 million related to Governmental Activities and \$37.5 million related to Business-Type Activities, well below its statutory debt limit.

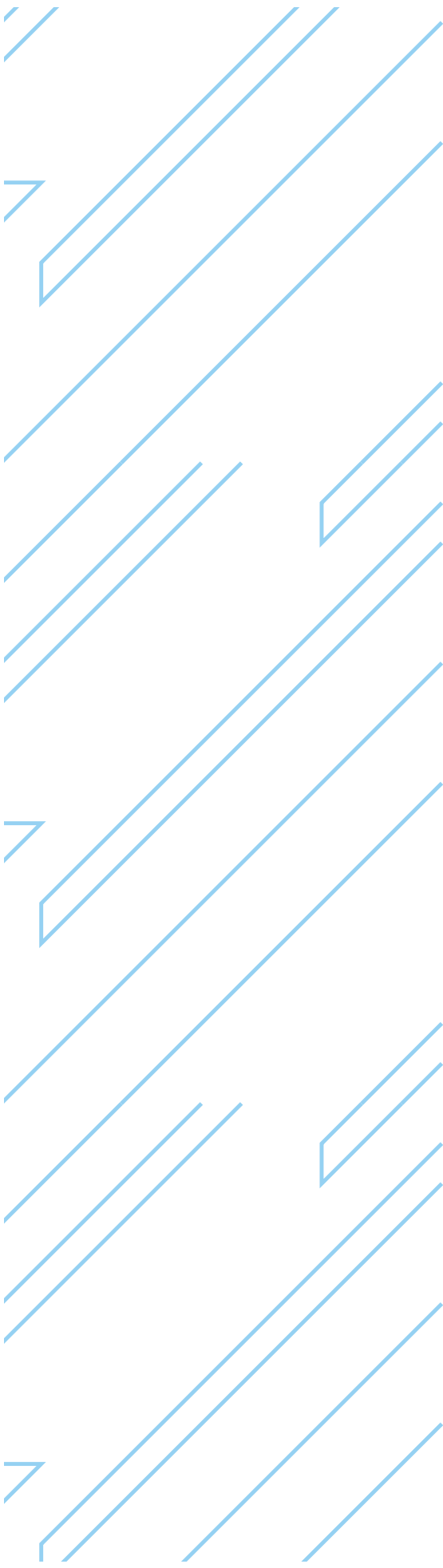
Additional information on the City of Bridgeport's long-term debt can be found in Note 8 of this report.

## **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, 2018, 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 4.6% 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](mailto:kenneth.flatto@bridgeportct.gov).



## **Basic Financial Statements**

**CITY OF BRIDGEPORT, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 157,471,615	\$ 7,253,913	\$ 164,725,528
Restricted cash and cash equivalents	21,787,869		21,787,869
Investments	1,469,989		1,469,989
Receivables, net of allowances for collection losses:			
Property taxes	34,832,890		34,832,890
Sewer user fees and liens		7,872,676	7,872,676
Federal and state governments	58,433,687	352,044	58,785,731
Other	2,309,364	1,472,494	3,781,858
Internal balances	305,992	(305,992)	-
Prepaid and other assets	2,461,540	170,000	2,631,540
Total current assets	<u>279,072,946</u>	<u>16,815,135</u>	<u>295,888,081</u>
<b>Noncurrent:</b>			
Net pension asset	1,049,034		1,049,034
Capital assets not being depreciated	517,166,290	6,240,267	523,406,557
Capital assets being depreciated, net of depreciation	746,449,570	119,667,460	866,117,030
Total noncurrent assets	<u>1,264,664,894</u>	<u>125,907,727</u>	<u>1,390,572,621</u>
Total assets	<u>1,543,737,840</u>	<u>142,722,862</u>	<u>1,686,460,702</u>
<b>Deferred Outflows of Resources:</b>			
Deferred charge on refunding	12,370,485		12,370,485
Deferred outflows related to PERS	2,602,050		2,602,050
Deferred outflows related to MERS	47,034,918		47,034,918
Total deferred outflows of resources	<u>62,007,453</u>	<u>-</u>	<u>62,007,453</u>
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued expenses	67,883,640	3,462,533	71,346,173
Due to fiduciary funds	4,227,304		4,227,304
Unearned revenue	4,378,868		4,378,868
Notes payable	13,000,000	2,818,256	15,818,256
Accrued interest payable	17,180,918		17,180,918
Current maturities of long-term obligations	59,099,211	4,076,504	63,175,715
Total current liabilities	<u>165,769,941</u>	<u>10,357,293</u>	<u>176,127,234</u>
<b>Noncurrent liabilities:</b>			
Due in more than one year	2,070,606,445	34,024,412	2,104,630,857
Total liabilities	<u>2,236,376,386</u>	<u>44,381,705</u>	<u>2,280,758,091</u>
<b>Deferred Inflows of Resources:</b>			
Deferred inflows related to PERS	1,747,251		1,747,251
Deferred inflows related to MERS	6,883,323		6,883,323
Deferred inflows related to OPEB	34,327,327	8,407	34,335,734
Total deferred inflows of resources	<u>42,957,901</u>	<u>8,407</u>	<u>42,966,308</u>
<b>Net Position:</b>			
Net investment in capital assets	903,774,582	88,269,353	992,043,935
Restricted for:			
Self-insured claims	2,461,540		2,461,540
Future debt payments	21,787,869		21,787,869
Unrestricted	<u>(1,601,612,985)</u>	<u>10,063,397</u>	<u>(1,591,549,588)</u>
Total Net Position	<u>\$ (673,588,994)</u>	<u>\$ 98,332,750</u>	<u>\$ (575,256,244)</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, 2018**

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	\$ (41,504,991)	\$ 7,377,287	\$ 119,780	\$	\$ (34,007,924)	\$	\$ (34,007,924)
Public safety	(154,714,714)	6,125,456	115,052		(148,474,206)		(148,474,206)
Public facilities, parks and recreation	(47,664,397)	3,675,542	6,344,113	4,105,414	(33,539,328)		(33,539,328)
Planning and economic development	(4,186,575)	3,411,604	3,627,369		2,852,398		2,852,398
Health and social services	(6,155,545)	1,325,099	1,270,964		(3,559,482)		(3,559,482)
Education	(407,535,202)	542,899	317,766,584	59,559,689	(29,666,030)		(29,666,030)
Special services	(7,413,753)	29,115	6,205,626	10,437	(1,168,575)		(1,168,575)
Interest on long-term debt	(35,712,209)		194,167		(35,518,042)		(35,518,042)
Total governmental activities	(704,887,386)	22,487,002	335,643,655	63,675,540	(283,081,189)	-	(283,081,189)
Business-type activities:							
Water Pollution Control Authority	(39,687,374)	36,164,732		2,716,685		(805,957)	(805,957)
Total	\$ (744,574,760)	\$ 58,651,734	\$ 335,643,655	\$ 66,392,225	(283,081,189)	(805,957)	(283,887,146)
General revenues:							
Property taxes					314,781,907		314,781,907
Grants and contributions not restricted to specific programs					29,725,039		29,725,039
Unrestricted investment earnings					1,387,642	18,555	1,406,197
Miscellaneous					236,045		236,045
Total general revenues					346,130,633	18,555	346,149,188
Special item - Reduction of MERS liability for prior service costs					156,676,272		156,676,272
Change in Net Position					219,725,716	(787,402)	218,938,314
Net Position at Beginning of Year, as Restated					(893,314,710)	99,120,152	(794,194,558)
Net Position at End of Year					\$ (673,588,994)	\$ 98,332,750	\$ (575,256,244)

The accompanying notes are an integral part of the financial statements



**CITY OF BRIDGEPORT, CONNECTICUT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	<u>General Fund</u>	<u>Education Grants</u>	<u>Capital Bond Issue</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 52,629,762	\$ 1,187,288	\$ 94,180,738	\$ 8,997,943	\$ 156,995,731
Restricted cash			21,787,869		21,787,869
Investments				1,469,989	1,469,989
Receivables, net:					
Property taxes	34,832,890				34,832,890
Intergovernmental	24,530,292	4,025,904	22,933,524	6,943,967	58,433,687
Other	1,715,163		16,679	577,522	2,309,364
Due from other funds	8,667,330	260,400	4,222,443	2,614,806	15,764,979
Total Assets	<u>\$ 122,375,437</u>	<u>\$ 5,473,592</u>	<u>\$ 143,141,253</u>	<u>\$ 20,604,227</u>	<u>\$ 291,594,509</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 26,092,232	\$ 2,113,882	\$ 17,621,126	\$ 1,295,863	\$ 47,123,103
Accrued payroll liabilities	19,231,684	464,594		45,793	19,742,071
Due to other funds	6,324,322	2,076,718	49,390	11,166,848	19,617,278
Unearned revenues	2,456,178	818,398		1,104,292	4,378,868
Notes payable	13,000,000				13,000,000
Total liabilities	<u>67,104,416</u>	<u>5,473,592</u>	<u>17,670,516</u>	<u>13,612,796</u>	<u>103,861,320</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	34,256,588				34,256,588
Total deferred inflows of resources	<u>34,256,588</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,256,588</u>
Fund Balances:					
Restricted			21,787,869	3,403,780	25,191,649
Committed			103,682,868	3,587,651	107,270,519
Unassigned	21,014,433				21,014,433
Total fund balances	<u>21,014,433</u>	<u>-</u>	<u>125,470,737</u>	<u>6,991,431</u>	<u>153,476,601</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 122,375,437</u>	<u>\$ 5,473,592</u>	<u>\$ 143,141,253</u>	<u>\$ 20,604,227</u>	<u>\$ 291,594,509</u>

The accompanying notes are an integral part of the financial statements

**CITY OF BRIDGEPORT, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2018**

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

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

Fund balances - total governmental funds		\$	153,476,601
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:			
Governmental capital assets	\$	1,721,228,242	
Less accumulated depreciation		<u>(457,612,382)</u>	
Net capital assets			1,263,615,860
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			12,325,371
Interest receivable on property taxes			21,931,217
Deferred outflows related to PERS			2,602,050
Deferred outflows related to MERS			47,034,918
Net pension assets - PERS			1,049,034
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.			
			(62,531,043)
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			(763,760,607)
Bond issuance premiums			(44,049,024)
Deferred amounts for refunding			12,370,485
Compensated absences			(25,111,694)
Net OPEB liability			(938,698,280)
Net pension liability - PERS			(256,120,852)
Net pension liability - MERS			(37,584,211)
Interest payable on bonds and notes			(17,180,918)
Deferred inflows related to PERS			(1,747,251)
Deferred inflows related to MERS			(6,883,323)
Deferred inflows related to OPEB			<u>(34,327,327)</u>
Net Position of Governmental Activities (Exhibit I)		\$	<u>(673,588,994)</u>

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, 2018**

	<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	\$ 311,378,677	\$	\$	\$	\$ 311,378,677
Intergovernmental	272,473,344	79,258,198	68,464,917	9,602,395	429,798,854
Fees, permits and licenses	18,136,529				18,136,529
Interest	526,679		816,548	44,415	1,387,642
Other	5,214,991			1,169,916	6,384,907
Total revenues	<u>607,730,220</u>	<u>79,258,198</u>	<u>69,281,465</u>	<u>10,816,726</u>	<u>767,086,609</u>
Expenditures:					
Current:					
General government	42,081,924			586,485	42,668,409
Public safety	139,352,315				139,352,315
Public facilities	38,983,342				38,983,342
Planning and economic development	3,918,969				3,918,969
Health and social services	4,747,608			1,022,044	5,769,652
Libraries	5,477,336			1,174,553	6,651,889
Education	302,605,027	78,954,543		2,405	381,561,975
Special services	917,362			9,232,521	10,149,883
Debt service:					
Principal retirements	37,205,672				37,205,672
Interest and other charges	32,687,821		6,911,212		39,599,033
Capital outlay			97,226,365		97,226,365
Payment to MERS for prior service costs	98,582,467				98,582,467
Total expenditures	<u>706,559,843</u>	<u>78,954,543</u>	<u>104,137,577</u>	<u>12,018,008</u>	<u>901,669,971</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(98,829,623)</u>	<u>303,655</u>	<u>(34,856,112)</u>	<u>(1,201,282)</u>	<u>(134,583,362)</u>
Other Financing Sources (Uses):					
Transfers in	394,391	300,000	2,020,534	4,426	2,719,351
Transfers out	(304,426)		(378,087)	(2,036,838)	(2,719,351)
Bonds issued	99,500,000		33,980,773		133,480,773
Bond refunding issue	79,975,000		17,410,000		97,385,000
Premium on bonds issued	6,941,186		6,659,466		13,600,652
Payment to escrow agent	(85,928,224)				(85,928,224)
Total other financing sources (uses)	<u>100,577,927</u>	<u>300,000</u>	<u>59,692,686</u>	<u>(2,032,412)</u>	<u>158,538,201</u>
Net Change in Fund Balances	1,748,304	603,655	24,836,574	(3,233,694)	23,954,839
Fund Balances at Beginning of Year	19,266,129	(603,655)	100,634,163	10,225,125	129,521,762
Fund Balances at End of Year	<u>\$ 21,014,433</u>	<u>\$ -</u>	<u>\$ 125,470,737</u>	<u>\$ 6,991,431</u>	<u>\$ 153,476,601</u>

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 (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 23,954,839
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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	100,905,787
Depreciation expense	(30,970,925)

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	(18,936)
Property tax interest and lien revenue - accrual basis change	3,179,076
School building grant receipts	(2,309,919)
Net pension asset	1,049,034
Deferred outflows related to PERS	(4,843,351)
Deferred outflows related to MERS	(32,830,197)

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	(133,480,773)
Refunding bonds issued	(97,385,000)
Bond and note principal payments	115,690,672
Premiums on bonds issued	(13,600,652)

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	7,644,943
Change in deferred amounts on refunding	5,717,565
Compensated absences	878,979
Net OPEB liability	7,691,918
MERS prior service costs	255,258,739
Net pension liability - PERS	27,871,466
Net pension liability - MERS	24,575,881
Accrued interest	(2,032,460)
Deferred inflows related to PERS	(1,726,522)
Deferred inflows related to MERS	(4,673,507)
Deferred inflows related to OPEB	(34,327,327)

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.

3,506,386
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 219,725,716</u>
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The accompanying notes are an integral part of the financial statements

**CITY OF BRIDGEPORT, CONNECTICUT**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2018**

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Enterprise Fund</b>	<b>Internal Service Fund</b>
<b>Assets:</b>		
Current:		
Cash and cash equivalents	\$ 7,253,913	\$ 475,884
Receivables, net:		
Unbilled usage charges	7,872,676	
Intergovernmental	352,044	
Other receivables	1,472,494	
Due from other funds		756,866
Prepaid asset	170,000	2,461,540
Total current assets	<u>17,121,127</u>	<u>3,694,290</u>
Noncurrent:		
Capital assets not being depreciated	6,240,267	
Capital assets being depreciated, net of accumulated depreciation	119,667,460	
Total noncurrent assets	<u>125,907,727</u>	<u>-</u>
Total assets	<u>143,028,854</u>	<u>3,694,290</u>
<b>Liabilities:</b>		
Current:		
Current portion of bonds payable, bond premiums and notes payable	4,076,504	
Accounts payable and accrued expenses	2,994,127	1,018,466
Accrued interest payable	94,614	
Construction contracts payable	373,792	
Note payable	2,818,256	
Due to other funds	305,992	825,879
Claims payable - current portion		16,135,549
Total current liabilities	<u>10,663,285</u>	<u>17,979,894</u>
Noncurrent:		
Claims payable - noncurrent portion		48,245,439
Bonds payable, bond premiums and notes payable less current portion	30,743,614	
Net OPEB liability	3,280,798	
Total noncurrent liabilities	<u>34,024,412</u>	<u>48,245,439</u>
Total liabilities	<u>44,687,697</u>	<u>66,225,333</u>
<b>Deferred Inflows of Resources:</b>		
Deferred inflows related to OPEB	<u>8,407</u>	
<b>Net Position:</b>		
Net invested in capital assets	88,269,353	
Restricted for self-insured claims		2,461,540
Unrestricted	<u>10,063,397</u>	<u>(64,992,583)</u>
<b>Total Net Position</b>	<u>\$ 98,332,750</u>	<u>\$ (62,531,043)</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, 2018**

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Enterprise Fund</b>	<b>Internal Service Fund</b>
Operating Revenues:		
Sewer user fees	\$ 35,187,941	\$
Miscellaneous income	976,791	
Charges for services		118,102,165
Total operating revenues	<u>36,164,732</u>	<u>118,102,165</u>
Operating Expenses:		
Operation and maintenance	30,581,951	
Depreciation	8,312,002	
Claims		114,595,779
Total operating expenses	<u>38,893,953</u>	<u>114,595,779</u>
Operating Income (Expense)	<u>(2,729,221)</u>	<u>3,506,386</u>
Nonoperating Revenue (Expense):		
Interest income	18,555	
Interest expense	<u>(793,421)</u>	
Total nonoperating expense	<u>(774,866)</u>	<u>-</u>
Income (Loss) Before Capital Contributions	(3,504,087)	3,506,386
Capital Contributions	<u>2,716,685</u>	<u>-</u>
Change in Net Position	(787,402)	3,506,386
Net Position at Beginning of Year, as Restated	<u>99,120,152</u>	<u>(66,037,429)</u>
Net Position at End of Year	<u>\$ 98,332,750</u>	<u>\$ (62,531,043)</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, 2018**

	<b>Business-Type Activities Enterprise Fund</b>	<b>Governmental Activities Internal Service Fund</b>
<b>Cash Flows from Operating Activities:</b>		
Receipts from customers and users	\$ 37,256,508	\$
Payments to suppliers	(30,025,893)	
Payments to employees	(874,085)	
Cash received for interfund services used	(160,797)	(3,658,689)
Cash received from charges for services		119,038,633
Cash paid to vendors and beneficiaries		(115,369,475)
Net cash provided by (used in) operating activities	<u>6,195,733</u>	<u>10,469</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Principal payments on debt	(4,284,853)	
Interest paid on debt	(765,590)	
Proceeds from bonds issued	804,227	
Proceeds from notes payable	2,484,937	
Proceeds received on capital grants	2,716,685	
Purchase of capital assets	(7,152,935)	
Net cash provided by (used in) capital and related financing activities	<u>(6,197,529)</u>	<u>-</u>
<b>Cash Flows from Investing Activities:</b>		
Interest received on investments	<u>18,555</u>	
Net increase (decrease) in cash and cash equivalents	16,759	10,469
Cash and Cash Equivalents at Beginning of Year	<u>7,237,154</u>	<u>465,415</u>
Cash and Cash Equivalents at End of Year	<u>\$ 7,253,913</u>	<u>\$ 475,884</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>		
Operating income (loss)	\$ (2,729,221)	\$ 3,506,386
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	8,312,002	
(Increase) decrease in accounts receivable and unbilled usage charges	914,639	
(Increase) decrease in other receivables	177,137	936,468
(Increase) decrease in prepaids	10,000	
(Increase) decrease in due to (from) other funds	(160,797)	(3,658,689)
Increase (decrease) in accounts payable and accrued expenses	(227,069)	(36,160)
Increase (decrease) in claims payable		(737,536)
Increase (decrease) in deferred inflows of resources	8,407	
Increase (decrease) in net OPEB liability	<u>(109,365)</u>	
Net Cash Provided by (Used in) Operating Activities	<u>\$ 6,195,733</u>	<u>\$ 10,469</u>

The accompanying notes are an integral part of the financial statements

**CITY OF BRIDGEPORT, CONNECTICUT**  
**STATEMENT OF NET POSITION - FIDUCIARY FUNDS**  
**JUNE 30, 2018**

	<b>Pension and Other Post Employment Benefits Trust Funds</b>	<b>Agency Fund</b>
	<u>                    </u>	<u>                    </u>
Assets:		
Cash and cash equivalents	\$ 20,951,074	\$ 553,761
Investments:		
U.S. government agencies	715,076	
U.S. government securities	6,589,040	
Corporate bonds	8,593,041	
Common stocks	84,322,187	
Mutual funds	36,830,560	
Alternative investments	1,831,327	
Total investments	<u>138,881,231</u>	<u>-</u>
Due from other funds	<u>4,227,304</u>	
Contributions receivable	<u>72,418</u>	
Total assets	<u>164,132,027</u>	<u>\$ 553,761</u>
Liabilities:		
Other liabilities	39,514	
Due to student groups	<u>                    </u>	<u>\$ 553,761</u>
Total liabilities	<u>39,514</u>	<u>\$ 553,761</u>
Net Position Restricted for Pensions	<u>\$ 164,092,513</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, 2018**

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	<b>Pension and Other Post Employment Benefits Trust Funds</b>
Additions:	
Contributions:	
Employer	\$ 45,453,381
Annuity proceeds	916,465
Total contributions	<u>46,369,846</u>
Investment income:	
Net change in fair value of investments	12,142,264
Interest and dividends	2,396,484
	<u>14,538,748</u>
Less investment expenses:	
Investment management fees	<u>800,614</u>
Net investment income	<u>13,738,134</u>
Total additions	<u>60,107,980</u>
Deductions:	
Benefits	<u>64,887,676</u>
Change in Net Position	(4,779,696)
Net Position at Beginning of Year	<u>168,872,209</u>
Net Position at End of Year	<u>\$ <u>164,092,513</u></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, 2018**

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For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, except for debt service expenditures and expenditures related to compensated absences, which are recorded only when payment is due (matured).

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

The City reports the following major governmental funds.

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

The Education Grants Fund accounts for U.S. Department of Education grants as well as State and 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 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.

The Pension and Other Post Employment Trust Funds account for the activities of the City's four defined benefit pension plans and the Other Post Employment Benefit (OPEB) Trust Fund, which accumulate resources for pension and health benefit payments to qualified employees.

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

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

**D. Cash and Cash Equivalents**

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

**E. 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 estimated acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the WPCA during the current fiscal year was \$793,421. Of this amount, \$28,215 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 and OPEB in the government-wide statement of net position and deferred inflows related to OPEB in the statement of net position for the enterprise fund. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB 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. 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 (Asset)**

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 (asset) 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 Liability**

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

**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 December 27, 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.



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

For financial statement comparisons, budgetary results have been reconciled to GAAP. The differences between the budgetary and GAAP basis of accounting are as follows:

- State of Connecticut payments on behalf of City of Bridgeport teachers for the State Teachers’ Retirement System and OPEB Plan are reported for GAAP purposes only.
- The Board of Education does not budget for the excess cost, magnet schools and vocational agriculture grants payments. For budgetary reporting those payments are recorded against expenditures. For GAAP reporting those payments are recorded as revenues and expenditures.

Budgeted amounts are as originally adopted or as amended by the City Council. During the year ended June 30, 2018, there was \$25,710,035 of supplemental budget amendments were made to the adopted fiscal year 2018 General Fund budget.

During the year ended June 30, 2018, 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	\$ 860,438	\$ 918,426	\$ 57,988
City attorney	5,679,140	6,004,876	325,736
Airport	1,314,057	1,326,269	12,212
Roadway	4,526,464	5,195,424	668,960
Sanitation	5,681,677	5,984,694	303,017
Parks administration	306,103	310,845	4,742
Parks	2,480,931	2,614,980	134,049
Health and social services	363,917	454,051	90,134
Vital statistics	403,533	409,463	5,930
Lead preventions program	168,537	181,965	13,428
Persons with disabilities	82,293	90,429	8,136

**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.

**CITY OF BRIDGEPORT, CONNECTICUT  
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**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.

**Deficit Fund Equity**

For the year ending June 30, 2018, the City reported a negative net position for the Internal Service Fund of \$62,531,043. The City anticipates eliminating the deficit through future revenues.

**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.

**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.

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Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$116,942,549 of the City’s bank balance of \$119,103,412 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 105,048,294
Uninsured and collateral held by the pledging bank’s trust department, not in the City’s name	<u>11,894,255</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 116,942,549</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, 2018 the City’s cash equivalents amounted to \$91,534,910. The following table provides a summary of the City’s cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

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

\* Not rated

**CITY OF BRIDGEPORT, CONNECTICUT  
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**B. Investments**

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

\* 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, 2018:

Investments:	
Special Revenue Fund:	
U.S. Government Securities	\$ <u>1,469,989</u> *
Pension Trust Funds:	
U.S. Government Agencies	715,076 *
U.S. Government Securities	6,589,040 *
Corporate Bonds	8,593,041 *
Common Stocks	84,322,187 *
Mutual Funds	36,830,560
Alternative Investments	<u>1,831,327</u> *
Total Pension Trust Funds	<u>138,881,231</u>
 Total Investments	 \$ <u><u>140,351,220</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	\$ 164,725,528
Restricted cash and cash equivalents	21,787,869
Investments	<u>1,469,989</u>
	<u>187,983,386</u>
Fiduciary funds:	
Cash and cash equivalents	21,504,835
Investments	<u>138,881,231</u>
	<u>160,386,066</u>
 Total Cash, Cash Equivalents and Investments	 \$ <u><u>348,369,452</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	\$ 8,059,029	\$ 359,021	\$ 6,963,532	\$ 736,476
U.S. Government Agencies	715,076	114,638	269,659	330,779
Corporate Bonds	<u>8,593,041</u>	<u>924,708</u>	<u>5,553,043</u>	<u>2,115,290</u>
Total	<u>\$ 17,367,146</u>	<u>\$ 1,398,367</u>	<u>\$ 12,786,234</u>	<u>\$ 3,182,545</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. As indicated above, the City investment policies conform to the policies set forth by the State of Connecticut. The City has no investment policy that would further limit investment choices as a means of managing its exposure to fair value losses arising from increasing interest rates, however exposure is limited when compared to total assets. 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	\$ 74,081	\$ 8,059,029	\$ 715,076
Aa1	226,107		
Aa2	333,950		
Aa3	393,067		
A1	968,559		
A2	1,439,124		
A3	1,849,080		
Baa1	1,370,544		
Baa2	1,086,705		
Baa3	417,666		
Caa2	12,170		
Caa3	147,790		
Ca	118,475		
C	12,421		
Unrated	<u>143,302</u>		
	<u>\$ 8,593,041</u>	<u>\$ 8,059,029</u>	<u>\$ 715,076</u>

**CITY OF BRIDGEPORT, CONNECTICUT  
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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, 2018:

	<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	\$ 8,059,029	\$ 8,059,029	\$	\$
U.S. Government Agencies	715,076	715,076		
Corporate Bonds	8,593,041	8,593,041		
Common Stock	84,322,187	84,322,187		
Mutual Funds	<u>36,830,560</u>	<u>36,830,560</u>		
 Total investments by fair value level	 138,519,893	 \$ <u>138,519,893</u>	 \$ <u>-</u>	 \$ <u>-</u>
Investments measured at the net asset value (NAV)				
Other - Alternative Investments	<u>1,831,327</u>			
 Total Investments Measured at Fair Value	 \$ <u>140,351,220</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	\$ <u>1,831,327</u>	\$ -	Quarterly	30-60 days
 Total Investments Measured at NAV	 \$ <u>1,831,327</u>			

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

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

Receivables at June 30, 2018 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	\$ 30,881,545	\$	\$	\$	\$	\$ 30,881,545
Interest on property taxes	21,931,217					21,931,217
Contributions					72,418	72,418
Sewer user fees				12,833,456		12,833,456
Intergovernmental	24,530,292	4,025,904	22,933,524	352,044	6,943,967	58,785,731
Other	1,715,163		16,679	1,472,494	577,522	3,781,858
Gross receivables	<u>79,058,217</u>	<u>4,025,904</u>	<u>22,950,203</u>	<u>14,657,994</u>	<u>7,593,907</u>	<u>128,286,225</u>
Less allowance for uncollectable amounts	<u>17,979,872</u>			<u>4,960,780</u>		<u>22,940,652</u>
Net Receivables	<u>\$ 61,078,345</u>	<u>\$ 4,025,904</u>	<u>\$ 22,950,203</u>	<u>\$ 9,697,214</u>	<u>\$ 7,593,907</u>	<u>\$ 105,345,573</u>



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

As of June 30, 2018, amounts due from and to other funds were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 8,667,330	\$ 6,324,322
Education Grants	<u>260,400</u>	<u>2,076,718</u>
Capital Bond Issue Fund	<u>4,222,443</u>	<u>49,390</u>
Special Revenue Funds:		
Health and sanitation	687,440	
Public safety		4,641,675
Facility and miscellaneous	202,315	2,714,423
Social services	485,411	202,315
Community Development Block Grant	48,401	
Housing Opportunities AIDS		1,192,417
HOME Program		742,023
Section 108 Loan Guarantee		722,158
Development administration state grant	4,130	1,158,282
Library	3,647	
Library operations	1,072,377	
Miscellaneous grants	49,391	
General government	267,371	
Education Scholarships	768	
Total special revenue funds	<u>2,821,251</u>	<u>11,373,293</u>
Enterprise Funds:		
WPCA		<u>305,992</u>
Pension Trust Funds:		
Public Safety Plan A	<u>4,227,304</u>	
Internal Service Fund:		
City health insurance	<u>756,866</u>	<u>825,879</u>
Nonmajor Governmental Fund elimination	<u>(206,445)</u>	<u>(206,445)</u>
Total	<u>\$ 20,749,149</u>	<u>\$ 20,749,149</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.

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

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Capital Bond Issue	\$ 378,087
General Fund	Nonmajor Governmental Funds	16,304
Education Grants	General Fund	300,000
Capital Bond Issue	Nonmajor Governmental Funds	2,020,534
Nonmajor Governmental Funds	General Fund	<u>4,426</u>
	Total	<u>\$ 2,719,351</u>

**CITY OF BRIDGEPORT, CONNECTICUT  
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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, 2018, the City executed a bulk sale of property tax liens and collected proceeds of \$8,442,572. 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.

**7. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2018 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	\$ 142,495,968	\$ 2,994,745	\$	\$ 145,490,713
Construction in progress	308,054,243	92,778,989	(29,157,655)	371,675,577
Total capital assets not being depreciated	<u>450,550,211</u>	<u>95,773,734</u>	<u>(29,157,655)</u>	<u>517,166,290</u>
Capital assets being depreciated:				
Buildings and improvements	867,917,662	1,590,125		869,507,787
Machinery and equipment	73,583,070	4,028,657		77,611,727
Infrastructure	180,351,403	22,582,076		202,933,479
Vehicles	49,246,153	6,088,850	(1,326,044)	54,008,959
Total capital assets being depreciated	<u>1,171,098,288</u>	<u>34,289,708</u>	<u>(1,326,044)</u>	<u>1,204,061,952</u>
Less accumulated depreciation for:				
Buildings and improvements	233,934,245	17,744,952		251,679,197
Machinery and equipment	41,742,862	4,918,630		46,661,492
Infrastructure	110,998,316	5,986,329		116,984,645
Vehicles	41,292,078	2,321,014	(1,326,044)	42,287,048
Total accumulated depreciation	<u>427,967,501</u>	<u>30,970,925</u>	<u>(1,326,044)</u>	<u>457,612,382</u>
Total capital assets being depreciated, net	<u>743,130,787</u>	<u>3,318,783</u>	<u>-</u>	<u>746,449,570</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,193,680,998</u>	<u>\$ 99,092,517</u>	<u>\$ (29,157,655)</u>	<u>\$ 1,263,615,860</u>

**CITY OF BRIDGEPORT, CONNECTICUT  
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	<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	\$ 862,628	\$ 5,377,639	\$ -	\$ 6,240,267
Capital assets being depreciated:				
Buildings and improvements	119,161,209	261,304	-	119,422,513
Machinery and equipment	14,226,568	413,174	-	14,639,742
Distribution and collection systems	104,531,127	1,048,401	-	105,579,528
Vehicles	2,779,779	405,071	-	3,184,850
Total capital assets being depreciated	<u>240,698,683</u>	<u>2,127,950</u>	<u>-</u>	<u>242,826,633</u>
Less accumulated depreciation for:				
Buildings and improvements	75,921,717	4,777,591	-	80,699,308
Machinery and equipment	10,957,201	1,046,606	-	12,003,807
Distribution and collection systems	25,418,358	2,375,768	-	27,794,126
Vehicles	2,549,895	112,037	-	2,661,932
Total accumulated depreciation	<u>114,847,171</u>	<u>8,312,002</u>	<u>-</u>	<u>123,159,173</u>
Total capital assets being depreciated, net	<u>125,851,512</u>	<u>(6,184,052)</u>	<u>-</u>	<u>119,667,460</u>
Business-Type Activities Capital Assets, Net	<u>\$ 126,714,140</u>	<u>\$ (806,413)</u>	<u>\$ -</u>	<u>\$ 125,907,727</u>

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

Governmental Activities:	
General government	\$ 4,604,616
Public safety	2,721,313
Public facilities, parks and recreation	8,196,313
Health and social services	3,707
Libraries	276,378
Education	<u>15,168,598</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 30,970,925</u>
Business-Type Activities:	
WPCA	<u>\$ 8,312,002</u>

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
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**8. LONG-TERM DEBT**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2018 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	\$ 648,585,506	\$ 230,865,773	\$ 115,690,672	\$ 763,760,607	\$ 32,650,000
Premium	38,093,315	13,600,652	7,644,943	44,049,024	4,035,738
Total bonds and notes payable	<u>686,678,821</u>	<u>244,466,425</u>	<u>123,335,615</u>	<u>807,809,631</u>	<u>36,685,738</u>
Claims and judgments	65,118,524	114,760,694	115,498,230	64,380,988	16,135,549
Compensated absences	25,990,673	5,618,689	6,497,668	25,111,694	6,277,924
Net OPEB liability *	946,390,198	*	7,691,918	938,698,280	
MERS prior service costs	255,258,739		255,258,739	-	
Net pension liability - MERS	62,160,092		24,575,881	37,584,211	
Net pension liability - PERS	<u>283,992,318</u>		<u>27,871,466</u>	<u>256,120,852</u>	
Governmental Activity Long-Term Liabilities	<u>\$ 2,325,589,365</u>	<u>\$ 364,845,808</u>	<u>\$ 560,729,517</u>	<u>\$ 2,129,705,656</u>	<u>\$ 59,099,211</u>
Business-type activities:					
Bonds and notes payable:					
General obligation bonds	\$ 3,854,495	\$ 804,227	\$ 224,331	\$ 4,434,391	\$ 170,812
Bond premiums	104,539	16,779	6,994	114,324	
Notes payable	34,331,925		4,060,522	30,271,403	3,905,692
Net OPEB liability *	<u>3,390,163</u>	*	<u>109,365</u>	<u>3,280,798</u>	
Business-Type Activity Long-Term Liabilities	<u>\$ 41,681,122</u>	<u>\$ 821,006</u>	<u>\$ 4,401,212</u>	<u>\$ 38,100,916</u>	<u>\$ 4,076,504</u>

\* The beginning Net OPEB liability has been restated. See Note 16 for details.

Governmental activities liabilities for bonds, claims and judgements, compensated absences, net OPEB liability and net pension liability are generally liquidated by the General Fund.

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**Notes Payable**

Notes payable as of June 30, 2018 includes the following:

Business-Type Activities:

Clean Water Program, due in varying installments, plus interest at 2% through 2039	\$ <u>30,271,403</u>
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**General Obligation Bonds**

As of June 30, 2018, the City had the following general obligation bonds outstanding:

Governmental Activities:

Pension, 2.5% to 7.6%	\$ 331,915,000
General Purpose, 2.5% to 6.6%	291,714,302
School, 4.0% to 6.8%	<u>140,131,305</u>
	\$ <u>763,760,607</u>

Business-Type Activities:

General Purpose, 1.68% to 6.388%	\$ <u>4,434,391</u>
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**CITY OF BRIDGEPORT, CONNECTICUT  
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A schedule of bonds at June 30, 2018 is presented below:

<u>Date</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Original Issue</u>	<u>Outstanding at June 30, 2018</u>	<u>Fiscal Year Maturity</u>
08/29/00	Pension	6.92 - 7.64%	\$ 350,000,000	\$ 232,415,000	2030
08/12/04	General Purpose	3.0 - 5.50%	48,035,600	8,995,400	2022
08/12/04	Schools	3.0 - 5.50%	10,544,400	1,974,600	2022
12/15/09	General Purpose	3.98 - 6.571%	13,614,785	11,163,797	2029
12/15/09	Schools	3.98 - 6.571%	15,520,215	12,726,203	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	13,530,000	2030
07/22/10	General Purpose-Refunding	2.50 - 3.0%	6,324,318	1,130,922	2019
07/22/10	Schools-Refunding	2.50 - 3.0%	3,685,682	659,078	2019
06/14/12	General Purpose	3.0 - 5.0%	55,940,355	24,009,140	2032
06/14/12	Schools	3.0 - 5.0%	11,989,645	5,145,858	2032
07/12/12	General Purpose-Refunding	2.0 - 5.0%	41,971,000	17,126,600	2022
07/12/12	Schools-Refunding	2.0 - 5.0%	13,254,000	5,408,400	2022
07/11/13	General Purpose-Refunding	5.0%	8,235,327	1,002,762	2019
07/11/13	Schools-Refunding	5.0%	6,054,673	737,238	2019
08/28/14	General Purpose	3.525%	43,077,260	32,738,200	2034
08/28/14	Schools	3.525%	23,502,740	17,861,800	2034
11/18/14	General Purpose-Refunding	4.0-4.5%	11,027,900	9,606,700	2026
11/18/14	Schools-Refunding	4.0-4.5%	21,407,100	18,648,300	2026
03/04/16	General Purpose	2.125 - 5.0%	13,917,000	9,549,000	2036
03/04/16	Schools	2.125 - 5.0%	9,278,000	6,366,000	2036
03/04/16	General Purpose-Refunding	4.0 - 5.0%	21,503,160	21,106,260	2026
03/04/16	Schools-Refunding	4.0 - 5.0%	15,096,840	14,788,740	2026
03/04/16	General Purpose-Refunding	4.0 - 5.0%	18,086,880	13,786,640	2025
03/04/16	Schools-Refunding	4.0 - 5.0%	4,983,120	3,798,360	2025
10/26/16	General Purpose	4.0 - 5.0%	46,008,000	40,392,000	2047
10/26/16	Schools	4.0 - 5.0%	11,502,000	10,098,000	2047
10/26/16	General Purpose - Taxable	1.82 - 3.08%	4,260,000	3,615,000	2027
11/14/17	General Purpose	5.00%	23,653,800	20,740,000	2038
11/14/17	Schools	5.00%	11,131,200	9,760,000	2038
11/14/17	General Purpose-Refunding	5.00%	31,359,438	30,170,634	2030
11/14/17	Schools-Refunding	5.00%	10,055,562	9,674,366	2030
11/14/17	General Purpose-Crossover	5.00%	8,182,700	8,182,700	2029
11/14/17	Schools-Crossover	5.00%	9,227,300	9,227,300	2029
01/14/18	Pension (MERS)	2.84 - 4.32%	99,500,000	99,500,000	2046
06/08/18	General Purpose-Refunding	4.03 - 4.13%	25,822,038	25,822,038	2031
06/08/18	Schools-Refunding	4.03 - 4.13%	8,492,962	8,492,962	2031
06/08/18	General Purpose-Refunding	5.00%	3,480,900	3,480,900	2031
06/08/18	Schools-Refunding	5.00%	764,100	764,100	2031
	Total		<u>\$ 1,083,930,000</u>	768,194,998	
	Less amount representing business-type activities			<u>(4,434,391)</u>	
	Total Outstanding, Governmental Activities			<u>\$ 763,760,607</u>	

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
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**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, 2018, the City received \$869,031 in interest subsidy.

**General Obligation Bonds Refunding**

On November 14, 2017, the City issued \$41,415,000 (2017, Series B) of general obligation refunding bonds with an interest rate of 5.0%. The bonds were issued to refund portions of the outstanding principal amounts of the 2012 Series A general obligation bonds, 2014 Series A general obligation bonds and the 2016 Series A general obligation bonds. The net proceeds of \$47,398,012 after an original issue premium of \$6,341,707 and payment of \$358,695 in underwriter's fees and other issuance costs) were deposited in an irrevocable trust fund under an escrow agreement dated November 14, 2017 between the Escrow Agent and the City. The Escrow Agent will use such proceeds to purchase portfolio of the United States Treasury State and Local Government Securities. All investment income on and the maturing principal of the escrow securities held in the escrow deposit fund will be irrevocably deposited into escrow for payment of the refunded bonds. The City refunded the above bonds to reduce total debt service payments over the near term (7 years) by \$19,776,151. The City total debt service has increased by \$3,444,744 for the life of the bonds ending in 2031. The City obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$246,670. As of June 30, 2018, the amount of defeased debt outstanding from this refunding was \$40,790,000 and the escrow balance is \$44,184,845. This amount is removed from the governmental activities column of the statement of net position.

On June 12, 2018, the City issued \$34,315,000 (2018, Series A) of general obligation refunding bonds with interest rates ranging from 2.84%-4.32%. The bonds were issued to refund all of the outstanding principal amounts of the 2004 Series C, 2014 Series A, 2016 Series A,B,C,D,E and 2017 Series A,B general obligation bonds. The net proceeds of \$33,757,677 after payment of \$557,323 in underwriter's fees and other issuance costs) were deposited in an irrevocable trust fund under an escrow agreement dated June 8, 2018 between the Escrow Agent and the City. The Escrow Agent will use such proceeds to purchase portfolio of the United States Treasury State and Local Government Securities. All investment income on and the maturing principal of the escrow securities held in the escrow deposit fund will be irrevocably deposited into escrow for payment of the refunded bonds. The City refunded the above bonds to reduce total debt service payments over the near term (10 years) by \$23,853,325. The City total debt service has increased by \$11,967,707 for the life of the bonds ending in 2031. The City obtained an economic loss (difference between the present value of the debt service payments on the old and new debt) of \$2,100,231. As of June 30, 2018, the amount of defeased debt outstanding from this refunding was \$30,690,000 and the escrow balance is \$33,957,289. This amount is removed from the governmental activities column of the statement of net position.

**CITY OF BRIDGEPORT, CONNECTICUT  
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On June 12, 2018, the City issued \$4,245,000 (2018, Series B) of general obligation refunding bonds with an interest rate of 5.0%. The bonds were issued to refund all of the outstanding principal amounts of the 2004 Series C general obligation refunding bonds. The net proceeds of \$4,772,537 after an original issue premium of \$599,479 and payment of \$71,941 in underwriter's fees and other issuance costs) were deposited in an irrevocable trust fund under an escrow agreement dated June 8, 2018 between the Escrow Agent and the City. The Escrow Agent will use such proceeds to purchase portfolio of the United States Treasury State and Local Government Securities. All investment income on and the maturing principal of the escrow securities held in the escrow deposit fund will be irrevocably deposited into escrow for payment of the refunded bonds. The City refunded the above bonds to reduce total debt service payments for fiscal year 2019 by \$4,639,744. The City's total debt service has increased by \$2,046,131 for the life of the bonds ending in 2031. The City obtained an economic loss (difference between the present value of the debt service payments on the old and new debt) of \$147,873. As of June 30, 2018, the amount of defeased debt outstanding from this refunding was \$4,655,000 and the escrow balance is \$4,795,630. This amount is removed from the governmental activities column of the statement of net position.

**General Obligation Bonds - Crossover Refunding**

On November 14, 2017, the City issued \$17,410,000 (2017 Series C) of general obligation refunding bonds with an interest rate of 5.0%. The Series C bonds were issued to crossover refinance previously issued Taxable Build America Bonds dated November 14, 2017. The net proceeds of \$19,723,785 (including a premium of \$2,313,785 and issuance costs of \$93,439) were deposited into an escrow account which remains in the City's possession until the crossover date of August 15, 2020. At the crossover date, the 2009 Taxable Build America Bonds will be considered defeased and the liability for those bonds as well as the funds deposited into the escrow account will be removed from the statement of net position. The refunding will reduce total debt service payments by \$228,353 from fiscal year 2021 through 2029, and represents an economic gain (difference between present values of the debt service payments on the old and the new debt) of \$183,621.

**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, 2018, \$1,010,000 of prior bonds outstanding is considered defeased and the escrow balance is \$1,050,418.



**CITY OF BRIDGEPORT, CONNECTICUT  
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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
2019	\$ 32,479,189	\$ 41,795,908	\$ 74,275,097	\$ 4,076,504	\$ 797,633	\$ 4,874,137
2020	32,171,390	40,553,950	72,725,340	3,949,475	712,827	4,662,302
2021 *	53,846,137	38,096,042	91,942,179	2,447,885	639,379	3,087,264
2022	40,081,905	35,382,561	75,464,466	2,392,308	584,141	2,976,449
2023	42,741,442	33,067,488	75,808,930	2,392,696	527,127	2,919,823
2024-2028	270,734,561	122,698,202	393,432,763	10,770,286	1,833,884	12,604,170
2029-2033	180,084,858	45,336,353	225,421,211	6,317,721	671,705	6,989,426
2034-2038	60,472,596	18,280,296	78,752,892	2,217,448	156,453	2,373,901
2039-2043	29,451,405	8,719,256	38,170,661	78,595	25,545	104,140
2044-2047	21,697,124	1,676,775	23,373,899	62,876	6,288	69,164
Total	\$ <u>763,760,607</u>	\$ <u>385,606,831</u>	\$ <u>1,149,367,438</u>	\$ <u>34,705,794</u>	\$ <u>5,954,982</u>	\$ <u>40,660,776</u>

\*Includes payments on a crossover refunding in the amount of \$18,115,000 for Governmental Activities.

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, 2018 was \$2,309,919. No additional reimbursements are expected subsequent to June 30, 2018.

**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:

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 692,855,294	\$ 320,894,798	\$ 371,960,496
Schools	1,385,710,587	215,952,514	1,169,758,073
Sewers	1,154,758,823	53,411,338	1,101,347,485
Urban renewal	1,000,790,980		1,000,790,980
Unfunded pension benefit obligation	923,807,058	331,915,000	591,892,058

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$2,155,549,802. All long-term debt obligations are retired through General Fund appropriations or user charges.

**CITY OF BRIDGEPORT, CONNECTICUT  
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Indebtedness above includes bonds authorized, but not issued as follows:

General purpose	\$	55,852,267
Schools		30,498,501
Sewer		<u>1,635,783</u>
	<u>\$</u>	<u>87,986,551</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, 2018 is summarized in the table below:

<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2018</u>
6/27/2017	7/31/2017	1.47	\$ 10,000,000	\$	\$ 10,000,000	\$ -
6/15/2018	7/31/2018	2.25		7,000,000		7,000,000
6/29/2018	7/31/2018	2.46		<u>6,000,000</u>		<u>6,000,000</u>
Total			<u>\$ 10,000,000</u>	<u>\$ 13,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 13,000,000</u>

In addition, the City has a note payable of \$2,818,256 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.

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**9. FUND BALANCE**

The components of fund balance for the governmental funds at June 30, 2018 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	\$	\$	\$	\$	\$ -
Restricted for:					
Future debt payments			21,787,869		21,787,869
Grants				2,817,404	2,817,404
Library trust fund				477,648	477,648
Education scholarship fund				108,728	108,728
Committed to:					
General government projects			3,110,987		3,110,987
Public safety projects			6,531,094		6,531,094
Public facilities projects			37,643,605		37,643,605
OPED and other projects			56,397,182	5,843	56,403,025
Library				3,081,294	3,081,294
General special revenue				267,371	267,371
Education				233,143	233,143
Unassigned	<u>21,014,433</u>				<u>21,014,433</u>
Total Fund Balances	<u>\$ 21,014,433</u>	<u>\$ -</u>	<u>\$ 125,470,737</u>	<u>\$ 6,991,431</u>	<u>\$ 153,476,601</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, 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 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 one of the City's largest taxpayers. The City and Wheelabrator reached a full and final legal settlement tax valuation appeals relating to the 2007 through 2015 Tax Grand Lists, 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

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2017. In addition, the City and Wheelabrator agreed to final assessed valuations for the grand list 2015 and Wheelabrator stipulated to drop all rights to any future tax appeals against the City until the next citywide revaluation in 2020. Such tax credits due to Wheelabrator are applied annually against normal taxpayer annual bills and have already been budgeted and absorbed into fiscal year 2018 results. Such annual tax credit amounts 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 \$1.5 million during the year ended June 30, 2018, 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 \$203,130 was received for the year ended June 30, 2018. 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 an independent contractor Inframark, Incorporated, formerly known as 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. As of June 30, 2018, approximately \$201,000,000 has been spent related to these projects primarily for property and equipment. Funding for these improvements provided by the State of Connecticut's Clean Water Fund in the form of loans and grants, with such grants paying 20% of all project costs and the remaining 80% paid to WPCA in the form of loans at 2% interest which are paid back as debt service by the WPCA and its ratepayers in annual WPCA budgets. Based on current engineering estimates, an additional \$100 million will be expended for these plants in capital funds, also eligible from this Clean Water grant and loan program, with completion of these projects expected within the next five years. As of June 30, 2018, the State is committed to providing the WPCA additional funding in the form of loans and grants of approximately \$3,126,000 and \$7,953,000 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 to 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 establishing a regional recycling program. The original agreement dated September 15, 1989 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, which expired on June 30, 2018. As of fiscal year 2019, a new revised Inter-Community Agreement has been established, the Greater Bridgeport Regional Recycling Interlocal Agreement, dated as of June 21, 2018 (the Interlocal Agreement) by and among twelve communities (Bridgeport and Milford, and the Towns of East Haven, Easton, Fairfield, Monroe, Orange, Stratford, Southbury, Westport, Woodbridge and Trumbull). The City is committed to supply recyclables annually consisting of: food and beverage containers made of glass, metal and certain plastics, and newspapers. Other defined residential recyclables are cardboard

## **11. PENSION PLANS**

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

#### **Plan Description**

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

## **Benefit Provisions**

The plan provides retirement, disability and death benefits and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 55 with 5 years of continuous 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.

### **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.

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**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, 2018, the City reports a total liability of \$37,584,211 in Exhibit I for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2017, 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, 2018, the City’s proportion of liability is 15.14%. The decrease in proportion from June 30, 2017 is 3.55%.

For the year ended June 30, 2018, the City recognized pension expense of \$31,967,361 in Exhibit II. At June 30, 2018, 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	\$ 21,545,140	\$
Change in proportionate share	1,190,148	2,674,884
Net difference between projected and actual earnings on pension plan	10,834,004	
Differences between expected and actual experience	<u>13,465,626</u>	<u>4,208,439</u>
Total	<u>\$ 47,034,918</u>	<u>\$ 6,883,323</u>

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Amounts reported as deferred outflows of resources related to the City’s contribution after the measurement date of \$21,545,140 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>	
2019	\$ 6,689,486
2020	12,811,267
2021	5,436,004
2022	(6,330,302)

**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:

	<b>1% Decrease (7.00%)</b>	<b>Current Discount Rate (8.00%)</b>	<b>1% Increase (9.00%)</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
City's Proportionate Share of the Net Pension Liability (Asset) \$	\$ <u>92,631,029</u>	\$ <u>37,584,211</u>	\$ <u>(8,752,930)</u>

**B. Teachers Retirement**

**Plan Description**

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at [www.ct.gov](http://www.ct.gov).

**Benefit Provisions**

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

**Normal Retirement**

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

**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.

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

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

At June 30, 2018, 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>410,941,334</u>
Total	\$	<u><u>410,941,334</u></u>

The net pension liability was measured as of June 30, 2017, 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, 2018, the City has no proportionate share of the net pension liability.

For the year ended June 30, 2018, the City recognized pension expense and revenue of \$47,533,908 in Exhibit II for on-behalf amounts for the benefits provided by the State.

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**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 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%
Fixed income (Core)	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, 2018, \$916,465 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 (\$311,235,137 based on the June 30, 2018 actuarial valuation) or 2) the amount of the Plan A Trust assets in excess of 110% of the present value of accrued Plan benefits.

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Under State statutes regarding pension obligation bonds, the City shall make a contribution to such pension plan as follows: (a) at the beginning of each fiscal year, the City's actuary shall determine the unfunded actuarial accrued liability for such pension plan using actuarial methods and assumptions based on actuarial standards of practice, and a level per cent amortization of the unfunded actuarial accrued liability using a five per cent growth rate; (b) the amortization period shall be twenty-four years for the fiscal year ended June 30, 2013, and shall decline by one year annually for each subsequent fiscal year; and (c) the amount of contribution shall be recalculated each fiscal year, so any gains and losses experienced by such pension plan are taken into account. For the fiscal year ended June 30, 2018, the actuarially required contribution is \$15,596,475, of which the City contributed \$15,600,000.

<b>Provisions of Pension Plans</b>	<b>Public Safety Plan A</b>	<b>Police Retirement Plan B</b>	<b>Firefighters' Retirement Plan B</b>	<b>Janitors' and Engineers' Retirement Plan</b>
Employees covered	All police and fire employed before 6/4/81 and 1/1/84, respectively	All police employed on or after 6/4/81	All firefighters employed on or after 1/1/84	All employees hired before 1985
Plan Status	Closed	Closed, Active participants transferred to CMERS effective July 1, 2013	Closed, Active participants transferred to CMERS effective April 1, 2012	Closed
Benefit provisions	50% of compensation plus 2-1/2% for each year of service in excess of 20 years, maximum 75%	2% of annual salary for each full year of service plus 50% of subsequent compensation increase, maximum 70%	2% of annual salary for each year of service plus 50% of subsequent compensation increase, maximum 70%	2% of 3 year average compensation for each year of service, up to 33 years plus 1% of 3 year compensation thereafter
Definition of "Compensation"	Maximum yearly compensation currently being paid to members in the department in the same position that the employee held at the time of retirement	Maximum yearly compensation currently being paid to members in the department in the same position which the employee held at the time of retirement	Maximum yearly compensation currently being paid to members in the department in the same position which the employee held at the time of retirement	Average of three highest years
Eligibility requirements	Vest after 10 years of service	Vest after 5 years of service	Vest after 5 years of service	Vest after the earlier of 10 years of continuous or 15 years of aggregate service
Obligation to contribute in accordance with funding policy:				
Employee	8% of earnings	6% of earnings	6% of earnings	5% of earnings
Employer	\$ 15,596,475 (Normal Cost)	\$ 1,611,277	\$ 56,129	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, 2018, 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	650	130	68	24
Inactive employees entitled to but not yet receiving benefits	<u>          </u>	<u>        6</u>	<u>        7</u>	<u>          </u>
Total Number of Participants	<u>        650</u>	<u>        136</u>	<u>        75</u>	<u>        24</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, 2018, 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	9.42%
Police Retirement Plan B	9.07%
Firefighters' Retirement Plan B	6.42%

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



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**Net Pension Liability (Asset) of the City**

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

	<b>Public Safety Plan A</b>	<b>Police Retirement Plan B</b>	<b>Firefighters' Retirement Plan B</b>	<b>Janitors' and Engineers' Retirement Plan</b>	<b>Total</b>
Total pension liability	\$ 298,311,407	\$ 78,083,167	\$ 36,273,892	\$ 6,395,852	\$ 419,064,318
Plan fiduciary net position	<u>63,271,230</u>	<u>63,394,911</u>	<u>37,322,926</u>	<u>3,433</u>	<u>163,992,500</u>
Net Pension Liability (Asset)	<u>\$ 235,040,177</u>	<u>\$ 14,688,256</u>	<u>\$ (1,049,034)</u>	<u>\$ 6,392,419</u>	<u>\$ 255,071,818</u>
Plan fiduciary net position as a percentage of the total pension liability	21.21%	81.19%	102.89%	0.05%	39.13%

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

	<b>Net Pension Liability</b>
Public Safety Plan A	\$ 235,040,177
Police Retirement Plan B	14,688,256
Janitors' and Engineers' Retirement Plan	<u>6,392,419</u>
Total	<u>\$ 256,120,852</u>

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2018, 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:

	<b>Public Safety Plan A</b>	<b>Police Retirement Plan B</b>	<b>Firefighters' Retirement Plan B</b>	<b>Janitors' and Engineers' Retirement Plan</b>
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.

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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, 2018 (see the discussion of the pension plans' investment policy) are summarized in the following table:

**Public Safety, Plan A**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Real Rate of Return</b>
Domestic equity	50.0%	6.40%
Core fixed income	12.5%	1.75%
High yield fixed income	12.5%	4.30%
International equity	10.0%	7.40%
Hedge funds and alternatives	10.0%	4.10%
Emerging market equity	5.0%	9.80%
Total	<u>100.0%</u>	

**Police Retirement Plan B**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Real Rate of Return</b>
Domestic equity	79.0%	6.40%
High yield fixed income	12.0%	4.30%
Core fixed income	9.0%	1.75%
Total	<u>100.0%</u>	

**Firefighters' Retirement Plan B**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Real Rate of Return</b>
Domestic equity	65.0%	6.40%
Core fixed income	35.0%	1.75%
Total	<u>100.0%</u>	

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**Discount Rate**

The discount rate used to measure the total pension liability was 6.75% for Public Safety Plan A, 6.25% for Police Retirement Plan B, 6.25% for Firefighters' Plan B and 3.87% 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 (Asset)**

<b>Public Safety Plan A</b>			
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a)-(b)</b>
Balances as of June 30, 2017	\$ 311,235,137	\$ 71,029,447	\$ 240,205,690
Changes for the year:			
Interest on total pension liability	20,016,198		20,016,198
Differences between expected and actual experience	2,240,514		2,240,514
Changes in assumptions	(5,782,705)		(5,782,705)
Employer contributions		15,600,000	(15,600,000)
Net investment income (loss)		6,039,520	(6,039,520)
Benefit payments, including refund to employee contributions	(29,397,737)	(29,397,737)	-
Net changes	<u>(12,923,730)</u>	<u>(7,758,217)</u>	<u>(5,165,513)</u>
Balances as of June 30, 2018	\$ 298,311,407	\$ 63,271,230	\$ 235,040,177

<b>Police Retirement Plan B</b>			
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a)-(b)</b>
Balances as of June 30, 2017	\$ 95,671,030	\$ 60,766,256	\$ 34,904,774
Changes for the year:			
Interest on total pension liability	4,537,651		4,537,651
Differences between expected and actual experience	1,411,913		1,411,913
Changes in assumptions	(18,929,991)		(18,929,991)
Employer contributions		1,850,000	(1,850,000)
Net investment income (loss)		5,386,091	(5,386,091)
Benefit payments, including refund to employee contributions	(4,607,436)	(4,607,436)	-
Net changes	<u>(17,587,863)</u>	<u>2,628,655</u>	<u>(20,216,518)</u>
Balances as of June 30, 2018	\$ 78,083,167	\$ 63,394,911	\$ 14,688,256

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**Firefighters' Retirement Plan B**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a)-(b)
Balances as of June 30, 2017	\$ 37,719,720	\$ 37,073,073	\$ 646,647
Changes for the year:			
Interest on total pension liability	2,287,399		2,287,399
Differences between expected and actual experience	(203,834)		(203,834)
Changes in assumptions	(1,286,736)		(1,286,736)
Employer contributions		180,000	(180,000)
Net investment income (loss)		2,312,510	(2,312,510)
Benefit payments, including refund to employee contributions	(2,242,657)	(2,242,657)	-
Net changes	(1,445,828)	249,853	(1,695,681)
Balances as of June 30, 2018	\$ 36,273,892	\$ 37,322,926	\$ (1,049,034)

**Janitors' and Engineers' Retirement Plan**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2017	\$ 8,238,640	\$ 3,433	\$ 8,235,207
Changes for the year:			
Interest on total pension liability	283,618		283,618
Differences between expected and actual experience	(1,338,204)		(1,338,204)
Changes in assumptions	(155,488)		(155,488)
Employer contributions		632,714	(632,714)
Benefit payments, including refund to employee contributions	(632,714)	(632,714)	-
Net changes	(1,842,788)	-	(1,842,788)
Balances as of June 30, 2018	\$ 6,395,852	\$ 3,433	\$ 6,392,419

**CITY OF BRIDGEPORT, CONNECTICUT  
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**Sensitivity of the Net Pension Liability (Asset) 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

	<u>1% Decrease 5.75%</u>	<u>Current Discount Rate 6.75%</u>	<u>1% Increase 7.75%</u>
Net Pension Liability	\$ <u>259,710,887</u>	\$ <u>235,040,177</u>	\$ <u>213,648,816</u>

Police Retirement Plan B

	<u>1% Decrease 5.25%</u>	<u>Current Discount Rate 6.25%</u>	<u>1% Increase 7.25%</u>
Net Pension Liability	\$ <u>25,218,692</u>	\$ <u>14,688,256</u>	\$ <u>6,157,287</u>

Firefighters' Retirement Plan B

	<u>1% Decrease 5.25%</u>	<u>Current Discount Rate 6.25%</u>	<u>1% Increase 7.25%</u>
Net Pension Liability (Asset)	\$ <u>3,531,148</u>	\$ <u>(1,049,034)</u>	\$ <u>(4,806,244)</u>

Janitors' and Engineers' Retirement Plan

	<u>1% Decrease 2.87%</u>	<u>Current Discount Rate 3.87%</u>	<u>1% Increase 4.87%</u>
Net Pension Liability	\$ <u>6,962,732</u>	\$ <u>6,392,419</u>	\$ <u>5,908,444</u>

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

At June 30, 2018, the City reported deferred outflows and inflows of resources related to pension from the following sources:

	<u>Public Safety Plan A</u>	<u>Police Retirement Plan B</u>	<u>Firefighters' Retirement Plan B</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>				
Net difference between projected and actual earning on pension plan investments	\$ 2,289,562	\$ -	\$ 312,488	\$ 2,602,050
	<u>Public Safety Plan A</u>	<u>Police Retirement Plan B</u>	<u>Firefighters' Retirement Plan B</u>	<u>Total</u>
<b>Deferred Inflows of Resources</b>				
Net difference between projected and actual earning on pension plan investments	\$ -	\$ 1,747,251	\$ -	\$ 1,747,251

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>	<u>Public Safety Plan A</u>	<u>Police Retirement Plan B</u>	<u>Firefighters' Retirement Plan B</u>	<u>Total</u>
2019	\$ 2,677,206	\$ 52,153	\$ 395,534	\$ 3,124,893
2020	1,098,193	(481,086)	190,714	807,821
2021	(1,143,695)	(983,444)	(261,779)	(2,388,918)
2022	(342,142)	(334,874)	(11,981)	(688,997)

For the year ended June 30, 2018, the City recognized pension expense of (\$4,087,913) as follows:

	<u>Pension Expense</u>
Public Safety Plan A	\$ 14,822,401
Police Retirement Plan B	(16,639,996)
Firefighters' Retirement Plan B	(1,060,244)
Janitors' and Engineers' Retirement Plan	<u>(1,210,074)</u>
Total	<u>\$ (4,087,913)</u>

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**Combining Schedule of Pension and OPEB Plans Net Position - June 30, 2018**

	Pension Trust Funds					Total
	Pension Trust Plan A	Police Retirement Plan B	Firefighters' Retirement Plan B	Janitors' and Engineers' Retirement Plan	OPEB Trust Fund	
<b>Assets:</b>						
Cash and cash equivalents	\$ 18,338,883	\$ 1,455,150	\$ 1,053,595	\$ 3,433	\$ 100,013	\$ 20,951,074
Investments, at fair value:						
U.S. Government Agencies		154,479	560,597			715,076
U.S. Government Securities		5,467,199	1,121,841			6,589,040
Corporate bonds	386,382	6,114,237	2,092,422			8,593,041
Common stocks	33,393,382	20,143,929	30,784,876			84,322,187
Mutual funds - equities	5,021,534	30,059,917	1,749,109			36,830,560
Alternative investments	1,831,327					1,831,327
Total investments	40,632,625	61,939,761	36,308,845	-	-	138,881,231
Due from other funds of the City of Bridgeport	4,227,304					4,227,304
Contributions receivable	72,418					72,418
Total assets	63,271,230	63,394,911	37,362,440	3,433	100,013	164,132,027
<b>Liabilities:</b>						
Other liabilities			39,514			39,514
Total Net Position	\$ 63,271,230	\$ 63,394,911	\$ 37,322,926	\$ 3,433	\$ 100,013	\$ 164,092,513

**Combining Schedule of Pension and OPEB Plans Changes in Net Position for the Year Ended June 30, 2018**

	Pension Trust Fund					Total
	Pension Trust Plan A	Police Retirement Plan B	Firefighters' Retirement Plan B	Janitors' and Engineers' Retirement Plan	OPEB Trust Fund	
<b>Additions:</b>						
Contributions:						
Employer	\$ 15,600,000	\$ 1,850,000	\$ 180,000	\$ 632,714	\$ 27,190,667	\$ 45,453,381
Annuity proceeds	916,465					916,465
Total contributions	16,516,465	1,850,000	180,000	632,714	27,190,667	46,369,846
Investment income:						
Net change in fair value of investments	5,984,811	4,481,727	1,675,726			12,142,264
Interest and dividends	513,536	937,694	945,241		13	2,396,484
	6,498,347	5,419,421	2,620,967	-	13	14,538,748
Less investment management fees	(458,827)	(33,330)	(308,457)			(800,614)
Net investment income	6,039,520	5,386,091	2,312,510	-	13	13,738,134
Total additions	22,555,985	7,236,091	2,492,510	632,714	27,190,680	60,107,980
<b>Deductions:</b>						
Benefits	30,314,202	4,607,436	2,242,657	632,714	27,090,667	64,887,676
Change in net position	(7,758,217)	2,628,655	249,853	-	100,013	(4,779,696)
Net Position - Beginning of Year	71,029,447	60,766,256	37,073,073	3,433	-	168,872,209
Net Position - End of Year	\$ 63,271,230	\$ 63,394,911	\$ 37,322,926	\$ 3,433	\$ 100,013	\$ 164,092,513

**12. OTHER POSTEMPLOYMENT BENEFITS**

**A. OPEB Fund**

**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.

Management of the Other Post Employment Benefits (OPEB) plan is vested with the City Finance Director. Policy oversight and management of the OPEB Fund is vested with the City Finance Director and an OPEB Trustees, as established by city ordinance, which consists of seven members: three of whom specialize in the fields of employee benefits and finance, one from the City Council, one from the Board of Education and the Mayor.

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

Number of members:	
Inactive employees currently receiving benefit payments	3,130
Active employees	<u>3,757</u>
Total	<u><u>6,887</u></u>

**Funding Policy and Benefits Provided**

The City currently pays for postemployment health care benefits on a pay-as-you-go basis. During fiscal year June 30, 2018 the City established a trust fund to irrevocably segregate assets to fund the liability associated with the postemployment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines.

The contribution requirements of plan members and the City are also negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums as follows:

Eligibility:

- City employees can retire on or after reaching the earlier of 25 years of service or age 55 and completing 15 years of service.
- Board of Education (non-teachers) employees can retire the earlier of 25 years of service or age 55 and 15 years of service.
- Board of Education (teachers) employees can retire the earlier of 35 years of service or age 60 and 25 years of service.
- If an employee is a police or fire employee, attainment of age 45 and 25 years.



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Medical Benefit:

- Medical coverage continues for the lifetime of the retiree.
- Substitute Teachers, Part-time employees and Crossing Guards are not eligible for coverage.
- The eligible retirees pay a percentage of the cost of coverage calculated at the time of retirement. The percentage, based on group, is shown below:

<u>Group</u>	<u>Level</u>	<u>Retiree Contribution Varies with Actives</u>
AFSCME	12%	No
NAGE	12%	No
Social Workers*	12%	No
Unaffiliated	12%	No
Appointed	12%	No
BCSA	12%	No
Elected	12%	No
BCAS	30%	Yes
BEA	60%	Yes
Building Trades	12%	Yes
Attorneys	12%	Yes
Hygienists	12%	Yes
LIUNA	12%	Yes
Nurses	12%	Yes
Printers	12%	Yes
Teamsters	12%	Yes
Firefighters*	12%	No
Police	12%	Partial

\*Assumed from current negotiations, currently Social Workers are at 2.5% and Firefighters pay \$78/month.

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

**Investment Policy**

The OPEB Benefits Plan Fund policy in regard to the allocation of invested assets is established under the OPEB Trust Agreement and may be amended by the OPEB Trustees by a majority vote of its members. It is the policy of the Trustees to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Fund's investment policy discourages the use risky investments and aims to refrain from dramatically shifting asset class allocations over short time spans. The initial Trust Fund account has been established in a money market investment account with further investments to be made over time.

**Rate of Return**

For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 0.00%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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**Net OPEB Liability of the City**

The City’s net OPEB liability was measured as of June 30, 2018. The components of the net OPEB liability of the City at June 30, 2018 were as follows:

Total OPEB liability	\$	942,079,091
Plan fiduciary net position		<u>100,013</u>
Net OPEB Liability	\$	<u><u>941,979,078</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		0.01%

**Actuarial Assumptions**

The total OPEB liability at June 30, 2018 was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	5.50%
Investment rate of return	2.85%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	9.60% decreasing to 4.00%
Mortality	RP-2014 Headcount-Weighted Combined Healthy Mortality Table projected generationally from central year using Scale MP-2016

The plan has not had a formal actuarial experience study performed.

The long-term expected rate of return on OPEB 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 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 allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	100.0%

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.87%. The discount rate was based on the Bond Buyer 20 GO Bond Index.

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**Changes in the Net OPEB Liability**

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a)-(b)</b>
Balances as of July 1, 2017	\$ 949,780,361	\$ -	\$ 949,780,361
Changes for the year:			
Service cost	25,759,877		25,759,877
Interest on total OPEB liability	34,443,682		34,443,682
Changes in assumptions	(40,814,162)		(40,814,162)
Employer contributions		27,190,667	(27,190,667)
Net investment income (loss)		13	(13)
Benefit payments	(27,090,667)	(27,090,667)	-
Net changes	(7,701,270)	100,013	(7,801,283)
Balances as of June 30, 2018	\$ 942,079,091	\$ 100,013	\$ 941,979,078

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

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<b>1% Decrease (2.87%)</b>	<b>Current Discount Rate (3.87%)</b>	<b>1% Increase (4.87%)</b>
Total OPEB Liability	\$ 1,033,232,117	\$ 941,979,078	\$ 742,827,039

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**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

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

	<b>1% Decrease (8.6% Decreasing to 3.0%)</b>	<b>Healthcare Cost Trend Rates (9.6% Decreasing to 4.0%)</b>	<b>1% Increase (10.6% Decreasing to 5.0%)</b>
Total OPEB Liability	\$ <u>792,349,401</u>	\$ <u>941,979,078</u>	\$ <u>1,132,677,736</u>

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2018, the City recognized OPEB expense of \$53,725,118, of which \$53,694,542 was reported in the governmental activities and \$30,576 in the business-type activities/enterprise fund. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
	<b>Deferred Inflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earning on OPEB plan investments \$	10	\$	\$ 10
Changes of assumptions or other inputs	<u>34,327,317</u>	<u>8,407</u>	<u>34,335,724</u>
Total	<u>\$ 34,327,327</u>	<u>\$ 8,407</u>	<u>\$ 34,335,734</u>

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

<b>Year Ended June 30</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
2019	\$ (6,476,383)	\$ (2,058)	\$ (6,478,441)
2020	(6,476,383)	(2,058)	(6,478,441)
2021	(6,476,383)	(2,058)	(6,478,441)
2022	(6,476,381)	(2,058)	(6,478,439)
2023	(6,478,263)	(175)	(6,478,438)
Thereafter	(1,943,534)		(1,943,534)

**B. State Teachers Retirement Plan**

**Plan Description**

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

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

**Benefit Provisions**

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

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

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

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

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

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

### **Survivor Health Care Coverage**

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

### **Eligibility**

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

### **Credited Service**

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

### **Normal Retirement**

Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

### **Early Retirement**

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

### **Proratable Retirement**

Age 60 with 10 years of Credited Service.

### **Disability Retirement**

No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

### **Termination of Employment**

Ten or more years of Credited Service.

### **Contributions**

#### *State of Connecticut*

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

#### *Employer (School Districts)*

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

**CITY OF BRIDGEPORT, CONNECTICUT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2018**

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*Employees*

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

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

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

City's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the City	<u>105,771,643</u>
Total	<u>\$ 105,771,643</u>

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

For the year ended June 30, 2018, the City recognized OPEB expense and revenue of \$4,901,992 in Exhibit II for on-behalf amounts for the benefits provided by the State.

**Actuarial Assumptions**

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

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

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

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

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

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The long-term expected rate of return on plan assets is reviewed as part of the GASB 74 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.04%).

**Discount Rate**

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

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate or Health Care Cost Trend Rate and the Discount Rate**

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

**Other Information**

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the City has no obligation to contribute to the plan. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at [www.ct.gov](http://www.ct.gov).

**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.

**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.



**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**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 3,980 employees and 3,602 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, 2018, the amount of prepaid asset in the fund is \$2,461,540.

**Reconciliation of Liabilities**

The liability for general liability, workers’ compensation and group health insurance includes all known claims reported plus a provision for those claims incurred but not reported, net of estimated recoveries. The liability is based on past experience adjusted for current trends and includes incremental claim expenditures. The liability for workers’ compensation claims is calculated using actuarial methods. Changes in the reported liability are as follows:

		<b>Beginning of Fiscal Year Liability</b>		<b>Current Year Claims and Changes in Estimates</b>		<b>Claim Payments</b>		<b>End of Fiscal Year Liability</b>
		<u>                    </u>		<u>                    </u>		<u>                    </u>		<u>                    </u>
2017	\$	69,649,911	\$	115,284,166	\$	119,815,553	\$	65,118,524
2018		65,118,524		114,760,694		115,498,230		64,380,988

The current portion of claims incurred but not reported as of June 30, 2018 is \$16,135,549, which relates to Group Health Insurance Claims of \$6,329,186 and \$9,806,363 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 \$48,245,439 is recorded as long-term liability.

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**14. TAX ABATEMENTS**

As of June 30, 2018, the City provides tax abatements through multiple programs as listed below:

<b>Program:</b>	<b>Affordable Housing Tax Abatement Program</b>	<b>Economic Development Tax Abatement Program</b>
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:	\$1,809,643	\$3,036,798

**15. SUBSEQUENT EVENTS**

On December 12, 2018, the City issued a tax anticipation notes in the amount of \$20,000,000 to fund cash flows for operating expenses. The note matures on February 1, 2019 with an interest rates between 2.60% - 3.20%.

On December 12, 2018, the City issued a School construction grant anticipation note in the amount of \$22,500,000 to fund cash flows for school capital expenditures. The note matures on December 11, 2019 with an interest rate of 2.55%.

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**16. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT**

The following restatements were recorded to the beginning net position of the governmental activities as a result of implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*:

**Governmental Activities**

Net position at June 30, 2017, as previously recorded	\$ (233,399,023)
Adjustments:	
Eliminate net OPEB obligation reported per GASB No. 45	286,474,511
Record starting total/net OPEB liability per GASB No. 75	<u>(946,390,198)</u>
Net Position at July 1, 2017, as Restated	<u>\$ (893,314,710)</u>

**Business Type Activities**

Net position at June 30, 2017, as previously recorded	\$ 102,510,315
Adjustments:	
Record starting total/net OPEB liability per GASB No. 75	<u>(3,390,163)</u>
Net Position at July 1, 2017, as Restated	<u>\$ 99,120,152</u>

**Business Type Activities - Enterprise Fund  
Water Pollution Control Authority**

Net position at June 30, 2017, as previously recorded	\$ 102,510,315
Adjustments:	
Record starting total/net OPEB liability per GASB No. 75	<u>(3,390,163)</u>
Net Position at July 1, 2017, as Restated	<u>\$ 99,120,152</u>

**17. SPECIAL ITEM - REDUCTION OF MERS LIABILITY FOR PRIOR SERVICE COSTS**

As of June 30, 2017, the City had recorded a liability to Connecticut MERS Fund of \$255,258,739 for past service cost. On December 5, 2017, the City issued \$99,500,000 of taxable general obligation bonds with a coupon rate between 2.84% and 4.32%. The proceeds from the bonds less the issuance costs of \$917,533 were used to fully prepay all remaining Connecticut MERS pension "past service" liability obligations of the City due to the Connecticut Municipal Retirement Fund. The difference resulted in a net gain of \$156,676,272 and is recorded as special item in the statement of activities. As of June 30, 2018, the City had no liability related to past service cost.



# **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, 2018**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues and Other Financing Sources:				
Property taxes:				
Current taxes	\$ 304,073,837	\$ 304,073,837	\$ 306,993,114	\$ 2,919,277
Interest - current	1,800,000	1,800,000	1,854,546	54,546
Arrears - principal	3,047,146	3,047,146	2,133,323	(913,823)
Arrears - interest	800,000	800,000	253,122	(546,878)
Lien fees	175,000	175,000	144,572	(30,428)
Total property taxes	<u>309,895,983</u>	<u>309,895,983</u>	<u>311,378,677</u>	<u>1,482,694</u>
Intergovernmental:				
Elderly exemption refund	694,000	694,000	54,769	(639,231)
Elderly freeze program	7,500	7,500	8,000	500
Distressed municipalities	198,975	198,975		(198,975)
Education cost sharing	138,431,495	164,139,530	163,945,344	(194,186)
School construction refunds	1,250,000	1,250,000	1,635,055	385,055
Aid to non-public schools	135,000	135,000	188,905	53,905
Town aid roads	1,390,778	1,390,778	1,392,923	2,145
Miscellaneous PILOTs	2,070,340	2,070,340	3,881,596	1,811,256
Tax exempt colleges and hospitals	21,977,477	21,977,477	7,454,025	(14,523,452)
Breakfast program:				
State	109,951	109,951	98,395	(11,556)
Federal	4,747,092	4,747,092	4,494,100	(252,992)
Nutrition Center:				
Federal	158,580	158,580	157,907	(673)
State	10,033,912	10,033,912	10,310,764	276,852
Mashantucket Pequot funds	5,856,925	5,856,925	5,856,925	-
Municipal Share	17,716,546	17,716,546	10,297,310	(7,419,236)
Beardsley Zoo subsidy	285,000	285,000	203,103	(81,897)
Build America Bonds subsidy	562,047	562,047	869,031	306,984
State-owned property	2,782,383	2,782,383	2,319,913	(462,470)
Total intergovernmental	<u>208,408,001</u>	<u>234,116,036</u>	<u>213,168,065</u>	<u>(20,947,971)</u>
Fees, permits and licenses:				
Finance:				
Comptroller Copies/Books/Miscellaneous	25,300	25,300	6,240	(19,060)
Comptroller Court Fine/CARC	60,000	60,000	23,985	(36,015)
Information Technology Services	250	250		(250)
Total finance	<u>85,550</u>	<u>85,550</u>	<u>30,225</u>	<u>(55,325)</u>
Town Clerk:				
Licenses and Town Fund	1,300	1,300	1,445	145
Notaries/late fees	2,800	2,800	2,278	(522)
Farm fund	25,000	25,000	9,671	(15,329)
Assignments	1,200,000	1,200,000	1,743,797	543,797
Certification	575,000	575,000	599,951	24,951
Other licenses	3,100	3,100	2,395	(705)
Total town clerk	<u>1,807,200</u>	<u>1,807,200</u>	<u>2,359,537</u>	<u>552,337</u>

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**CITY OF BRIDGEPORT, CONNECTICUT**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Building Department:</b>				
Building permits	\$ 5,632,000	\$ 5,632,000	\$ 4,085,255	\$ (1,546,745)
Sign permits	12,300	12,300	11,265	(1,035)
Certificate of occupancy fees	50,000	50,000	98,687	48,687
Copies	500	500	914	414
Total building department	<u>5,694,800</u>	<u>5,694,800</u>	<u>4,196,121</u>	<u>(1,498,679)</u>
<b>Police Department:</b>				
Traffic violations	1,200,000	1,200,000	1,261,752	61,752
Photocopy fees	26,500	26,500	25,183	(1,317)
Outside overtime	4,800,000	4,800,000	4,031,313	(768,687)
Overtime surcharge	185,000	185,000	205,086	20,086
Reclaimed dog fees	2,000	4,000	5,550	1,550
Vendor annual registration fees	35,000	35,000	21,722	(13,278)
Towing fines	156,000	156,000	167,460	11,460
Alarms	15,600	15,600	14,720	(880)
Other	93,600	93,600	58,665	(34,935)
Total police department	<u>6,513,700</u>	<u>6,515,700</u>	<u>5,791,451</u>	<u>(724,249)</u>
<b>Public facilities:</b>				
Dump license fees	12,000	12,000	12,250	250
Commercial dump fees	65,000	65,000	94,554	29,554
Street excavation license	1,300	1,300	100	(1,200)
Public facility enforcement	15,700	15,700	825	(14,875)
Sewer permits	4,000	4,000	3,900	(100)
CRRA host revenue	130,000	130,000	131,286	1,286
Congress Plaza	25,000	25,000		(25,000)
Annual rent	423,650	423,650	155,781	(267,869)
Parking meters	685,000	685,000	2,331	(682,669)
Engineering map sales	5,000	5,000	4,058	(942)
Contractors license	107,150	107,150	151,185	44,035
Zoning appeals fees	42,200	42,200	38,152	(4,048)
Tavern zoning permits	285,900	285,900	262,174	(23,726)
Other revenues	80,000	80,000	136,342	56,342
Total public facilities	<u>1,881,900</u>	<u>1,881,900</u>	<u>992,938</u>	<u>(888,962)</u>
<b>Parks and recreation:</b>				
Golf course revenues	1,865,000	1,865,000	1,645,647	(219,353)
Wonderland of Ice	72,000	72,000	66,000	(6,000)
Kennedy Stadium	6,000	6,000		(6,000)
Leases/W.I.C.C.	10,500	10,500	21,000	10,500
Flea market/ball field	12,000	12,000	10,765	(1,235)
Miscellaneous	616,400	616,400	480,062	(136,338)
Parking stickers	44,740	44,740	40,005	(4,735)
Apartment rental	4,800	4,800	4,800	-
City concessions	2,500	2,500	6,755	4,255
Total parks and recreation	<u>2,633,940</u>	<u>2,633,940</u>	<u>2,275,034</u>	<u>(358,906)</u>
<b>Civil service:</b>				
Label/Admin fees	1,200	1,200	20,230	19,030

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**CITY OF BRIDGEPORT, CONNECTICUT  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Health Department:				
Vital statistics	\$ 457,200	\$ 457,200	\$ 422,105	\$ (35,095)
Business license	334,990	334,990	349,620	14,630
Housing code	46,500	46,500	40,300	(6,200)
Total health department	<u>838,690</u>	<u>838,690</u>	<u>812,025</u>	<u>(26,665)</u>
Education and Nutrition Center:				
Cafeteria	689,846	689,846	521,604	(168,242)
Summer school tuition	25,000	25,000	21,295	(3,705)
Total Education and Nutrition Center	<u>714,846</u>	<u>714,846</u>	<u>542,899</u>	<u>(171,947)</u>
Sikorsky Airport:				
Airport fees	60,000	60,000	76,093	16,093
Shared revenue	110,000	110,000	80,046	(29,954)
Airport leases	696,700	696,700	712,833	16,133
Total Sikorsky Airport	<u>866,700</u>	<u>866,700</u>	<u>868,972</u>	<u>2,272</u>
Fire Department:				
Firewatch reimbursement	130,150	130,150	172,868	42,718
Copies	850	850	712	(138)
Permit	78,200	78,200	72,612	(5,588)
Tank installation	4,850	4,850	905	(3,945)
Total fire department	<u>214,050</u>	<u>214,050</u>	<u>247,097</u>	<u>33,047</u>
Total fees, permits and licenses	<u>21,252,576</u>	<u>21,254,576</u>	<u>18,136,529</u>	<u>(3,118,047)</u>
Interest	<u>100,000</u>	<u>100,000</u>	<u>526,679</u>	<u>426,679</u>
Other:				
Property rental	75,000	75,000	36,603	(38,397)
O.T.B. income	250,000	250,000	272,780	22,780
State Bingo	200	200	42	(158)
Weights and measures	92,000	92,000	93,865	1,865
Sale of City-owned property	250,000	250,000	95,591	(154,409)
Miscellaneous	106,100	106,100	123,870	17,770
Foreclosure cost recovery	1,000	1,000		(1,000)
Restitution	5,000	5,000	3,706	(1,294)
Comptroller miscellaneous revenue	963,000	963,000	4,588,534	3,625,534
Total other	<u>1,742,300</u>	<u>1,742,300</u>	<u>5,214,991</u>	<u>3,472,691</u>
Total revenues	541,398,860	567,108,895	548,424,941	(18,683,954)
Other financing sources:				
Transfers in	<u>200,000</u>	<u>200,000</u>	<u>394,391</u>	<u>194,391</u>
Total Revenues and Other Financing Sources	<u>\$ 541,598,860</u>	<u>\$ 567,308,895</u>	548,819,332	<u>\$ (18,489,563)</u>

Budgetary revenues are different than GAAP revenues because:

On-behalf contributions to the Connecticut State Teachers'

Retirement System for Town teachers are not budgeted:

Pension

47,533,908

OPEB

4,901,992

The Board of Education does not budget for excess cost, magnet schools and vocational agriculture grant payments which are credited against expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial statement purposes.

6,869,379

Proceeds from bond refunding.

79,975,000

Proceeds from bonds issued

99,500,000

Proceeds from premium on bonds

6,941,186

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

\$ 794,540,797



**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, 2018**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
General government:				
Mayor's office	\$ 983,308	\$ 983,308	\$ 950,406	\$ 32,902
Central grants	642,970	642,970	395,784	247,186
Finance divisions	6,163,358	6,163,358	5,285,876	877,482
Registrar of voters	860,438	860,438	918,426	(57,988)
City clerk	496,634	496,634	442,826	53,808
City attorney	5,679,139	5,679,140	6,004,876	(325,736)
Archives and records	14,580	14,580	13,390	1,190
Civil service	992,470	992,470	817,613	174,857
Labor relations/benefits/pensions	24,429,985	24,429,986	20,534,824	3,895,162
Town Clerk	847,619	847,619	810,357	37,262
Legislative department	287,446	287,446	157,469	129,977
Office of policy and management	749,002	749,002	668,795	80,207
Ethics commission	3,089	3,089		3,089
Chief administrative officer	1,152,581	1,152,581	1,033,824	118,757
Information technology service	3,979,258	3,979,257	3,845,017	134,240
Minority business enterprise office	260,632	260,632	202,441	58,191
Citistat	14,339	14,339		14,339
Total general government	<u>47,556,848</u>	<u>47,556,849</u>	<u>42,081,924</u>	<u>5,474,925</u>
Public Safety:				
Police department	103,735,665	103,737,665	103,109,182	628,483
Fire department	64,343,536	64,343,536	62,563,498	1,780,038
Weights and measures	168,503	168,503	167,726	777
Emergency Operation Center	5,987,884	5,987,884	5,452,377	535,507
Total public safety	<u>174,235,588</u>	<u>174,237,588</u>	<u>171,292,783</u>	<u>2,944,805</u>
Public facilities:				
Airport	1,314,057	1,314,057	1,326,269	(12,212)
Engineering	914,169	914,169	739,193	174,976
Harbor master	194,064	194,064	859	193,205
Maintenance	11,625,238	11,625,238	11,488,364	136,874
Municipal garage	2,617,101	2,617,101	2,344,445	272,656
Public facilities administration	16,025,967	16,025,967	14,296,360	1,729,607
Roadway	4,526,464	4,526,464	5,195,424	(668,960)
Sanitation	5,681,677	5,681,677	5,984,694	(303,017)
Transfer station	1,929,753	1,929,753	1,792,945	136,808
Recreation	1,282,707	1,282,707	1,070,878	211,829
Department on aging	535,900	535,900	504,906	30,994
Parks administration	307,713	307,713	312,455	(4,742)
Parks	2,480,931	2,480,931	2,614,980	(134,049)
Zoo	1,558,474	1,558,474	1,506,197	52,277
Golf course	1,604,948	1,604,948	1,560,049	44,899
Total public facilities	<u>52,599,163</u>	<u>52,599,163</u>	<u>50,738,018</u>	<u>1,861,145</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, 2018**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Planning and Economic Development:				
OPED administration	\$ 9,344,315	\$ 9,344,315	\$ 8,111,798	\$ 1,232,517
Building department	1,687,248	1,687,248	1,486,221	201,027
Zoning board of appeals	100,167	100,167	98,646	1,521
Zoning commission	710,464	710,464	633,157	77,307
Total planning and economic development	<u>11,842,194</u>	<u>11,842,194</u>	<u>10,329,822</u>	<u>1,512,372</u>
Health and social services:				
Health and social services administration	363,917	363,917	454,051	(90,134)
Vital statistics	403,533	403,533	409,463	(5,930)
Communicable disease clinic	376,269	375,999	356,602	19,397
Environmental health	826,633	826,633	626,949	199,684
Housing code enforcement	690,404	690,404	674,048	16,356
Lead prevention program	168,538	168,537	181,965	(13,428)
Human services administration	160,582	160,582	135,219	25,363
Persons with disabilities	82,292	82,293	90,429	(8,136)
Veterans' affairs	178,740	179,010	173,051	5,959
Lighthouse/Youth services	1,560,964	1,560,964	1,445,772	115,192
Social services	250,994	250,994	200,053	50,941
Total health and social services	<u>5,062,866</u>	<u>5,062,866</u>	<u>4,747,602</u>	<u>315,264</u>
Libraries	5,713,859	5,713,859	5,713,859	-
Special services:				
Other financing uses	4,860,215	4,860,215	508,719	4,351,496
Supportive contributions	493,275	493,275	369,319	123,956
Citywide memberships	40,000	40,000	39,332	668
Debt service	3,985,000	3,985,000	1,276,793	2,708,207
Total special services	<u>9,378,490</u>	<u>9,378,490</u>	<u>2,194,163</u>	<u>7,184,327</u>
Education:				
Schools	202,008,471	227,716,982	227,716,980	2
Food services	15,739,380	15,738,903	15,582,769	156,134
Board of education debt service	17,462,001	17,462,001	16,673,108	788,893
Total education	<u>235,209,852</u>	<u>260,917,886</u>	<u>259,972,857</u>	<u>945,029</u>
Total Expenditures and Other Financing Uses	\$ <u>541,598,860</u>	\$ <u>567,308,895</u>	547,071,028	\$ <u>20,237,867</u>

Budgetary expenditures are different than GAAP expenditures because:

On-behalf payments to the Connecticut State Teachers'

Retirement System for Town teachers are not budgeted:

Pension

47,533,908

OPEB

4,901,992

The Board of Education does not budget for excess cost, magnet schools and vocational agriculture 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.

6,869,379

Payment to MERS

98,582,467

Payment to escrow agent for refunding bonds

85,928,224

Bond refunding costs not budgeted by the City

1,905,495

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

\$ 792,792,493

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Interest	\$ 20,016,198	\$ 21,842,806	\$ 23,461,582	\$ 22,225,409	\$ 24,079,006
Differences between expected and actual experience	2,240,514	(6,996,385)	(3,217,484)	13,730,638	(22,337,660)
Changes of assumptions	(5,782,705)	(439,229)	(12,438,135)	54,487,379	(22,732,874)
Benefit payments, including refunds of member contributions	<u>(29,397,737)</u>	<u>(30,424,274)</u>	<u>(31,895,360)</u>	<u>(33,838,820)</u>	<u>(30,964,004)</u>
Net change in total pension liability	(12,923,730)	(16,017,082)	(24,089,397)	56,604,606	(51,955,532)
Total pension liability - beginning	<u>311,235,137</u>	<u>327,252,219</u>	<u>351,341,616</u>	<u>294,737,010</u>	<u>346,692,542</u>
Total pension liability - ending	<u>298,311,407</u>	<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	15,600,000	15,944,213	15,488,177	11,407,599	11,600,000
Contributions - member				12,334	143,974
Net investment income (loss)	6,039,520	8,866,020	(4,940,329)	778,674	15,837,803
Benefit payments, including refunds of member contributions	<u>(29,397,737)</u>	<u>(30,424,274)</u>	<u>(31,895,360)</u>	<u>(33,838,820)</u>	<u>(30,964,004)</u>
Net change in plan fiduciary net position	(7,758,217)	(5,614,041)	(21,347,512)	(21,640,213)	(3,382,227)
Plan fiduciary net position - beginning	<u>71,029,447</u>	<u>76,643,488</u>	<u>97,991,000</u>	<u>119,631,213</u>	<u>123,013,440</u>
Plan fiduciary net position - ending	<u>63,271,230</u>	<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>\$ 235,040,177</u>	<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	21.21%	22.82%	23.42%	27.89%	40.59%
Covered payroll	N/A	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	N/A
<b><u>Notes to Schedule:</u></b>					
Benefit changes: None					
Assumption changes:					
Cost of living adjustment	2.25%	2.50%	2.50%	3.00% - Fire 2.50% - Police	3.00% - Fire 2.50% - Police
Inflation	2.00%	2.00%	2.00%	2.30%	2.60%
Investment rate of return	6.75%	6.75%	7.00%	7.00%	8.00%
Discount rate	6.75%	6.75%	7.00%	7.00%	8.00%
Mortality:					
RP-2014 (adjusted back to 2006) projected generationally with scale MP-2017.	**				
RP - 2014 (adjusted back to 2006), projected generationally with Scale MP-2016.		**	**		
RP-2014 (adjusted back to 2006), projected generationally with Scale MP-2015.				**	
RP-2000 Combined Healthy Mortality, projected generationally with Scale AA					**

\* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

\*\* Applicable for that particular year

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Interest	\$ 4,537,651	\$ 4,212,914	\$ 4,622,718	\$ 4,100,080	\$ 4,435,830
Differences between expected and actual experience	1,411,913	(3,470,389)	715,864	7,644,858	(991,025)
Changes of assumptions	(18,929,991)	(20,849,995)	16,313,199	10,329,185	(6,081,926)
Benefit payments, including refunds of member contributions	(4,607,436)	(4,460,565)	(4,901,990)	(3,839,612)	(3,804,480)
Net change in total pension liability	(17,587,863)	(24,568,035)	16,749,791	18,234,511	(6,441,601)
Total pension liability - beginning	95,671,030	120,239,065	103,489,274	85,254,763	91,696,364
Total pension liability - ending	<u>78,083,167</u>	<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	1,850,000	2,002,000			
Contributions - member				44,368	181,840
Net investment income	5,386,091	6,698,898	176,428	427,232	9,633,316
Benefit payments, including refunds of member contributions	(4,607,436)	(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	<u>2,628,655</u>	<u>4,240,333</u>	<u>(4,725,562)</u>	<u>(3,673,169)</u>	<u>5,746,657</u>
Plan fiduciary net position - beginning	60,766,256	56,525,923	61,251,485	64,924,654	59,177,997
Plan fiduciary net position - ending	<u>63,394,911</u>	<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>\$ 14,688,256</u>	<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	81.19%	63.52%	47.01%	59.19%	76.15%
Covered payroll	N/A	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	N/A
<b>Notes to Schedule:</b>					
Benefit changes: None					
Assumption changes:					
Cost of living adjustment	2.25%	2.50%	2.50%	2.50%	2.50%
Inflation	2.00%	2.00%	2.00%	2.30%	2.60%
Investment rate of return	6.25%	6.25%	6.25%	6.25%	5.50%
Discount rate	6.25%	4.86%	3.57%	4.58%	4.92%
Mortality:					
RP-2014 (adjusted back to 2006) projected generationally with scale MP-2017.	**				
RP - 2014 (adjusted back to 2006), projected generationally with Scale MP-2016.		**	**		
RP-2014 (adjusted back to 2006), projected generationally with Scale MP-2015.				**	
RP-2000 Combined Healthy Mortality, projected generationally with Scale AA					**

\* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

\*\* Applicable for that particular year

**CITY OF BRIDGEPORT, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS**  
**FIREFIIGHTERS' RETIREMENT PLAN B**  
**LAST FIVE FISCAL YEARS\***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Interest	\$ 2,287,399	\$ 2,199,953	\$ 2,476,699	\$ 2,281,088	\$ 2,283,352
Differences between expected and actual experience	(203,834)	(945,182)	(850,563)	130,083	(133,251)
Changes of assumptions	(1,286,736)	(6,714,794)	(1,461,547)	1,779,805	63,339
Benefit payments, including refunds of member contributions	<u>(2,242,657)</u>	<u>(2,348,288)</u>	<u>(2,207,398)</u>	<u>(2,171,567)</u>	<u>(2,170,390)</u>
Net change in total pension liability	(1,445,828)	(7,808,311)	(2,042,809)	2,019,409	43,050
Total pension liability - beginning	<u>37,719,720</u>	<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>36,273,892</u>	<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	180,000	302,100			
Net investment income (loss)	2,312,510	3,416,479	(285,465)	942,785	5,310,728
Benefit payments, including refunds of member contributions	(2,242,657)	(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>249,853</u>	<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>37,073,073</u>	<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>37,322,926</u>	<u>37,073,073</u>	<u>35,702,782</u>	<u>38,195,645</u>	<u>39,429,306</u>
Net Pension Liability (Asset) - Ending	<u>\$ (1,049,034)</u>	<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	102.89%	98.29%	78.42%	80.29%	86.56%
Covered payroll	N/A	N/A	N/A	N/A	N/A
Net pension liability (asset) as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A
<b><u>Notes to Schedule:</u></b>					
Benefit changes: None					
Assumption changes:					
Cost of living adjustment	2.25%	2.50%	2.50%	3.00%	3.00%
Inflation	2.00%	2.00%	2.00%	2.30%	2.60%
Investment rate of return	6.25%	6.25%	6.25%	6.25%	5.50%
Discount rate	6.25%	6.25%	4.96%	5.33%	5.13%
Mortality:					
RP-2014 (adjusted back to 2006) projected generationally with scale MP-2017.	**				
RP - 2014 (adjusted back to 2006), projected generationally with Scale MP-2016.		**	**		
RP-2014 (adjusted back to 2006), projected generationally with Scale MP-2015.				**	
RP-2000 Combined Healthy Mortality, projected generationally with Scale AA					**

\* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

\*\* Applicable for that particular year

**CITY OF BRIDGEPORT, CONNECTICUT  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
JANITORS' AND ENGINEERS' RETIREMENT PLAN  
LAST FIVE FISCAL YEARS\***

	2018	2017	2016	2015	2014
Total pension liability:					
Interest	\$ 283,618	\$ 256,507	\$ 315,328	\$ 361,880	\$ 401,794
Differences between expected and actual experience	(1,338,204)		(115,639)		
Changes of assumptions	(155,488)	(652,369)	1,270,097	330,555	226,706
Benefit payments, including refunds of member contributions	(632,714)	(731,496)	(796,380)	(861,495)	(889,803)
Net change in total pension liability	(1,842,788)	(1,127,358)	673,406	(169,060)	(261,303)
Total pension liability - beginning	8,238,640	9,365,998	8,692,592	8,861,652	9,122,955
Total pension liability - ending	6,395,852	8,238,640	9,365,998	8,692,592	8,861,652
Plan fiduciary net position:					
Contributions - employer	632,714	731,496	796,380	861,495	889,803
Benefit payments, including refunds of member contributions	(632,714)	(731,496)	(796,380)	(861,495)	(889,803)
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	3,433	3,433	3,433	3,433	3,433
Plan fiduciary net position - ending	3,433	3,433	3,433	3,433	3,433
Net Pension Liability - Ending	\$ 6,392,419	\$ 8,235,207	\$ 9,362,565	\$ 8,689,159	\$ 8,858,219
Plan fiduciary net position as a percentage of the total pension liability	0.05%	0.04%	0.04%	0.04%	0.04%
Covered payroll	N/A	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	N/A
<b><u>Notes to Schedule:</u></b>					
Benefit changes: None					
Assumption changes:					
Investment rate of return	3.87%	3.58%	2.85%	3.80%	4.29%
Discount rate	3.87%	3.58%	2.85%	3.80%	4.29%
Mortality:					
RP-2014 (adjusted back to 2006) projected generationally with scale MP-2017.	**	**			
RP - 2014 (adjusted back to 2006), projected generationally with Scale MP-2016.			**		
UP 1994 Projected with Scale AA to 2015				**	**

\* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

\*\* Applicable for that particular year

**CITY OF BRIDGEPORT, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
PUBLIC SAFETY PLAN A  
LAST TEN FISCAL YEARS**

	<u>2018</u>	<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>
Actuarially determined contribution	\$ 15,596,475	\$ 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
Contributions in relation to the actuarially determined contribution	<u>15,600,000</u>	<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>
Contribution Deficiency (Excess)	\$ <u>(3,525)</u>	\$ <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>
Covered payroll	N/A	N/A	N/A	N/A	N/A	\$ 1,675,494	\$ 2,076,760	\$ 2,556,092	\$ 2,551,393	\$ 3,069,756
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	626.68%	337.06%	195.61%	185.24%	267.77%

**Notes to Schedule:**

Valuation date: June 30, 2018

Measurement date: June 30, 2018

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 %

Inflation: 2.0%

Salary increases: N/A

Cost of living adjustment: 2.25%

Mortality: RP - 2014 (adjusted back to 2006), projected generationally with Scale MP-2017. (MP-2016 in prior year)

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

	<u>2018</u>	<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>
Actuarially determined contribution	\$ 1,611,277	\$ 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
Contributions in relation to the actuarially determined contribution	<u>1,850,000</u>	<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>
Contribution Deficiency (Excess)	\$ <u>(238,723)</u>	\$ <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>
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	\$ 26,876,411	\$ 25,620,273	\$ 24,796,942	\$ 23,937,171
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	20.37%	24.11%	13.70%	18.13%

**Notes to Schedule:**

Valuation date: June 30, 2018  
 Measurement date: June 30, 2018  
 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: 20 years as of June 30, 2018  
 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: 2.25%, 2.5% in the prior year  
 Mortality: RP - 2014 (adjusted back to 2006), projected generationally with Scale MP-2017. (MP-2016 in prior year)



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

	<u>2018</u>	<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>
Actuarially determined contribution	\$ 56,129	\$ 239,304	\$ 310,155	\$ 515,442	\$ 518,934	\$	\$ 4,300,169	\$ 3,936,546	\$ 3,350,909	\$ 2,505,264
Contributions in relation to the actuarially determined contribution	<u>180,000</u>	<u>302,100</u>					<u>2,939,362</u>	<u>4,207,055</u>	<u>3,301,504</u>	<u>2,434,658</u>
Contribution Deficiency (Excess)	\$ <u>(123,871)</u>	\$ <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>
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	\$ 15,917,577	\$ 16,162,733	15,814,641	\$ 16,017,719
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	18.47%	26.03%	20.88%	15.20%

**Notes to Schedule:**

Valuation date: June 30, 2018  
 Measurement date: June 30, 2018  
 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: 20 years as of June 30, 2018  
 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: 2.25%, 2.5% in the prior year  
 Mortality: RP - 2014 (adjusted back to 2006), projected generationally with Scale MP-2017. (MP-2016 in prior year)

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

	<u>2018</u>	<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>
Actuarially determined contribution	\$ 750,996	\$ 769,368	\$ 818,100	\$ 836,026	\$ 873,475	\$ 892,501	\$ 894,791	\$ 906,091	\$ 877,018	\$ 877,018
Contributions in relation to the actuarially determined contribution	<u>632,714</u>	<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>
Contribution Deficiency (Excess)	\$ <u>118,282</u>	\$ <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>
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 date: June 30, 2018

Measurement date: June 30, 2018

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: 3.87%; previously 3.58%

Retirement age: N/A

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

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

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Annual money-weighted rate of return, net of investment expense:					
Public Safety Plan A	9.42%	12.77%	-5.52%	0.72%	14.26%
Police Retirement Plan B	9.07%	12.11%	0.30%	0.68%	16.82%
Firefighters' Retirement Plan B	6.42%	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 FOUR FISCAL YEARS\***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
City's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the City	<u>410,941,334</u>	<u>433,546,254</u>	<u>329,265,255</u>	<u>304,339,743</u>
Total	<u>\$ 410,941,334</u>	<u>\$ 433,546,254</u>	<u>\$ 329,265,255</u>	<u>\$ 304,339,743</u>
City's covered payroll	\$ 102,610,561	\$ 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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	55.93%	52.26%	59.50%	61.51%

**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

\* 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  
MUNICIPAL EMPLOYEES RETIREMENT FUND  
LAST FOUR FISCAL YEARS\***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u> <u>(as Restated)</u>
City's proportion of the net pension liability	15.14%	18.69%	16.21%	2.98%
City's proportionate share of the net pension liability	\$ 37,584,211	\$ 62,160,092	\$ 31,237,539	\$ 2,935,498
City's covered payroll	\$ 154,745,655	\$ 146,586,378	\$ 145,741,934	\$ 139,687,029
City's proportionate share of the net pension liability as a percentage of its covered payroll	24.29%	42.41%	21.43%	2.10%
Plan fiduciary net position as a percentage of the total pension liability	91.68%	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	24 years
Asset valuation method	5 years smoothed market (20% write up)

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 21,545,140	\$ 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
Contributions in relation to the actuarially determined contribution	21,545,140	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
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 149,864,951	\$ 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
Contributions as a percentage of covered payroll	14.38%	14.66%	15.12%	16.75%	14.34%	11.65%	11.65%	9.50%	7.00%	7.00%

**Notes to Schedule:**

Valuation date: June 30, 2016  
Measurement date: June 30, 2017  
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: 24 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.

**CITY OF BRIDGEPORT, CONNECTICUT  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
OTHER POST-EMPLOYMENT BENEFITS TRUST FUND  
LAST FISCAL YEAR\***

	<u>2018</u>
Total OPEB liability:	
Service cost	\$ 25,759,877
Interest	34,443,682
Change of benefit terms	
Differences between expected and actual experience	
Changes of assumptions	(40,814,162)
Benefit payments, including refunds of member contributions	<u>(27,090,667)</u>
Net change in total OPEB liability	(7,701,270)
Total OPEB liability - beginning	<u>949,780,361</u>
Total OPEB liability - ending	<u>942,079,091</u>
Plan fiduciary net position:	
Contributions - employer	27,190,667
Net investment income	13
Benefit payments, including refunds of member contributions	<u>(27,090,667)</u>
Net change in plan fiduciary net position	100,013
Plan fiduciary net position - beginning	<u>-</u>
Plan fiduciary net position - ending	<u>100,013</u>
Net OPEB Liability - Ending	<u>\$ 941,979,078</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.01%
Covered-employee payroll	\$ 245,409,264
Net OPEB liability as a percentage of covered-employee payroll	383.84%

**Notes to Schedule:**

Assumption changes:

Discount rate 3.87%; prior: 3.58%

\* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

**CITY OF BRIDGEPORT, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
OTHER POST-EMPLOYMENT BENEFITS TRUST FUND  
LAST TEN FISCAL YEARS**

	<u>2018</u>	<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>
Actuarially determined contribution	\$ 83,170,106	\$ 61,998,950	\$ 71,905,518	\$ 70,570,886	\$ 51,062,573	\$ 47,743,386	\$ 61,100,372	\$ 57,100,111	\$ 54,129,700	\$ 50,744,800
Contributions in relation to the actuarially determined contribution	<u>27,190,667</u>	<u>29,153,378</u>	<u>31,891,398</u>	<u>33,345,101</u>	<u>28,451,770</u>	<u>25,803,694</u>	<u>33,074,646</u>	<u>29,617,984</u>	<u>31,942,500</u>	<u>30,099,100</u>
Contribution Deficiency (Excess)	<u>\$ 55,979,439</u>	<u>\$ 32,845,572</u>	<u>\$ 40,014,120</u>	<u>\$ 37,225,785</u>	<u>\$ 22,610,803</u>	<u>\$ 21,939,692</u>	<u>\$ 28,025,726</u>	<u>\$ 27,482,127</u>	<u>\$ 22,187,200</u>	<u>\$ 20,645,700</u>
Covered-employee payroll	\$ 245,409,264	\$ 245,409,264	\$ 236,179,686	\$ 236,179,686	\$ 221,438,910	\$ 221,438,910	\$ 180,948,566	\$ 180,948,566	\$ 221,789,000	\$ 221,789,000
Contributions as a percentage of covered-employee payroll	11.08%	11.88%	13.50%	14.12%	12.85%	11.65%	18.28%	16.37%	14.40%	13.57%

**Notes to Schedule:**

Valuation date: July 1, 2016  
 Measurement date: June 30, 2018  
 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: Entry Age Normal  
 Amortization method: Level percent of payroll  
 Remaining amortization period: 30 years, open  
 Asset valuation method: Fair value  
 Actuarial assumptions:  
 Investment rate of return: 2.85%  
 Healthcare cost trend rate:  
 Inflation: 3.00%  
 Salary increases: 5.50%  
 Mortality: RP - 2014 Headcount-Weighted Combined Healthy Mortality Table projected generationally from the central year using Scale MP-2016



**CITY OF BRIDGEPORT, CONNECTICUT  
SCHEDULE OF INVESTMENT RETURNS  
OTHER POST-EMPLOYMENT BENEFITS TRUST FUND  
LAST FISCAL YEAR\***

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**2018**

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Annual money-weighted rate of return, net of investment expense:

0.00%

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

**CITY OF BRIDGEPORT, CONNECTICUT  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
TEACHERS RETIREMENT OPEB PLAN  
LAST FISCAL YEAR\***

	<u>2018</u>
City's proportion of the net pension liability	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>105,771,643</u>
Total	<u>\$ 105,771,643</u>
City's covered payroll	\$ 102,610,561
City's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	1.79%

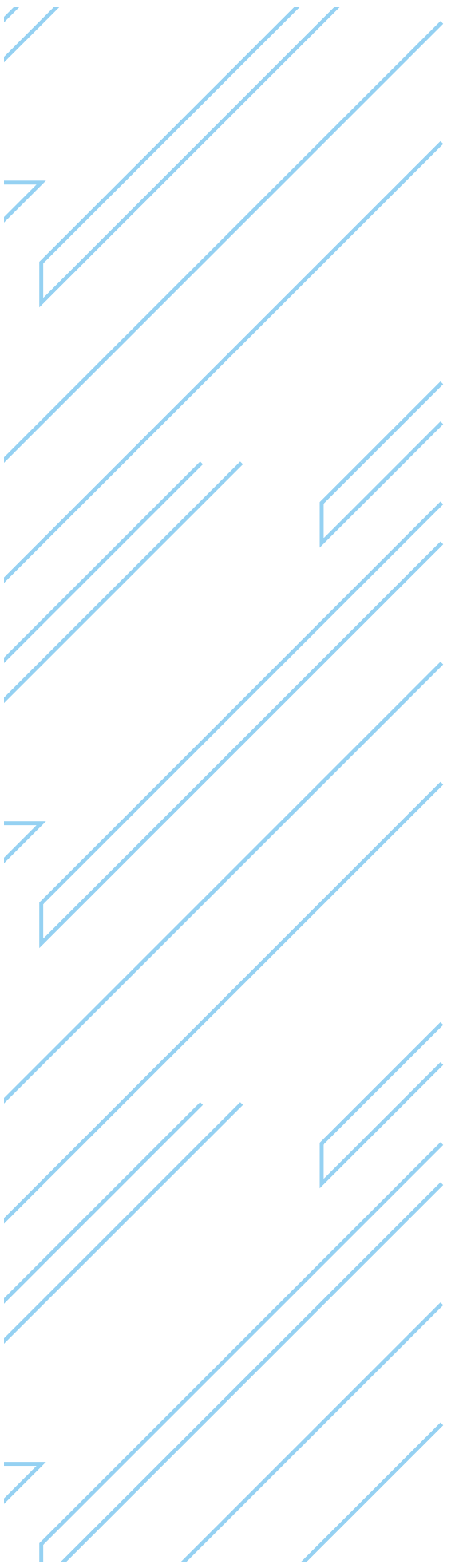
**Notes to Schedule:**

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

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



**COMBINING AND  
INDIVIDUAL FUND  
STATEMENTS AND  
SCHEDULES**



**General Fund**

## **GENERAL FUND**

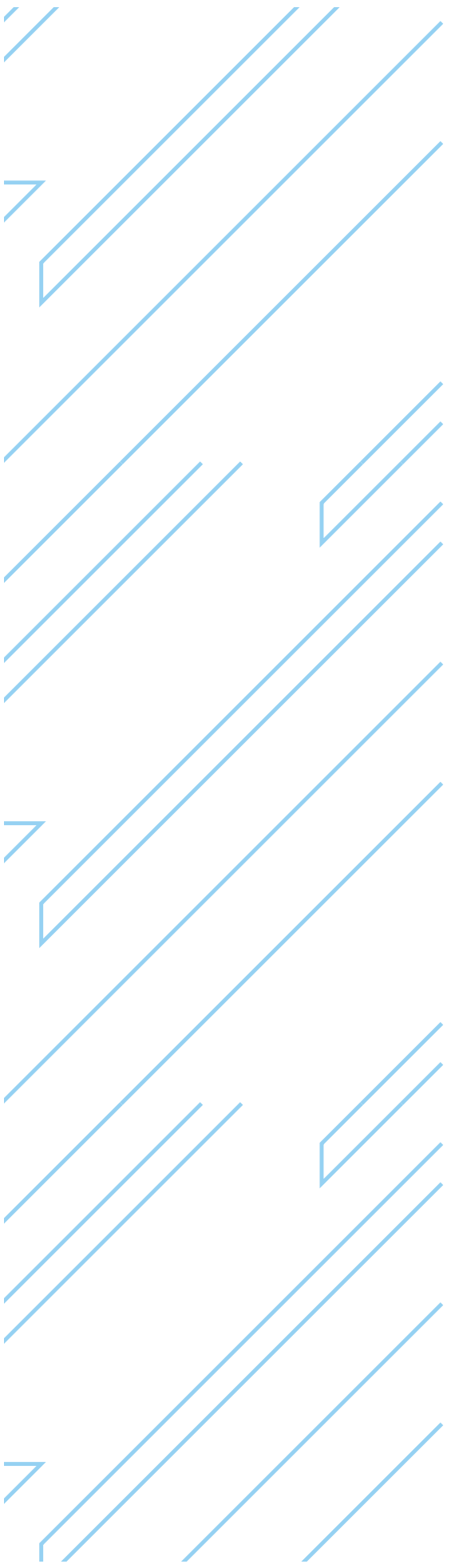
The General Fund is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in another fund.

**CITY OF BRIDGEPORT, CONNECTICUT  
GENERAL FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 52,629,762	\$ 43,584,338
Receivables:		
Property taxes, net of allowance for uncollectible amounts of \$17,979,872 in 2018 and \$18,451,586 in 2017	34,832,890	31,619,916
Intergovernmental	24,530,292	26,679,602
Other	1,715,163	1,505,944
Due from other funds	8,667,330	20,080,303
Other assets		350,000
Total Assets	<u>\$ 122,375,437</u>	<u>\$ 123,820,103</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
Liabilities:		
Accounts and other payables	\$ 26,092,232	\$ 25,231,021
Accrued liabilities	19,231,684	16,496,345
Due to other funds	6,324,322	18,778,076
Unearned revenue	2,456,178	642,165
Notes payable	13,000,000	10,000,000
Total liabilities	<u>67,104,416</u>	<u>71,147,607</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	34,256,588	31,096,448
Unavailable revenue - school construction		2,309,919
Total deferred inflows of resources	<u>34,256,588</u>	<u>33,406,367</u>
Fund Balances:		
Nonspendable		350,000
Unassigned	21,014,433	18,916,129
Total fund balances	<u>21,014,433</u>	<u>19,266,129</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 122,375,437</u>	<u>\$ 123,820,103</u>

**CITY OF BRIDGEPORT, CONNECTICUT  
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING  
FOR THE YEAR ENDED JUNE 30, 2018**

Grand List Year	Balance Uncollected July 1, 2017	Current Levy	Net Adjustments	Transfers to Suspense	Adjusted Taxes Collectible	Collections				Balance Uncollected June 30, 2018
						Taxes	Interest	Lien Fees	Total	
2002	\$ 1,705,866		\$ (8,274)	\$ (6,666)	\$ 1,690,926	\$ 10,027	\$ 38,508	\$ 237	\$ 48,772	\$ 1,680,899
2003	1,000,547		(7,349)	(6,776)	986,422	6,753	17,987	184	24,924	979,669
2004	1,272,954		(9,232)	(2,852)	1,260,870	10,464	22,988	196	33,648	1,250,406
2005	1,447,280		(22,666)	(2,585)	1,422,029	11,673	24,423	365	36,461	1,410,356
2006	1,836,854		(26,218)	(3,715)	1,806,921	7,185	18,405	144	25,734	1,799,736
2007	2,792,236		(35,152)	(39,115)	2,717,969	17,335	27,896	290	45,521	2,700,634
2008	2,154,817		(202,181)	(16,640)	1,935,996	(124,656)	36,810	426	(87,420)	2,060,652
2009	2,301,819		(39,685)	(42,659)	2,219,475	47,884	66,044	482	114,410	2,171,591
2010	2,289,174		(38,900)	(267,476)	1,982,798	18,612	(52,453)	364	(33,477)	1,964,186
2011	2,343,145		(13,905)	(273,047)	2,056,193	49,764	(28,143)	559	22,180	2,006,429
2012	2,341,364		(6,797)	(276,000)	2,058,567	54,959	(37,745)	293	17,507	2,003,608
2013	1,996,635		42,729	(8,833)	2,030,531	182,115	57,110	1,015	240,240	1,848,416
2014	2,355,953		88,381	(5,014)	2,439,320	406,479	107,053	2,595	516,127	2,032,841
2015	3,635,259		(336,531)	(2,784)	3,295,944	795,207	201,447	15,947	1,012,601	2,500,737
2016		321,855,305	(8,599,541)	(2,209)	313,253,555	308,782,170	1,859,938	112,987	310,755,095	4,471,385
	<u>\$ 29,473,903</u>	<u>\$ 321,855,305</u>	<u>\$ (9,215,321)</u>	<u>\$ (956,371)</u>	<u>\$ 341,157,516</u>	<u>\$ 310,275,971</u>	<u>\$ 2,360,268</u>	<u>\$ 136,084</u>	<u>\$ 312,772,323</u>	<u>\$ 30,881,545</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.

**Library Fund** - is used to account for endowments and donations, the income from which is restricted for library-related activities.

**Education Scholarship Fund** - is used to account for endowments and donations, the income from which is restricted for scholarship grants to qualified recipients.

### **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.

**CITY OF BRIDGEPORT, CONNECTICUT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	Special Revenue Funds								
	Health and Sanitation	Public Safety	Facility and Miscellaneous	Social Services	Community Development Block Grant	Housing Opportunities AIDS	HOME Program	Section 108 Loan Guarantee	Development Administration State Grant
<b>ASSETS</b>									
Cash and cash equivalents	\$	\$ 869,176	\$ 3,273,050	\$	\$ 36,822	\$ 499,897	\$ 526,761	\$ 294,599	\$ 2,137,763
Investments									
Receivables:									
Intergovernmental	205,233	4,495,147	31,133	7,871	466,234	1,023,005	132,732	459,737	122,875
Other						577,522			
Due from other funds	687,440		202,315	485,411	48,401				4,130
Total Assets	\$ <u>892,673</u>	\$ <u>5,364,323</u>	\$ <u>3,506,498</u>	\$ <u>493,282</u>	\$ <u>551,457</u>	\$ <u>1,522,902</u>	\$ <u>1,237,015</u>	\$ <u>754,336</u>	\$ <u>2,264,768</u>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable and other liabilities	\$ 39,924	\$ 236,574	\$ 31,141	\$ 252,028	\$ 249,694	\$ 169,575	\$ 234,560	\$ 32,178	\$ 50,189
Accrued payroll liabilities	13,659			2,281	27,929	519	1,405		
Due to other funds		4,641,675	2,714,423	202,315		1,192,417	742,023	722,158	1,158,282
Unearned revenues	610,615	378,609	48,758	36,658	19,433	9,800	419		
Total liabilities	<u>664,198</u>	<u>5,256,858</u>	<u>2,794,322</u>	<u>493,282</u>	<u>297,056</u>	<u>1,372,311</u>	<u>978,407</u>	<u>754,336</u>	<u>1,208,471</u>
Fund Balances:									
Restricted	228,475	107,465	712,176		254,401	150,591	258,608		1,056,297
Committed									
Total fund balances	<u>228,475</u>	<u>107,465</u>	<u>712,176</u>	<u>-</u>	<u>254,401</u>	<u>150,591</u>	<u>258,608</u>	<u>-</u>	<u>1,056,297</u>
Total Liabilities and Fund Balances	\$ <u>892,673</u>	\$ <u>5,364,323</u>	\$ <u>3,506,498</u>	\$ <u>493,282</u>	\$ <u>551,457</u>	\$ <u>1,522,902</u>	\$ <u>1,237,015</u>	\$ <u>754,336</u>	\$ <u>2,264,768</u>

(Continued on next page)

**CITY OF BRIDGEPORT, CONNECTICUT  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	Special Revenue Funds					Capital Projects		Interfund Eliminations	Total Nonmajor Governmental Funds	
	Library	Library Operations	Education	Miscellaneous Grants	General Government	Library	Education Scholarships			
<b>ASSETS</b>										
Cash and cash equivalents	\$ 535,281	\$	\$ 233,143	\$	\$	\$ 477,648	\$ 107,960	\$ 5,843	\$	\$ 8,997,943
Investments	1,469,989									1,469,989
Receivables:										
Intergovernmental										6,943,967
Other										577,522
Due from other funds	3,647	1,072,377		49,391	267,371		768		(206,445)	2,614,806
<b>Total Assets</b>	<u>\$ 2,008,917</u>	<u>\$ 1,072,377</u>	<u>\$ 233,143</u>	<u>\$ 49,391</u>	<u>\$ 267,371</u>	<u>\$ 477,648</u>	<u>\$ 108,728</u>	<u>\$ 5,843</u>	<u>\$ (206,445)</u>	<u>\$ 20,604,227</u>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts payable and other liabilities	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 1,295,863
Accrued payroll liabilities										45,793
Due to other funds									(206,445)	11,166,848
Unearned revenues										1,104,292
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(206,445)</u>	<u>13,612,796</u>
Fund Balances:										
Restricted				49,391		477,648	108,728			3,403,780
Committed	2,008,917	1,072,377	233,143		267,371			5,843		3,587,651
Total fund balances	<u>2,008,917</u>	<u>1,072,377</u>	<u>233,143</u>	<u>49,391</u>	<u>267,371</u>	<u>477,648</u>	<u>108,728</u>	<u>5,843</u>	<u>-</u>	<u>6,991,431</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,008,917</u>	<u>\$ 1,072,377</u>	<u>\$ 233,143</u>	<u>\$ 49,391</u>	<u>\$ 267,371</u>	<u>\$ 477,648</u>	<u>\$ 108,728</u>	<u>\$ 5,843</u>	<u>\$ (206,445)</u>	<u>\$ 20,604,227</u>

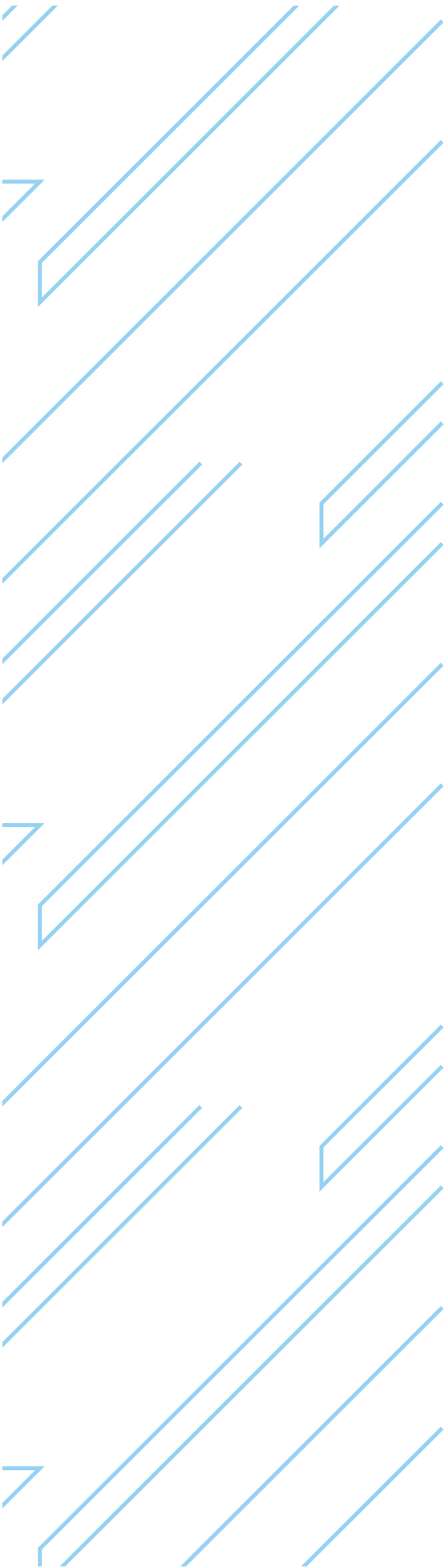
**CITY OF BRIDGEPORT, CONNECTICUT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018**

	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	\$ 5,098	\$ 5,180,642	\$ 1,269,792	\$ 1,161,457	\$ 881,778	\$ 776,759	\$ 195,576	\$ -	\$ 131,293
Interest		4,414	26,125						12,514
Other	523,622	133,294	39,238	60,347					202,450
Total revenues	<u>528,720</u>	<u>5,318,350</u>	<u>1,335,155</u>	<u>1,221,804</u>	<u>881,778</u>	<u>776,759</u>	<u>195,576</u>	<u>-</u>	<u>346,257</u>
Expenditures:									
General government								579,500	
Health and social services	574,245					447,799			
Libraries									
Education									
Special services		4,486,996	1,671,131	1,228,044	1,240,138		239,533		364,159
Total expenditures	<u>574,245</u>	<u>4,486,996</u>	<u>1,671,131</u>	<u>1,228,044</u>	<u>1,240,138</u>	<u>447,799</u>	<u>239,533</u>	<u>579,500</u>	<u>364,159</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(45,525)</u>	<u>831,354</u>	<u>(335,976)</u>	<u>(6,240)</u>	<u>(358,360)</u>	<u>328,960</u>	<u>(43,957)</u>	<u>(579,500)</u>	<u>(17,902)</u>
Other Financing Sources (Uses):									
Transfers in				115,437	572,312			305,243	
Transfers out		(2,020,534)	(434,680)					(572,312)	
Total other financing sources (uses)	<u>-</u>	<u>(2,020,534)</u>	<u>(434,680)</u>	<u>115,437</u>	<u>572,312</u>	<u>-</u>	<u>-</u>	<u>(267,069)</u>	<u>-</u>
Net Change in Fund Balances	(45,525)	(1,189,180)	(770,656)	109,197	213,952	328,960	(43,957)	(846,569)	(17,902)
Fund Balances at Beginning of Year	274,000	1,296,645	1,482,832	(109,197)	40,449	(178,369)	302,565	846,569	1,074,199
Fund Balances at End of Year	<u>\$ 228,475</u>	<u>\$ 107,465</u>	<u>\$ 712,176</u>	<u>\$ -</u>	<u>\$ 254,401</u>	<u>\$ 150,591</u>	<u>\$ 258,608</u>	<u>\$ -</u>	<u>\$ 1,056,297</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, 2018**

	Special Revenue					Capital Projects		Interfund Eliminations	Total Nonmajor Governmental Funds
	Library	Library Operations	Education	Miscellaneous Grants	General Government	Library	Education Scholarships		
Revenues:									
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$	\$ 9,602,395
Interest	417		25	676		233	11		44,415
Other	157,069				53,896				1,169,916
Total revenues	<u>157,486</u>	<u>-</u>	<u>25</u>	<u>676</u>	<u>53,896</u>	<u>233</u>	<u>11</u>	<u>-</u>	<u>10,816,726</u>
Expenditures:									
General government					6,985				586,485
Health and social services									1,022,044
Libraries	260,848	892,793				20,912			1,174,553
Education			2,385				20		2,405
Special services				2,520					9,232,521
Total expenditures	<u>260,848</u>	<u>892,793</u>	<u>2,385</u>	<u>2,520</u>	<u>6,985</u>	<u>20,912</u>	<u>20</u>	<u>-</u>	<u>12,018,008</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(103,362)</u>	<u>(892,793)</u>	<u>(2,360)</u>	<u>(1,844)</u>	<u>46,911</u>	<u>(20,679)</u>	<u>(9)</u>	<u>-</u>	<u>(1,201,282)</u>
Other Financing Sources (Uses):									
Transfers in		4,426						(992,992)	4,426
Transfers out								992,992	(2,036,838)
Total other financing sources (uses)	<u>-</u>	<u>4,426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,304)</u>	<u>(2,032,412)</u>
Net Change in Fund Balances	(103,362)	(888,367)	(2,360)	(1,844)	46,911	(20,679)	(9)	(2,304)	(3,233,694)
Fund Balances at Beginning of Year	2,112,279	1,960,744	235,503	51,235	220,460	498,327	108,737	8,147	10,225,125
Fund Balances at End of Year	<u>\$ 2,008,917</u>	<u>\$ 1,072,377</u>	<u>\$ 233,143</u>	<u>\$ 49,391</u>	<u>\$ 267,371</u>	<u>\$ 477,648</u>	<u>\$ 108,728</u>	<u>\$ 5,843</u>	<u>\$ 6,991,431</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:

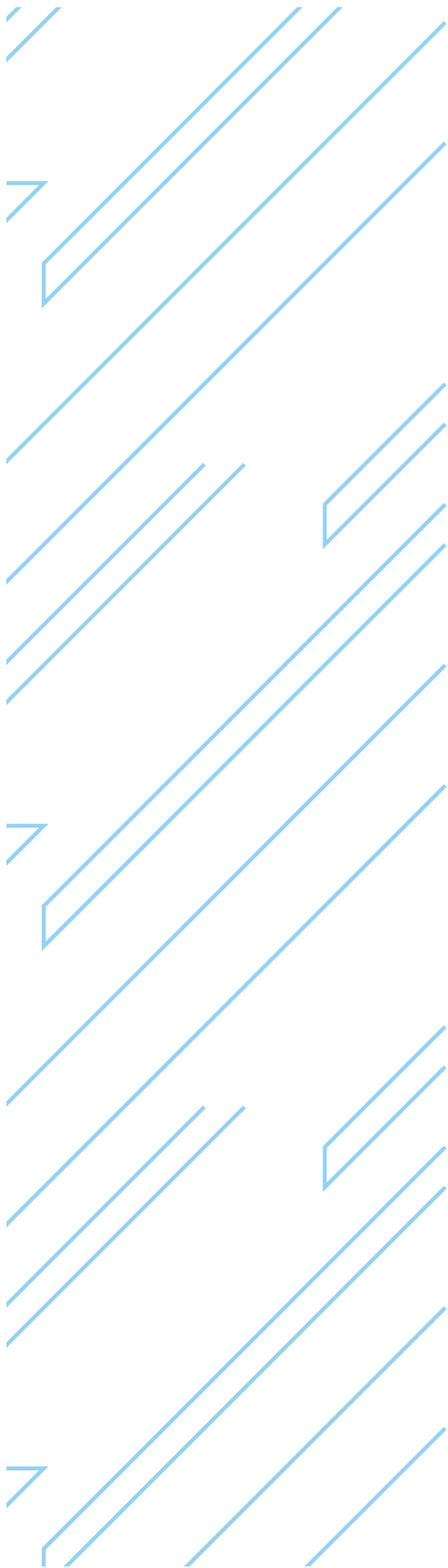
Student Activities Fund



**CITY OF BRIDGEPORT, CONNECTICUT  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

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	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
<b>Student Activities Fund</b>				
Assets:				
Cash and Cash Equivalents	\$ 606,320	\$ 1,461,279	\$ 1,513,838	\$ 553,761
Liabilities:				
Due to Student Groups	\$ 606,320	\$ 1,461,279	\$ 1,513,838	\$ 553,761



## 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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities:										
Net investment in capital assets	\$ 903,774,582	\$ 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
Restricted	24,249,409	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
Unrestricted	(1,601,612,985)	(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)
Total Governmental Activities Net Position	(673,588,994)	(233,399,023)	(244,663,065)	(296,488,478)	236,146,543	203,886,761	154,745,023	140,012,799	150,204,817	144,921,915
Business-type activities:										
Net investment in capital assets	88,269,353	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
Restricted								923,098	820,556	1,433,775
Unrestricted	10,063,397	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
Total Business-Type Activities Net Position	98,332,750	102,510,315	102,503,970	98,781,556	95,005,106	92,327,883	89,507,724	83,516,219	80,652,012	80,307,483
Primary Government:										
Net investment in capital assets	992,043,935	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
Restricted	24,249,409	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
Unrestricted	(1,591,549,588)	(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)
Total Primary Government Net Position	\$ (575,256,244)	\$ (130,888,708)	\$ (142,159,095)	\$ (197,706,922)	\$ 331,151,649	\$ 296,214,644	\$ 244,252,747	\$ 223,529,018	\$ 230,856,829	\$ 225,229,398

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

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses:										
Governmental activities:										
General government	\$ 41,504,991	\$ 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
Public safety	154,714,714	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
Public facilities, parks and recreation	47,664,397	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
Parks and recreation										5,898,866
Planning and economic development	4,186,575	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	6,155,545	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
Education	407,535,202	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
Special services	7,413,753	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
Interest on long-term debt	35,712,209	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
Total governmental activities expenses	704,887,386	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
Business-type activities:										
Water Pollution Control Authority	39,687,374	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
Total primary government expenses	744,574,760	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
Program revenue:										
Governmental activities:										
Charges for services:										
General government	7,377,287	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
Public safety	6,125,456	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
Public facilities, parks and recreation	3,675,542	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
Parks and recreation										2,514,238
Planning and economic development	3,411,604	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	1,325,099	1,045,142	772,288	750,404	1,125,770	2,013,222	865,318	1,502,929	924,169	570,541
Education	542,899	631,266	668,925	787,178	735,122	704,164	702,587	756,596	817,448	900,591
Special services	29,115	702,364	(152,931)	(1,135,968)	549,529	1,468,921		832,216		
Operating grants and contributions:										
General government	119,780	91,597	440,327	420,791	196,264	704,873	425,724	975,269	773,282	3,152
Public safety	115,052	38,098	189,018	43,870	58,274	64,006	77,404	530,148	4,148,209	
Public facilities	6,344,113	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
Parks and recreation										
Planning and economic development	3,627,369	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	1,270,964	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
Education	317,766,584	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
Special services	6,205,626	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
Interest on long-term debt	194,167	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	59,559,689	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
Public facilities	4,105,414	3,279,698	1,133,287	1,756,685	3,522,581	1,205,943	1,188,554	324,725		
Public safety										
Special services	10,437	29,502	66,670	7,799	251,000	310,000				
Total governmental activities program revenue	421,806,197	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

(Continued on next page)

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

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Business-type activities:										
Charges for services:										
Water Pollution Control Authority	\$ 36,164,732	\$ 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
Capital grants and contributions:										
Water Pollution Control Authority	2,716,685	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
Total business-type activities program revenues	38,881,417	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
Total primary government program revenues	460,687,614	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
Net (expense) revenue:										
Governmental activities	(283,081,189)	(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)
Business-type activities	(805,957)	(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
Total primary government net expense	(283,887,146)	(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)
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes	314,781,907	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
Grants and contributions not restricted to specific programs	29,725,039	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
Unrestricted investment earnings	1,387,642	749,011	279,984	251,486	259,308	307,620	305,947	468,605	370,639	864,608
Miscellaneous	236,045	1,181,517	2,270,522			23,000				
Transfers								14,211		
Special item-Reduction of MERS liability for prior services	156,676,272									
Total governmental activities	502,806,905	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
Business-type activities:										
Investment earnings	18,555	14,995	9,231	6,929	7,194	7,898	12,093	22,836	25,087	32,712
Total primary government	502,825,460	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
Changes in Net Position:										
Governmental activities	219,725,716	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
Business-type activities	(787,402)	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
Total Primary Government	\$ 218,938,314	\$ 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

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

Function/Program	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities:										
General government	\$ 7,497,067	\$ 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
Public safety	6,240,508	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
Public facilities	14,125,069	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
Parks and recreation										2,514,238
Planning and economic development	7,038,973	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	2,596,063	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
Education	377,869,172	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
Special services	6,245,178	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
Interest on long-term debt	194,167	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	<u>421,806,197</u>	<u>395,520,346</u>	<u>452,868,506</u>	<u>403,239,668</u>	<u>386,924,354</u>	<u>388,597,956</u>	<u>342,438,560</u>	<u>342,591,381</u>	<u>337,131,360</u>	<u>344,828,785</u>
Business-type activities:										
Water Pollution Control Authority	38,881,417	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
Total Government	<u>\$ 460,687,614</u>	<u>\$ 434,692,064</u>	<u>\$ 493,818,974</u>	<u>\$ 442,952,905</u>	<u>\$ 425,219,724</u>	<u>\$ 419,809,992</u>	<u>\$ 374,805,699</u>	<u>\$ 371,444,233</u>	<u>\$ 365,287,545</u>	<u>\$ 374,332,418</u>

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

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund:										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$	\$ 30,876	\$
Unreserved									15,611,351	10,752,753
Nonspendable		350,000	350,000	350,000	350,000	350,000	350,000	350,000		
Assigned							3,222,700	5,222,700		
Unassigned	21,014,433	18,916,129	14,269,142	13,363,461	13,045,816	12,574,082	9,147,814	10,987,910		
<b>Total General Fund</b>	<b>\$ 21,014,433</b>	<b>\$ 19,266,129</b>	<b>\$ 14,619,142</b>	<b>\$ 13,713,461</b>	<b>\$ 13,395,816</b>	<b>\$ 12,924,082</b>	<b>\$ 12,720,514</b>	<b>\$ 16,560,610</b>	<b>\$ 15,642,227</b>	<b>\$ 10,752,753</b>
All Other Governmental Funds:										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$	\$ 10,068,125	\$ 5,068,118
Unreserved, reported in:										
Special revenue funds									(5,968,762)	(1,854,831)
Capital projects funds									53,320,116	29,831,588
Permanent fund									59,770	47,182
Restricted	25,191,649	11,876,732	5,902,507	7,578,873	4,864,914	4,592,021	1,910,141	1,398,998		
Committed	107,270,519	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)		
<b>Total All Other Governmental Funds</b>	<b>\$ 132,462,168</b>	<b>\$ 110,255,633</b>	<b>\$ 78,353,789</b>	<b>\$ 78,942,721</b>	<b>\$ 43,825,809</b>	<b>\$ 70,793,247</b>	<b>\$ 96,193,828</b>	<b>\$ 57,538,470</b>	<b>\$ 57,479,249</b>	<b>\$ 33,092,057</b>

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Revenues:</b>										
Property taxes	\$ 311,378,677	\$ 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
Intergovernmental	429,798,854	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
Fees, permits and licenses	18,136,529	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
Interest	1,387,642	749,006	279,985	251,486	259,308	307,039	305,673	467,604	370,639	864,608
Other	6,384,907	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
<b>Total revenues</b>	<b>767,086,609</b>	<b>747,810,349</b>	<b>781,767,838</b>	<b>723,082,901</b>	<b>702,150,040</b>	<b>700,462,907</b>	<b>642,373,056</b>	<b>637,801,308</b>	<b>630,348,712</b>	<b>628,322,764</b>
<b>Expenditures:</b>										
<b>Governmental and community services:</b>										
General government	42,668,409	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
Public safety	139,352,315	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
Public facilities	38,983,342	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
Parks and recreation										5,368,932
Planning and economic development	3,918,969	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	5,769,652	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
Charities and hospitals										123,835
Libraries	6,651,889	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	381,561,975	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
Special services	10,149,883	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
Debt service:										
Principal retirements	37,205,672	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
Interest and other charges	39,599,033	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
Capital outlay	97,226,365	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
Payment to MERS for prior service costs	98,582,467									
<b>Total expenditures</b>	<b>901,669,971</b>	<b>781,456,334</b>	<b>805,563,731</b>	<b>724,857,265</b>	<b>728,857,755</b>	<b>726,054,078</b>	<b>682,128,749</b>	<b>656,460,420</b>	<b>641,912,046</b>	<b>682,251,814</b>
<b>Excess of revenues under expenditures</b>	<b>(134,583,362)</b>	<b>(33,645,985)</b>	<b>(23,795,893)</b>	<b>(1,774,364)</b>	<b>(26,707,715)</b>	<b>(25,591,171)</b>	<b>(39,755,693)</b>	<b>(18,659,112)</b>	<b>(11,563,334)</b>	<b>(53,929,050)</b>
<b>Other financing sources (uses):</b>										
Transfers in	2,719,351	2,528,854	4,313,331	3,410,284	3,410,284	500,000	500,000	500,000	205,649,402	224,867,074
Transfers out	(2,719,351)	(2,528,854)	(5,813,331)	(3,410,284)	(3,410,284)	(500,000)	(500,000)	(500,000)	(205,649,402)	(224,867,074)
Bonds issued	133,480,773	60,970,000	23,195,000				67,930,000	19,440,000	40,840,000	
Bond refunding issue	97,385,000		59,640,000	14,290,000	14,290,000	55,225,000				
Premium on long-term debt	13,600,652	9,224,816	12,337,545	1,150,189	1,150,189		6,641,055			
Payments to escrow agent	(85,928,224)		(69,559,903)	(15,228,178)	(15,228,178)	(59,704,935)				
<b>Total other financing sources</b>	<b>158,538,201</b>	<b>70,194,816</b>	<b>24,112,642</b>	<b>212,011</b>	<b>212,011</b>	<b>394,158</b>	<b>74,571,055</b>	<b>19,440,000</b>	<b>40,840,000</b>	<b>-</b>
<b>Net Changes in Fund Balance</b>	<b>\$ 23,954,839</b>	<b>\$ 36,548,831</b>	<b>\$ 316,749</b>	<b>\$ (1,562,353)</b>	<b>\$ (26,495,704)</b>	<b>\$ (25,197,013)</b>	<b>\$ 34,815,362</b>	<b>\$ 780,888</b>	<b>\$ 29,276,666</b>	<b>\$ (53,929,050)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>9.6%</b>	<b>11.0%</b>	<b>10.5%</b>	<b>11.2%</b>	<b>11.2%</b>	<b>10.5%</b>	<b>11.7%</b>	<b>12.0%</b>	<b>12.4%</b>	<b>12.3%</b>

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

<b>Fiscal Year</b>	<b>Real Estate</b>	<b>Personal Property</b>	<b>Motor Vehicle</b>	<b>Total</b>
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
2018	255,799,752	43,620,964	22,434,590	321,855,306
Change 2009-2018	<u>10.77%</u>	<u>78.07%</u>	<u>56.41%</u>	<u>19.31%</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)**

<b>Fiscal Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Miscellaneous Land</b>	<b>Personal Property</b>	<b>Motor Vehicle</b>	<b>Total Taxable Assessed Value</b>	<b>Percent Growth</b>	<b>Total Direct Tax Rate</b>	<b>Actual Taxable Value</b>	<b>Value as a Percentage of Actual Value</b>
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%
2018	3,119,848	1,170,171	371,453	135,448	808,092	492,576	6,097,588	0.7%	54.37	8,710,840	70.00%

Source: City of Bridgeport Tax Assessor's Office

**CITY OF BRIDGEPORT, CONNECTICUT  
PRINCIPAL PROPERTY TAXPAYERS  
FY 2018 and FY 2009  
(Unaudited)**

TABLE 8

Taxpayer	FY 2018			FY 2009		
	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.	\$ 299,288,000	1	4.93%	\$ 132,181,954	2	12.32%
CRRA/US Bank National Association (real property)	119,000,000	2	1.97%	140,046,244		13.05%
Bridgeport Energy LLC	110,258,940	3	1.82%	48,784,414	7	4.55%
PSEG Power Connecticut LLC*	67,011,096	4	1.10%	52,663,326	6	4.91%
Connecticut Light & Power	49,710,940	5	0.82%	45,923,653	8	4.28%
People's United Bank	49,443,840	6	0.82%	69,021,817	5	6.43%
Southern CT Gas Co.-Energy EA	43,507,490	7	0.72%	72,065,357	4	6.72%
Dominion Bpt Fuel Cell LLC	30,387,630	8	0.50%			
Watermark 3030 Park LLC	24,065,731	9	0.40%	25,532,028	10	2.38%
Aquarian Water Co. of CT*	22,425,580	10	0.37%			
<b>Total</b>	<b>\$ 6,064,663,214</b>		<b>13.44%</b>			
Success Village Apts Inc.	25,022,129			26,762,580	10	2.49%
Shelbourne Lafayette (formerly BPT Lafayette 2005 LLC)	12,510,990			15,400,000	9	1.44%
Wheelabrator BPT LP (personal property)	271,900			288,528,884	1	26.89%
AT&T Mobility	13,372,720			75,341,484	3	7.02%
Cingular Wireless LLC (now declares to State - City gets PILOT from CT State)				80,663,062	2	7.52%
<b>Total</b>				<b>\$ 1,072,914,803</b>		<b>100.00%</b>

\* 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
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%
2018	2016	313,252,556	308,779,618	98.57%	1,493,803	310,273,421	99.05%

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			
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
2018	763,761	-	763,761	8.77%	5,304	30,271	4,434	-	798,466	24.31%	5,537

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				
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	
2018	763,761	763,761	8.8%	5,304	4,434	768,195	24.31%	5,327	

Source: City of Bridgeport Finance Dept.

**CITY OF BRIDGEPORT, CONNECTICUT  
DIRECT GOVERNMENTAL ACTIVITIES DEBT  
FOR THE YEAR ENDED JUNE 30, 2018  
(Unaudited)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>
General obligation debt	\$ 764,980,000
Less school construction grants receivable - principal portion only	<u>(8,868,832)</u>
Total Direct Debt	<u>\$ 756,111,168</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  
DIRECT GOVERNMENTAL ACTIVITIES DEBT  
FOR THE YEAR ENDED JUNE 30, 2018  
(Unaudited)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>
General obligation debt	\$ 764,980,000
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Source: City records.

Note 1: The City is not subject to the debt of overlapping governments.

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Source: City of Bridgeport Finance Dept.

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

	<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>	<u>2018</u>
Debt limit	\$ 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	\$ 2,155,550
Total net debt applicable to limit	<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>	<u>913,150</u>
Legal debt margin	\$ <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>	\$ <u>1,242,400</u>
Total net debt applicable to the limit as a percentage of debt limit	<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>	<u>42.36%</u>

**CITY OF BRIDGEPORT, CONNECTICUT  
COMPUTATION OF LEGAL DEBT LIMITATION  
JUNE 30, 2018**

Total tax collections (including interest and lien fees) for the year ended June 30, 2018	\$ 310,755,095
Reimbursement for revenue loss:	
Tax relief for the elderly	<u>701,182</u>
Base	<u>\$ 311,456,277</u>
Debt Limit	<u>\$ 2,155,549,802</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	\$ 692,855,294				
4-1/2 times base		1,385,710,587			
3-3/4 times base			1,154,758,823		
3-1/4 times base				1,000,790,980	
3 times base					923,807,058
Total debt limitation	<u>692,855,294</u>	<u>1,385,710,587</u>	<u>1,154,758,823</u>	<u>1,000,790,980</u>	<u>923,807,058</u>
Debt as Defined by Statute:					
Bonds and Notes Payable	305,593,349	113,765,088	39,142,831	1,583,000	331,915,000
Tax Anticipation Notes	-				
Bonds authorized but unissued <sup>1</sup>	29,064,596	75,937,109	18,705,544		
Less: school construction grants		<u>(2,556,990)</u>			
Total indebtedness	<u>334,657,945</u>	<u>187,145,207</u>	<u>57,848,375</u>	<u>1,583,000</u>	<u>331,915,000</u>
Debt Limitation in Excess of Indebtedness	<u>\$ 358,197,349</u>	<u>\$ 1,198,565,380</u>	<u>\$ 1,096,910,448</u>	<u>\$ 999,207,980</u>	<u>\$ 591,892,058</u>

1. Includes all bonds currently authorized

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

<b>Calendar Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
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%
2018	144,229	48,088	21,816	32.1	21,004	6.3%

**CITY OF BRIDGEPORT, CONNECTICUT  
PRINCIPAL EMPLOYERS  
2018 AND 2009  
(Unaudited)**

Employer	2018		2009	
	Employees	Rank	Employees*	Rank
St. Vincent's Medical Center	2,109 (1,774 FT / 335 PT)	1	2,200*	3
Bridgeport Hospital, Inc.	2,702 (1,750 FT / 615 PT / 337 Per Diem)	2	2,700*	1
People's United Bank	1,338 (1,288 FT / 50 PT)****	3	2,400*	2
Prime Line Resources	710 (527 FT Reg. / 183 FT Temp.)	4	406*	7
Bridgeport Health Care Center	525***	5	1,100*	4
University of Bridgeport	922 (493 FT / 429 PT)	6	537**	6
Lacey Manufacturing Company	313 (311 FT / 2 PT)	7	350*	8
Sikorsky Aircraft	309 (3 Shifts)****	8	600*	5
Housatonic Community College	216 (192 Perm. FT / 24 Temp. FT)	9	184*	10
Watermark	280 (approx.140 FT / 140 PT)	10	300**	9

\*=2007 Data

\*\*=2008 Data

\*\*\*=2016 Data

\*\*\*\*=2017 Data

**Note:** Rankings are based on Full Time Employees Only

**Sources:** City of Bridgeport - Finance Dept.

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

Function/Program	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>General Government:</b>										
Office of the Mayor	7.5	7.5	9	9	9	9	8	8	8	9
Central Grants Office	5	6	8	5	5	5	6	6	6	6
Comptroller's Office	11	11	11	11	11	11	14.5	14.5	14.5	15
Finance Department	5	6	6	4.5	4	4	4	4	4	4
In-Plant Printing	5.5	6	6.5	6.5	6.5	7.5	7.5	7.5	7.5	7.5
Purchasing	6	6	6	6	6	5	6	6	6	7
Tax Collector	12	13	14	14	14	16	18	18	18	18
Tax Assessor	10	11	11	11	11	11	13	13	13	14
Treasurer's Office	2.5	2.5	2.5	2.5	2.5	3.5	2	2	2	2
Registrar of Voters / Elections	7	5	5	5	5	5	5	5	5	6
City Clerk	6	6	6	6	5	6	5	6	6	6
City Attorney	20	22	21	20	20	18	21	21	21	21
Archives and Records	0	0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Civil Service	6	6	6	7	7	7	9	9	8	8
Grants Personnel / Benefits Administration	11	11	12	13.5	14	14	11	11	9	7
Labor Relations	5	6	6	6	6	6	6	6	6	6
Town Clerk	8	8	7	7	7	7	7	7	7	8
Legislative Department	0	0	0	-	-	-	2	1	2	2
Office of Policy and Management	6	6	6.5	6.5	6.5	6.5	6.5	6.5	5.5	5.5
Chief Administrative Office / Citistat	8.5	10	8	8	8	8	7	7	7	8
Information Technology Services	13	14	14	15	15	15	16	15	15	19
Minority Business Resource Ctr	4	0	3	3	3	3	2	2	2	-
<b>Public Safety:</b>										
Police Department / Animal Shelter	486.5	478	472	471	471	471	479	473	486	532
Fire Department	313	305	296	296	277	281	295	299	310	329
Weights and Measures	2	2	2	2	2	2	2	2	2	2
Emergency Operations Center	56	55	57	57	57	57	59	60	60	48
<b>Public Facilities:</b>										
Public Facilities Administration	19.5	14	18	17.5	16	16	15.5	15.5	15.5	17
Municipal Garage	10	10	10	10	10	10	10	10	10	10
Facilities Maintenance	32	32	32	33	33	31	31	31	31	37
Roadway Maintenance	49.5	37.5	37	37	37	44	45	45	45	43
Sanitation / Recycling	29	29	29	29	29	29	34	34	34	36
Transfer Station	5	1	1	1	1	1	1	1	1	1
<b>Parks and Recreation:</b>										
Recreation	4	3	3	3	3	3	3	3	3	3
Department on Aging	10.5	8.5	7	7	7	7	6	6	6	6
Parks & Rec Administration	3	3	5	5	5	4	4	4	4	5
Parks Maintenance	14	14	14	14	14	15	16	17	17	17
Beardsley Zoological Gardens	12	12	12	12	12	12	13	13	13	13
Fairchild Wheeler G.C.	3	2	2	2	2	2	3	3	3	3

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

Function/Program	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Transportation:										
Sikorsky Airport	11	12	13	13	13	13	14	14	14	15
City Engineer	9	7	6	5.25	6	5	6	6	6	5
Harbor Master	1	1	-	-	-	1	1	1	1	1
Planning & Development:										
Planning & Economic Development	14	15	21.5	20.5	20.5	20.5	19.5	18.5	20	22
Building Department	14	14	13	12.25	12	11	13	13	13	14
Zoning Board of Appeals	1	1	1	1	1	1	1	1	1	1
Zoning Commission	7	6	6	6	6	6	6	5	4	7
Health & Social Services:										
Health Administrative	4	5	6	4.5	3	2	2	2	2	3
Dental Hygiene	0	0	0	-	-	-	-	-	-	7
Vital Statistics	5	5	4.5	4.5	5	5	5	5	5	5
Communicable Diseases	3	4	5	5	5.2	5.2	5	5	5	4
Environmental Health	8.5	8	8	8	8	8	8	7	7	7
Housing Code	7	10	6	6	6	6	5	5	1	3
Lead Program	1	2.5	2	2	2	2	-	-	-	-
Public Health Nursing	0	0	-	-	-	-	-	-	-	-
Clinics	0	0	2	-	-	-	-	-	-	1
School Based Health Centers	0	0	-	-	-	-	-	-	-	19
Social Services	1.5	2	2	1.25	1.8	1.8	1	2	2	2
Human Services:										
Human Services Administration	2.5	2.5	2	2	2	2	2	2	2	2
Persons with Disabilities	1	2	1	1	1	1	0.5	-	-	1
Veterans Affairs	2	2	2	2	2	2	2	1	1	1
Lighthouse / Youth Services	4	4	6	6	6	6	4	4	4	4
Parent Aide Program	0	-	-	-	-	-	-	-	-	1
Libraries	56	57	53	53	54	53	53	52	52	60
Total	1,360.5	1,329.0	1,326.0	1,316.8	1,297	1,305	1,342	1,336	1,354	1,467

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Police:</b>										
Calls for service	111,765	109,523	109,919	114,115	114,780	112,740	111,331	122,713	102,659	104,266
Adult arrest	5,317	4,397	4,237	4,230	6,422	3,771	3,047	2,964	3,369	4,574
Juvenile arrest	1013	740	553	574	800	590	413	432	400	362
<b>Fire:</b>										
Total fire runs	12,318	8,720	10,180	12,648	9,394	9,262	10,130	5,781	3,981	1,026
Total rescue runs	3,366	3,573	3,166	4,838	8,810	5,660	8,650	4,167	7,602	11,678
Property loss	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	3,257,920
<b>Building safety:</b>										
Total building permits	2,683	2,522	2,425	N/A	3,127	2,939	3,199	3,461	3,520	3,263
Total value all permits	\$173,761,110	\$80,959,003	\$48,862,472	N/A	\$91,501,839	\$172,883,186	\$252,650,376	\$316,366,980	\$174,003,971	\$244,983,476
<b>Library, volumes in collection</b>	530,000	550,851	537,580	533,600	538,600	573,455	573,705	525,372	571,143	581,996
<b>Public service:</b>										
Garbage collected (ton)	58,543	59,756	60,436	58,736	55,698	55,538	55,224	57,218	55,088	53,660
Recycle collected (ton)	3,128	3,194	3,217	4,762	5,339	5,421	5,649	6,043	6,343	6,178
<b>Parks and recreation:</b>										
Recreation program attendance	1,500	1,850	1,950	2,000	2,000	1,750	1,750	1,750	1,675	1,700
Aquatics program attendance	900	600	700	700	750	750	750	750	700	700
Golf rounds played	53,706	60,059	54,776	59,286	50,703	52,884	53,284	59,154	51,684	49,247
Street trees maintained	1,430	1,430	1,800	1,800	1,700	1,962	1,990	1,900	1,962	1,850

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)**

<b>Function/Program</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Police:</b>										
Stations	2	2	1	1	1	1	1	1	9	9
Police Officer Sector Terminals (POST)	3	3	4	3	3	3	4	4	4	5
Number of personnel and officers	574	557	469	456	473	454	429	349	388	394
Number of Divisions	11	11	11	11	11	11	11	11	11	11
<b>Fire:</b>										
Stations	8	8	8	8	8	8	8	8	8	8
Number of personnel and officers	366	366	366	296	283	282	284	272	291	296
Equipment (pieces)	28	28	28	28	30	30	30	30	31	31
<b>Refuse collection:</b>										
Collection Trucks	15	15	15	15	18	18	18	18	18	18
<b>Public facilities:</b>										
Streets (Miles)	829	829	829	829	829	829	829	829	829	829
Traffic Signals	1,552	1,700	1,750	1,750	1,750	1,750	1,800	1,800	1,840	1,840
<b>Parks and recreation:</b>										
Playgrounds	19	19	19	21	21	19	24	24	24	22
Parks	45	45	45	46	46	46	47	47	47	47
Park Acreage	1,330	1,330	1,330	1,330	1,330	1,330	1,351	1,351	1,351	1,351
Golf Courses	2	2	2	2	2	2	2	2	2	2
Swimming Pools	2	2	3	3	2	2	2	2	2	2
Tennis Courts	24	23	25	25	25	24	24	25	25	23
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	31	31	30	30	25	25	27	27	25
Ice Skating Rinks	1	1	1	1	1	1	1	2	2	2
Soccer/Football Fields	17	19	21	26	28	17	17	20	20	17
<b>Library:</b>										
Facilities	5	5	5	5	5	5	5	5	5	5
Volumes	530,000	550,851	537,580	533,600	538,600	573,455	573,705	525,372	571,143	581,996
<b>Water:</b>										
Average Daily Consumption (MGPD)	12,359	12,021	12,318	11,716	11,447	11,457	11,572	11,428	11,401	11,053
<b>Wastewater:</b>										
Sanitary Sewers (miles)	160	160	160	170	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	113	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

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**APPENDIX C – FORMS OF LEGAL OPINIONS**

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**FORM OF LEGAL OPINION  
CITY OF BRIDGEPORT GENERAL OBLIGATION BONDS  
(FEDERALLY TAXABLE), 2019 SERIES C**

October \_\_, 2019

City of Bridgeport  
99 Broad Street  
Bridgeport, Connecticut 06604

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Bridgeport, Connecticut (the “City”) in connection with the issuance of the City’s \$125,405,000 General Obligation Bonds (Federally Taxable), 2019 Series C, dated October 29, 2019 (the “2019 Series C Bonds”).

The 2019 Series C Bonds are issued in the form of registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof. The 2019 Series C Bonds are originally registered in the name of Cede & Co., as nominee of the Depository Trust Company, for the purpose of affecting a book-entry system for ownership and transfer of the 2019 Series C Bonds.

The 2019 Series C Bonds are authorized and issued pursuant to Public Act No. 19-124 (the “Pension Act”), and a resolution adopted by the Bridgeport City Council on July 1, 2019 (the “Proceedings”). The 2019 Series C Bonds are subject to an Indenture of Trust dated as of May 1, 1996, by and between the City and Fleet National Bank, as amended and supplemented by a First Supplemental Indenture of Trust dated as of March 1, 1997, by and between the City and Fleet National Bank, as amended and supplemented by a Second Supplemental Indenture of Trust dated as of January 15, 2000, by and between the City and State Street Bank and Trust Company, successor to Fleet National Bank, as amended and supplemented by a Third Supplemental Indenture of Trust dated as of August 15, 2000, by and between the City and State Street Bank and Trust Company, as amended and supplemented by a Fourth Supplemental Indenture of Trust dated as of July 1, 2001, by and between the City and State Street Bank and Trust Company, as amended and supplemented by a Fifth Supplemental Indenture of Trust dated as of June 15, 2002, by and between the City and State Street Bank and Trust Company, as amended and supplemented by a Sixth Supplemental Indenture of Trust dated as of November 1, 2003, by and between the City and U.S. Bank National Association, as successor to State Street Bank and Trust Company, as amended and supplemented by a Seventh Supplemental Indenture of Trust dated as of August 12, 2004, by and between the City and U.S. Bank National Association, as amended and supplemented by an Eighth Supplemental Indenture of Trust dated as of April 15, 2006, by and between the City and U.S. Bank National Association, as amended and supplemented by a Ninth Supplemental Indenture of Trust dated as of June 1, 2006, by and between the City and U.S. Bank National Association, as amended and supplemented by a Tenth Supplemental Indenture of Trust dated as of June 1, 2007, by and between the City and U.S. Bank National Association, as amended and supplemented by an Eleventh Supplemental Indenture of Trust dated as of December 1, 2009, by and between the City and U.S. Bank National Association, as amended and supplemented by a Twelfth Supplemental Indenture of Trust dated as of July 1, 2010, by and between the City and U.S. Bank National Association, as amended and supplemented by a Thirteenth Supplemental Indenture of Trust dated as of June 1, 2012 by and between the City and U.S. Bank National Association, as amended and supplemented by a Fourteenth Supplemental Indenture of Trust dated as of July 1, 2012 by and between the City and U.S. Bank National Association, as

amended and supplemented by a Fifteenth Supplemental Indenture of Trust dated as of July 1, 2013 by and between the City and U.S. Bank National Association, as amended and supplemented by a Sixteenth Supplemental Indenture of Trust dated as of August 1, 2014 by and between the City and U.S. Bank National Association, as amended and supplemented by a Seventeenth Supplemental Indenture of Trust dated as of November 1, 2014 by and between the City and U.S. Bank National Association, as amended and supplemented by an Eighteenth Supplemental Indenture of Trust dated as of February 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Nineteenth Supplemental Indenture of Trust dated as of March 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twentieth Supplemental Indenture of Trust dated as of May 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twenty-First Supplemental Indenture of Trust dated as of November 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twenty-Second Supplemental Indenture of Trust dated as of November 1, 2017 by and between the City and U.S. Bank National Association, as amended and supplemented by the Twenty-Third Supplemental Indenture of Trust dated as of January 1, 2018, by and between the City and U.S. Bank National Association, as amended and supplemented by a Twenty-Fourth Supplemental Indenture of Trust dated as of June 1, 2018, by and between the City and U.S. Bank National Association, amended and supplemented by a Twenty-Fifth Supplemental Indenture of Trust dated as of July 1, 2018 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twenty-Sixth Supplemental Indenture of Trust dated as of February 1, 2019, by and between the City and U.S. Bank National Association, and as further amended and supplemented by a Twenty-Seventh Supplemental Indenture of Trust dated as of October 1, 2019, by and between the City and U.S. Bank National Association, the current trustee (the "Trustee"). Such indenture, as supplemented hereinafter, is referred to as the "Indenture".

The Indenture is authorized by Chapter 117 (the "Act") of the Connecticut General Statutes. The Act permits a Connecticut municipality, at its option, to support its general obligations by the tax intercept procedure provided for in the Act. Through the Indenture, the City has availed itself of this option afforded by the Act. Under the Indenture, the Tax Collector of the City will deposit with the Trustee certain property taxes to fund the Debt Service Account. The funds in the Debt Service Account will be used to pay all amounts due on the 2019 Series C Bonds or any other bonds and notes issued pursuant to the Indenture from time to time and certain other general obligations of the City (collectively, the "Supported General Obligations"). Earnings on the investments of the Debt Service Account are to be remitted to the City periodically for its general operating purposes. Any capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture.

The City has covenanted in the Indenture that it will establish and maintain the Debt Service Account, make payments to the Trustee as required to provide sufficient funds in the Debt Service Account to meet required debt service payments on all Supported General Obligations, and duly and punctually pay all such debt service. Pursuant to the Indenture, the Trustee shall hold monies in the Debt Service Account in trust for the benefit of the holders of all Supported General Obligations and is directed to pay required debt service payments out of the Debt Service Account on all Supported General Obligations as and when the same become due on a pro-rata basis and without regard to the different nature of any such Supported General Obligations.

In connection herewith, we have examined the applicable law and such other materials as we have deemed necessary in order to render this opinion and have relied upon originals or copies, certified or otherwise, identified to our satisfaction, of such public records, certificates and correspondence of public officials, certificates of officials of the City, and such other documents as were provided to us. In making such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to original documents of documents submitted as certified or photostatic copies, and the capacity of all persons executing documents. As to questions of

fact material to our opinion, we have relied upon representations of the City contained in the certified proceedings of the City, including the Continuing Disclosure Agreement (the “Disclosure Agreement”) and other certifications received from the City, all dated of even date herewith, in connection with the issuance and delivery of the 2019 Series C Bonds, without undertaking to verify the same by independent investigation. After reasonable diligence, no facts have come to our attention which would lead us to believe that the certificates, documents, correspondence or public records, as supplied to us by the City, contain an untrue statement of a material fact.

We have not been engaged nor undertaken to review the accuracy, completeness or sufficiency of the Official Statement dated October 11, 2019 or other offering material relating to the 2019 Series C Bonds except to the extent stated in the Official Statement and we express no opinion relating thereto excepting only the matters set forth as our opinion in the Official Statement.

Based upon the foregoing, we are of the opinion:

1. That the Indenture has been duly authorized, executed and delivered by the City and constitutes the valid and binding agreement of the City enforceable upon the City in accordance with its terms, and establishes a valid property tax intercept procedure and debt service payment fund in accordance with Chapter 117 of the Connecticut General Statutes, as amended.

2. That the Twenty-Seventh Supplemental Indenture of Trust, dated as of October 1, 2019, authorizing the issuance of the 2019 Series C Bonds has been duly authorized, executed and delivered by the City and all applicable conditions in the Indenture for the Trustee’s execution and delivery of the Twenty-Seventh Supplemental Indenture of Trust have been satisfied.

3. That the 2019 Series C Bonds have been duly authorized and issued under the Charter of the City, the laws of the State of Connecticut, including the Pension Act, and the Proceedings duly had and taken in conformity therewith.

4. That the 2019 Series C Bonds, when executed by the City and authenticated and delivered by the Trustee and when issued by the City, will be valid and legally binding general obligations of the City (i) entitled to the benefits of and secured by the Indenture equally and ratably with all other outstanding bonds issued pursuant to the Indenture, and (ii) payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes.

5. That the Disclosure Agreement is a valid, binding and enforceable agreement of the City.

6. That under existing law, interest on the 2019 Series C Bonds is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended.

7. That under existing statutes and regulations, interest on the 2019 Series C Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding other state income tax consequences caused by the ownership or disposition of, or receipt of interest on the 2019 Series C Bonds.

It is to be understood that the rights of the holders of the 2019 Series C Bonds and the enforceability of the 2019 Series C Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Except as stated in paragraphs 6 and 7 above, we express no opinion regarding any tax consequence caused by ownership or disposition of, or receipt of interest income on, the 2019 Series C Bonds not specifically described herein. The foregoing opinion is based upon existing laws, regulations, rules and court decisions. We assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason. We have not undertaken to advise whether any events after the date of issuance of the 2019 Series C Bonds, including the adoption of federal tax legislation, may affect the tax status of interest on the 2019 Series C Bonds.

Respectfully,

PULLMAN & COMLEY, LLC



**FORM OF LEGAL OPINION  
CITY OF BRIDGEPORT GENERAL OBLIGATION REFUNDING BONDS  
(FEDERALLY TAXABLE), 2019 SERIES D**

October \_\_, 2019

City of Bridgeport  
999 Broad Street  
Bridgeport, Connecticut 06604

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Bridgeport, Connecticut (the “City”) in connection with the issuance of the City's \$22,965,000 General Obligation Refunding Bonds (Federally Taxable), 2019 Series D (the “2019 Series D Bonds”), dated October 29, 2019.

The 2019 Series D Bonds are issued in the form of registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof. The 2019 Series D Bonds are originally registered in the name of Cede & Co., as nominee of the Depository Trust Company, for the purpose of affecting a book-entry system for ownership and transfer of the 2019 Series D Bonds.

The 2019 Series D Bonds are issued pursuant to Chapter 109 of the Connecticut General Statutes and a resolution adopted by the Bridgeport City Council on July 1, 2019 (the “Proceeding”). The 2019 Series D Bonds are subject to an Indenture of Trust dated as of May 1, 1996, by and between the City and Fleet National Bank, as amended and supplemented by a First Supplemental Indenture of Trust dated as of March 1, 1997, by and between the City and Fleet National Bank, as amended and supplemented by a Second Supplemental Indenture of Trust dated as of January 15, 2000, by and between the City and State Street Bank and Trust Company, successor to Fleet National Bank, as amended and supplemented by a Third Supplemental Indenture of Trust dated as of August 15, 2000, by and between the City and State Street Bank and Trust Company, as amended and supplemented by a Fourth Supplemental Indenture of Trust dated as of July 1, 2001, by and between the City and State Street Bank and Trust Company, as amended and supplemented by a Fifth Supplemental Indenture of Trust dated as of June 15, 2002, by and between the City and State Street Bank and Trust Company, as amended and supplemented by a Sixth Supplemental Indenture of Trust dated as of November 1, 2003, by and between the City and U.S. Bank National Association, as successor to State Street Bank and Trust Company, as amended and supplemented by a Seventh Supplemental Indenture of Trust dated as of August 12, 2004, by and between the City and U.S. Bank National Association, as amended and supplemented by an Eighth Supplemental Indenture of Trust dated as of April 15, 2006, by and between the City and U.S. Bank National Association, as amended and supplemented by a Ninth Supplemental Indenture of Trust dated as of June 1, 2006, by and between the City and U.S. Bank National Association, as amended and supplemented by a Tenth Supplemental Indenture of Trust dated as of June 1, 2007, by and between the City and U.S. Bank National Association, as amended and supplemented by an Eleventh Supplemental Indenture of Trust dated as of December 1, 2009, by and between the City and U.S. Bank National Association, as amended and supplemented by a Twelfth Supplemental Indenture of Trust dated as of July 1, 2010, by and between the City and U.S. Bank National Association, as amended and supplemented by a Thirteenth Supplemental Indenture of Trust dated as of June 1, 2012 by and between the City and U.S. Bank National Association, as amended and supplemented by a Fourteenth Supplemental Indenture of Trust dated as of July 1, 2012 by

and between the City and U.S. Bank National Association, as amended and supplemented by a Fifteenth Supplemental Indenture of Trust dated as of July 1, 2013 by and between the City and U.S. Bank National Association, as amended and supplemented by a Sixteenth Supplemental Indenture of Trust dated as of August 1, 2014 by and between the City and U.S. Bank National Association, as amended and supplemented by a Seventeenth Supplemental Indenture of Trust dated as of November 1, 2014 by and between the City and U.S. Bank National Association, as amended and supplemented by an Eighteenth Supplemental Indenture of Trust dated as of February 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Nineteenth Supplemental Indenture of Trust dated as of March 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twentieth Supplemental Indenture of Trust dated as of May 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twenty-First Supplemental Indenture of Trust dated as of November 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twenty-Second Supplemental Indenture of Trust dated as of November 1, 2017 by and between the City and U.S. Bank National Association, as amended and supplemented by the Twenty-Third Supplemental Indenture of Trust dated as of January 1, 2018, by and between the City and U.S. Bank National Association, as amended and supplemented by a Twenty-Fourth Supplemental Indenture of Trust dated as of June 1, 2018, by and between the City and U.S. Bank National Association, amended and supplemented by a Twenty-Fifth Supplemental Indenture of Trust dated as of July 1, 2018 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twenty-Sixth Supplemental Indenture of Trust dated as of February 1, 2019, by and between the City and U.S. Bank National Association, and as further amended and supplemented by a Twenty-Seventh Supplemental Indenture of Trust dated as of October 1, 2019, by and between the City and U.S. Bank National Association, the current trustee (the "Trustee"). Such indenture, as supplemented hereinafter, is referred to as the "Indenture".

The Indenture is authorized by Chapter 117 (the "Act") of the Connecticut General Statutes. The Act permits a Connecticut municipality, at its option, to support its general obligations by the tax intercept procedure provided for in the Act. Through the Indenture, the City has availed itself of this option afforded by the Act. Under the Indenture, the Tax Collector of the City will deposit with the Trustee certain property taxes to fund the Debt Service Account. The funds in the Debt Service Account will be used to pay all amounts due on the 2019 Series D Bonds or any other bonds and notes issued pursuant to the Indenture from time to time and certain other general obligations of the City (collectively, the "Supported General Obligations"). Earnings on the investments of the Debt Service Account are to be remitted to the City periodically for its general operating purposes. Any capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture.

The City has covenanted in the Indenture that it will establish and maintain the Debt Service Account, make payments to the Trustee as required to provide sufficient funds in the Debt Service Account to meet required debt service payments on all Supported General Obligations, and duly and punctually pay all such debt service. Pursuant to the Indenture, the Trustee shall hold monies in the Debt Service Account in trust for the benefit of the holders of all Supported General Obligations and is directed to pay required debt service payments out of the Debt Service Account on all Supported General Obligations as and when the same become due on a pro-rata basis and without regard to the different nature of any such Supported General Obligations.

In connection herewith, we have examined the applicable law and such other materials as we have deemed necessary in order to render this opinion and have relied upon originals or copies, certified or otherwise, identified to our satisfaction, of such public records, certificates and correspondence of public officials, including certificates of officials of the City, and such other documents as were provided to us. In making such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to original documents of documents

submitted as certified or photostatic copies, and the capacity of all persons executing documents. As to questions of fact material to our opinion, we have relied upon representations of the City contained in the certified Proceedings of the City, including the Continuing Disclosure Agreement (the “Disclosure Agreement”) and other certifications received from the City, all dated of even date herewith, in connection with the issuance and delivery of the 2019 Series D Bonds, without undertaking to verify the same by independent investigation. After reasonable diligence, no facts have come to our attention which would lead us to believe that the certificates, documents, correspondence or public records, as supplied to us by the City, contain an untrue statement of a material fact.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement dated October 11, 2019, or other offering material relating to the 2019 Series D Bonds except to the extent stated in the Official Statement and we express no opinion relating thereto excepting only the matters set forth as our opinion in the Official Statement.

Based upon the foregoing, we are of the opinion:

1. That the Indenture has been duly authorized, executed and delivered by the City and constitutes the valid and binding agreement of the City enforceable upon the City in accordance with its terms, and establishes a valid property tax intercept procedure and debt service payment fund in accordance with Chapter 117 of the Connecticut General Statutes, as amended.

2. That the Twenty-Seventh Supplemental Indenture of Trust, dated as of October 1, 2019, authorizing the issuance of the 2019 Series D Bonds has been duly authorized, executed and delivered by the City and all applicable conditions in the Indenture for the Trustee’s execution and delivery of the Twenty-Seventh Supplemental Indenture of Trust have been satisfied.

3. That the 2019 Series D Bonds have been duly authorized and issued under the Charter of the City, the laws of the State of Connecticut and the Proceedings duly had and taken in conformity therewith.

4. That the 2019 Series D Bonds, when executed by the City and authenticated and delivered by the Trustee and when issued by the City, will be valid and legally binding general obligations of the City (i) entitled to the benefits of and secured by the Indenture equally and ratably with all other outstanding bonds issued pursuant to the Indenture, and (ii) payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes.

5. That the Disclosure Agreement is a valid, binding and enforceable agreement of the City.

6. That under existing law, interest on the 2019 Series D Bonds is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended.

7. That, under existing statutes, interest on the 2019 Series D Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding other State income tax consequences caused by the ownership or disposition of, or receipt of interest on the Bonds.

It is to be understood that the rights of the holders of the 2019 Series D Bonds and the enforceability of the 2019 Series D Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Except as stated in paragraphs 6 and 7 above, we express no opinion as to any other federal, state or local tax consequences arising with respect to the 2019 Series D Bonds or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason. We have not undertaken to advise whether any events after the date of issuance of the 2019 Series D Bonds, including the adoption of federal or state tax legislation, may affect the tax status of interest on the 2019 Series D Bonds.

Respectfully,

PULLMAN & COMLEY, LLC

**FORM OF LEGAL OPINION  
CITY OF BRIDGEPORT GENERAL OBLIGATION REFUNDING BONDS  
(TAX-EXEMPT), 2019 SERIES E**

October \_\_, 2019

City of Bridgeport  
999 Broad Street  
Bridgeport, Connecticut 06604

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Bridgeport, Connecticut (the “City”) in connection with the issuance of the City's \$13,015,000 General Obligation Refunding Bonds (Tax-Exempt), 2019 Series E (the “2019 Series E Bonds”), dated October 29, 2019.

The 2019 Series E Bonds are issued in the form of registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof. The 2019 Series E Bonds are originally registered in the name of Cede & Co., as nominee of the Depository Trust Company, for the purpose of affecting a book-entry system for ownership and transfer of the 2019 Series E Bonds.

The 2019 Series E Bonds are issued pursuant to Chapter 109 of the Connecticut General Statutes and a resolution adopted by the Bridgeport City Council on July 1, 2019 (the “Proceeding”). The 2019 Series E Bonds are subject to an Indenture of Trust dated as of May 1, 1996, by and between the City and Fleet National Bank, as amended and supplemented by a First Supplemental Indenture of Trust dated as of March 1, 1997, by and between the City and Fleet National Bank, as amended and supplemented by a Second Supplemental Indenture of Trust dated as of January 15, 2000, by and between the City and State Street Bank and Trust Company, successor to Fleet National Bank, as amended and supplemented by a Third Supplemental Indenture of Trust dated as of August 15, 2000, by and between the City and State Street Bank and Trust Company, as amended and supplemented by a Fourth Supplemental Indenture of Trust dated as of July 1, 2001, by and between the City and State Street Bank and Trust Company, as amended and supplemented by a Fifth Supplemental Indenture of Trust dated as of June 15, 2002, by and between the City and State Street Bank and Trust Company, as amended and supplemented by a Sixth Supplemental Indenture of Trust dated as of November 1, 2003, by and between the City and U.S. Bank National Association, as successor to State Street Bank and Trust Company, as amended and supplemented by a Seventh Supplemental Indenture of Trust dated as of August 12, 2004, by and between the City and U.S. Bank National Association, as amended and supplemented by an Eighth Supplemental Indenture of Trust dated as of April 15, 2006, by and between the City and U.S. Bank National Association, as amended and supplemented by a Ninth Supplemental Indenture of Trust dated as of June 1, 2006, by and between the City and U.S. Bank National Association, as amended and supplemented by a Tenth Supplemental Indenture of Trust dated as of June 1, 2007, by and between the City and U.S. Bank National Association, as amended and supplemented by an Eleventh Supplemental Indenture of Trust dated as of December 1, 2009, by and between the City and U.S. Bank National Association, as amended and supplemented by a Twelfth Supplemental Indenture of Trust dated as of July 1, 2010, by and between the City and U.S. Bank National Association, as amended and supplemented by a Thirteenth Supplemental Indenture of Trust dated as of June 1, 2012 by and between the City and U.S. Bank National Association, as amended and supplemented by a Fourteenth Supplemental Indenture of Trust dated as of July 1, 2012 by and between the City and U.S. Bank National Association, as amended and supplemented by a Fifteenth

Supplemental Indenture of Trust dated as of July 1, 2013 by and between the City and U.S. Bank National Association, as amended and supplemented by a Sixteenth Supplemental Indenture of Trust dated as of August 1, 2014 by and between the City and U.S. Bank National Association, as amended and supplemented by a Seventeenth Supplemental Indenture of Trust dated as of November 1, 2014 by and between the City and U.S. Bank National Association, as amended and supplemented by an Eighteenth Supplemental Indenture of Trust dated as of February 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Nineteenth Supplemental Indenture of Trust dated as of March 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twentieth Supplemental Indenture of Trust dated as of May 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twenty-First Supplemental Indenture of Trust dated as of November 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twenty-Second Supplemental Indenture of Trust dated as of November 1, 2017 by and between the City and U.S. Bank National Association, as amended and supplemented by the Twenty-Third Supplemental Indenture of Trust dated as of January 1, 2018, by and between the City and U.S. Bank National Association, as amended and supplemented by a Twenty-Fourth Supplemental Indenture of Trust dated as of June 1, 2018, by and between the City and U.S. Bank National Association, amended and supplemented by a Twenty-Fifth Supplemental Indenture of Trust dated as of July 1, 2018 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twenty-Sixth Supplemental Indenture of Trust dated as of February 1, 2019, by and between the City and U.S. Bank National Association, and as further amended and supplemented by a Twenty-Seventh Supplemental Indenture of Trust dated as of October 1, 2019, by and between the City and U.S. Bank National Association, the current trustee (the "Trustee"). Such indenture, as supplemented hereinafter, is referred to as the "Indenture".

The Indenture is authorized by Chapter 117 (the "Act") of the Connecticut General Statutes. The Act permits a Connecticut municipality, at its option, to support its general obligations by the tax intercept procedure provided for in the Act. Through the Indenture, the City has availed itself of this option afforded by the Act. Under the Indenture, the Tax Collector of the City will deposit with the Trustee certain property taxes to fund the Debt Service Account. The funds in the Debt Service Account will be used to pay all amounts due on the 2019 Series E Bonds or any other bonds and notes issued pursuant to the Indenture from time to time and certain other general obligations of the City (collectively, the "Supported General Obligations"). Earnings on the investments of the Debt Service Account are to be remitted to the City periodically for its general operating purposes. Any capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture.

The City has covenanted in the Indenture that it will establish and maintain the Debt Service Account, make payments to the Trustee as required to provide sufficient funds in the Debt Service Account to meet required debt service payments on all Supported General Obligations, and duly and punctually pay all such debt service. Pursuant to the Indenture, the Trustee shall hold monies in the Debt Service Account in trust for the benefit of the holders of all Supported General Obligations and is directed to pay required debt service payments out of the Debt Service Account on all Supported General Obligations as and when the same become due on a pro-rata basis and without regard to the different nature of any such Supported General Obligations.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met upon and subsequent to the issuance and delivery of the 2019 Series E Bonds in order that interest on the 2019 Series E Bonds be excluded from gross income under Section 103 of the Code. In the Tax Regulatory Agreement of even date herewith (the "Tax Regulatory Agreement"), the City has made covenants and representations designed to assure compliance with such requirements of the Code. The City has covenanted in the Tax Regulatory Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2019 Series E Bonds to

ensure that interest on the 2019 Series E Bonds shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2019 Series E Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the 2019 Series E Bonds.

In connection herewith, we have examined the applicable law and such other materials as we have deemed necessary in order to render this opinion and have relied upon originals or copies, certified or otherwise, identified to our satisfaction, of such public records, certificates and correspondence of public officials, including certificates of officials of the City, and such other documents as were provided to us. In making such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to original documents of documents submitted as certified or photostatic copies, and the capacity of all persons executing documents. As to questions of fact material to our opinion, we have relied upon representations of the City contained in the certified Proceedings of the City, including the Continuing Disclosure Agreement (the “Disclosure Agreement”) and the Tax Regulatory Agreement, and other certifications received from the City, all dated of even date herewith, in connection with the issuance and delivery of the 2019 Series E Bonds, without undertaking to verify the same by independent investigation. After reasonable diligence, no facts have come to our attention which would lead us to believe that the certificates, documents, correspondence or public records, as supplied to us by the City, contain an untrue statement of a material fact.

Further, in rendering the below opinions regarding the federal tax treatment of interest on the 2019 Series E Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) continuing compliance by the City with the covenants set forth in that agreement as to such matters.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement dated October 11, 2019 or other offering material relating to the 2019 Series E Bonds except to the extent stated in the Official Statement and we express no opinion relating thereto excepting only the matters set forth as our opinion in the Official Statement.

Based upon the foregoing, we are of the opinion:

1. That the Indenture has been duly authorized, executed and delivered by the City and constitutes the valid and binding agreement of the City enforceable upon the City in accordance with its terms, and establishes a valid property tax intercept procedure and debt service payment fund in accordance with Chapter 117 of the Connecticut General Statutes, as amended.

2. That the Twenty-Seventh Supplemental Indenture of Trust, dated as of October 1, 2019, authorizing the issuance of the 2019 Series E Bonds has been duly authorized, executed and delivered by the City and all applicable conditions in the Indenture for the Trustee’s execution and delivery of the Twenty-Seventh Supplemental Indenture of Trust have been satisfied.

3. That the 2019 Series E Bonds have been duly authorized and issued under the Charter of the City, the laws of the State of Connecticut and the Proceedings duly had and taken in conformity therewith.

4. That the 2019 Series E Bonds, when executed by the City and authenticated and delivered by the Trustee and when issued by the City, will be valid and legally binding general obligations of the City (i) entitled to the benefits of and secured by the Indenture equally and ratably with all other outstanding bonds issued pursuant to the Indenture, and (ii) payable as to both principal and

interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes.

5. That the Tax Regulatory Agreement and the Disclosure Agreement are valid, binding and enforceable agreements of the City.

6. In our opinion, under existing law, interest on the 2019 Series E Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax. We express no opinion regarding other federal income tax consequences caused by the ownership or disposition of, or receipt of interest on the 2019 Series E Bonds.

7. That, under existing statutes, interest on the 2019 Series E Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding other State income tax consequences caused by the ownership or disposition of, or receipt of interest on the 2019 Series E Bonds.

It is to be understood that the rights of the holders of the 2019 Series E Bonds and the enforceability of the 2019 Series E Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Except as stated in paragraphs 6 and 7 above, we express no opinion as to any other federal, state or local tax consequences arising with respect to the 2019 Series E Bonds or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason. We have not undertaken to advise whether any events after the date of issuance of the 2019 Series E Bonds, including the adoption of federal or state tax legislation, may affect the tax status of interest on the 2019 Series E Bonds.

Respectfully,

PULLMAN & COMLEY, LLC



**APPENDIX D – SUMMARY OF THE INDENTURE**

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## SUMMARY OF THE TWENTY-SEVENTH INDENTURE

*The following Summary of the Indenture provides a brief description of the terms and provisions of the Indenture (as defined herein). This summary does not purport to be complete and reference is made to the Indenture for full and complete statements of such and all provisions.*

The following, in addition to the information contained in the Official Statement under the caption “THE BONDS - Security for the Bonds” herein, summarizes certain provisions of the Indenture. This summary is qualified in its entirety by reference to the Indenture of Trust dated as of May 1, 1996, by and between the City of Bridgeport (the “City”) and Fleet National Bank, as amended and supplemented by that First Supplemental Indenture of Trust dated as of March 1, 1997 by and between the City and Fleet National Bank, as amended and supplemented by that Second Supplemental Indenture of Trust dated as of January 15, 2000, by and between the City and State Street Bank and Trust Company, successor to Fleet National Bank, as amended and supplemented by that Third Supplemental Indenture of Trust dated as of August 15, 2000, by and between the City and State Street Bank and Trust Company, as amended and supplemented by that Fourth Supplemental Indenture of Trust dated as of July 1, 2001 by and between the City and State Street Bank and Trust Company, as amended and supplemented by that Fifth Supplemental Indenture of Trust dated as of June 15, 2002 by and between the City and the State Street Bank and Trust Company as amended and supplemented by that Sixth Supplemental Indenture of Trust dated as of November 1, 2003 by and between the City and U.S. Bank National Association, successor to State Street Bank and Trust Company, as amended and supplemented by that Seventh Supplemental Indenture of Trust dated as of August 12, 2004 by and between the City and U.S. Bank National Association, as amended and supplemented by that Eighth Supplemental Indenture of Trust dated as of April 15, 2006 by and between the City and U.S. Bank National Association, as amended and supplemented by that Ninth Supplemental Indenture of Trust dated as of June 1, 2006 by and between the City and U.S. Bank National Association, as amended and supplemented by that Tenth Supplemental Indenture of Trust dated as of June 1, 2007 by and between the City and U.S. Bank National Association, as amended and supplemented by that Eleventh Supplemental Indenture of Trust dated as of December 1, 2009 by and between the City and U.S. Bank National Association, as amended and supplemented by that Twelfth Supplemental Indenture of Trust dated as of July 1, 2010 by and between the City and U.S. Bank National Association, as amended and supplemented by that Thirteenth Supplemental Indenture of Trust dated as of June 1, 2012 by and between the City and U.S. Bank National Association, as amended and supplemented by that Fourteenth Supplemental Indenture of Trust dated as of July 1, 2012 by and between the City and U.S. Bank National Association, as amended and supplemented by that Fifteenth Supplemental Indenture of Trust dated as of July 1, 2013 by and between the City and U.S. Bank National Association, as amended and supplemented by that Sixteenth Supplemental Indenture of Trust dated as of August 1, 2014 by and between the City and U.S. Bank National Association, as amended and supplemented by the Seventeenth Supplemental Indenture of Trust dated as of November 1, 2014 by and between the City and U.S. Bank National Association, as amended and supplemented by an Eighteenth Supplemental Indenture of Trust dated as of February 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Nineteenth Supplemental Indenture of Trust dated as of March 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twentieth Supplemental Indenture of Trust dated as of May 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twenty-First Supplemental Indenture of Trust dated as of November 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twenty-Second Supplemental Indenture of Trust dated as of November 1, 2017 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twenty-Third Supplemental Indenture of Trust dated as of January 1, 2018 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twenty-Fourth Supplemental Indenture of Trust dated as of June 1, 2018 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twenty-Fifth Supplemental

Indenture of Trust dated as of July 1, 2018 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twenty-Sixth Supplemental Indenture of Trust dated as of February 1, 2019 by and between the City and U.S. Bank National Association, and as further amended and supplemented by a Twenty-Seventh Supplemental Indenture of Trust dated as of October 1, 2019 by and between the City and U.S. Bank National Association, the current trustee (the “Trustee”). Such Indenture of Trust, as supplemented, is hereinafter referred to as the “Indenture.” A copy of the Indenture is on file at the office of the Director of Finance, City of Bridgeport, 999 Broad Street, Bridgeport, CT 06604 and the Connecticut office of the Trustee at 225 Asylum Street, Corporate Trust, 23<sup>rd</sup> Floor, Hartford, CT 06103.

## **Definitions**

The “**Act**” means Chapter 117 of the Connecticut General Statutes, §7-560 et. seq. which Chapter establishes the authority of the property tax intercept procedures set forth in the Indenture.

“**Additional Bonds**” means a bond or bonds, note or notes or other evidences of indebtedness, as the case may be, described and provided for in the Indenture.

“**AGM**” means Assured Guaranty Municipal Corp, a New York Stock Exchange Company.

“**BAM**” means Build America Mutual Assurance Company, a New York Stock Exchange Company.

“**Bond**” or “**Bonds**” means a bond or bonds, note or notes or other evidences of indebtedness, as the case may be, authenticated and delivered in accordance with the Indenture as supplemented or amended.

“**Bond Insurer**” shall mean, with respect to the 2000 Series B Bonds, FGIC, with respect to the 2004 Series C Bonds, MBIA, with respect 2009 Bonds, the 2010 Bonds, the 2012 Series B Bonds (August 15, 2020 and 2021 maturities), the 2014 Series A Bonds, the 2014 Series B Bonds, the 2016 Series A Bonds, the 2016 Series B Bonds, the 2016 Series C Bonds, the 2016 Series D Bonds and the 2016 Series E Bonds, AGM, and with respect to the 2018 Series A Bonds, the 2018 Series B Bonds, the 2018 Series C Bonds, the 2019 Series A Bonds, the 2019 Series B Bonds, the 2019 Series C Bonds, the 2019 Series D Bonds and the 2019 Series E Bonds, BAM.

“**Debt Service**” means the payments due on Supported General Obligations within a given period of time.

“**Debt Service Account**” means the account established pursuant to the Indenture as described below in the Section entitled “Debt Service Account.”

“**Debt Service Payment Account Requirement**” means an amount at least equal to the aggregate amount of principal, sinking fund installments, if any, redemption premium, if any, and interest due to be paid during the then current fiscal year as the same become due and payable on the outstanding Supported General Obligations of the City which have a term of more than one year and additionally all outstanding general obligations which the City determines are to be supported by the Debt Service Account.

“**Defeasance Obligation**” shall have the following meanings as distinguished herein:

(a) For purposes of the City's 2000 Series B Bonds, as issued pursuant to the City's Second Supplemental Indenture of Trust dated as of August 15, 2000, the term "**Defeasance Obligation**" shall mean Treasury Bonds, Treasury Notes, Treasury Bills, debt obligations of the Federal Home Loan Mortgage Corporation, debt obligations of the Federal National Mortgage Association, guaranteed mortgage backed securities and guaranteed participation certificates of the Government National Mortgage Association, consolidated debt obligations of all the Federal Home Loan Banks, and strips of non-callable obligations issued by the U.S. Treasury, none of which shall be callable or prepayable at the option of the issuer;

(b) For purposes of the City's 2004 Series C Bonds, as issued pursuant to the City's Seventh Supplemental Indenture, the term "**Defeasance Obligation**" shall mean: (i) cash; (ii) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series - "SLGs"); (iii) direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities; (iv) Resolution Funding Corp. (REFCORP), only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable; (v) pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P. If however, the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition; (vi) obligations issued by the following agencies which are backed by the full faith and credit of the U.S.: (a) U.S. Export-Import Bank (Eximbank), direct obligations or fully guaranteed certificates of beneficial ownership; (b) Farmers Home Administration (FmHA), certificates of beneficial ownership; (c) Federal Financing Bank; (d) General Services Administration, participation certificates; (e) U.S. Maritime Administration, guaranteed Title XI financing; and (f) U.S. Department of Housing and Urban Development (HUD), Project Notes, Local Authority Bonds, New Communities Debentures - U.S. government guaranteed debentures, and U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds; and (vii) obligations issued by Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac", Federal National Mortgage Association (FNMA or "Fannie Mae") or Federal Home Loan Bank, all of which are rated Aaa/AAA by Moody's and S&P, respectively; and

(c) For purposes of the City's 2009 Bonds, as issued pursuant to the City's Eleventh Supplemental Indenture of Trust dated as of December 1, 2009, the term "**Defeasance Obligation**" shall have that meaning as set forth in the City's Indenture of Trust dated as of May 1, 1996.

(d) For purposes of the City's 2010 Bonds, as issued pursuant to the City's Twelfth Supplemental Indenture of Trust dated as of July 1, 2010, the term "**Defeasance Obligation**" shall have that meaning as set forth in the City's Indenture of Trust dated as of May 1, 1996.

(e) For purposes of the City's 2012 Series A Bonds, as issued pursuant to the City's Thirteenth Supplemental Indenture of Trust dated as of June 1, 2012, the term "**Defeasance Obligation**" shall have that meaning as set forth in the City's Indenture of Trust dated as of May 1, 1996.

(f) For purposes of the City's 2012 Series B Bonds, as issued pursuant to the City's Fourteenth Supplemental Indenture of Trust dated as of July 1, 2012, the term "**Defeasance Obligation**" shall have that meaning as set forth in the City's Indenture of Trust dated as of May 1, 1996.

(g) For purposes of the City’s 2013 Series A Bonds, as issued pursuant to the City’s Fifteenth Supplemental Indenture of Trust dated as of July 1, 2013, the term “**Defeasance Obligation**” shall have that meaning as set forth in the City’s Indenture of Trust dated as of May 1, 1996.

(h) For purposes of the City’s 2014 Series A Bonds, as issued pursuant to the City’s Sixteenth Supplemental Indenture of Trust dated as of August 1, 2014, the term “**Defeasance Obligation**” shall have that meaning as set forth in the City’s Indenture of Trust dated as of May 1, 1996.

(i) For purposes of the City’s 2014 Series B Bonds, as issued pursuant to the City’s Seventeenth Supplemental Indenture of Trust dated as of November 1, 2014, the term “**Defeasance Obligation**” shall have that meaning as set forth in the City’s Indenture of Trust dated as of May 1, 1996.

(j) For purposes of the City’s 2016 Series A Bonds and the 2016 Series B Bonds, as issued pursuant to the City’s Nineteenth Supplemental Indenture of Trust dated as of March 1, 2016, the term “**Defeasance Obligation**” shall have that meaning as set forth in the City’s Indenture of Trust dated as of May 1, 1996.

(k) For purposes of the City’s 2016 Series C Bonds, as issued pursuant to the City’s Twentieth Supplemental Indenture of Trust dated as of May 1, 2016, the term “**Defeasance Obligation**” shall have that meaning as set forth in the City’s Indenture of Trust dated as of May 1, 1996.

(l) For purposes of the City’s 2016 Series D Bonds and 2016 Series E Bonds, as issued pursuant to the City’s Twenty-First Supplemental Indenture of Trust dated as of November 1, 2016, the term “**Defeasance Obligation**” shall have that meaning as set forth in the City’s Indenture of Trust dated as of May 1, 1996.

(m) For purposes of the City’s 2017 Series A Bonds, 2017 Series B Bonds, and 2017 Series C Bonds, as issued pursuant to the City’s Twenty-Second Supplemental Indenture of Trust dated as of November 1, 2017, the term “**Defeasance Obligation**” shall have that meaning as set forth in the City’s Indenture of Trust dated as of May 1, 1996.

(n) For purposes of the City’s 2017 Series D Bonds, as issued pursuant to the City’s Twenty-Third Supplemental Indenture of Trust dated as of January 1, 2018, the term “**Defeasance Obligation**” shall have that meaning as set forth in the City’s Indenture of Trust dated as of May 1, 1996.

(o) For purposes of the City’s 2018 Series A Bonds and 2018 Series B Bonds, as issued pursuant to the City’s Twenty-Fourth Supplemental Indenture of Trust dated as of June 1, 2018, the term “**Defeasance Obligation**” shall have that meaning as set forth in the City’s Indenture of Trust dated as of May 1, 1996.

(p) For purposes of the City’s 2018 Series C Bonds, as issued pursuant to the City’s Twenty-Fifth Supplemental Indenture of Trust dated as of July 18, 2018, the term “**Defeasance Obligation**” shall have that meaning as set forth in the City’s Indenture of Trust dated as of May 1, 1996.

(q) For purposes of the City’s 2019 Series A Bonds and 2019 Series B Bonds, as issued pursuant to the City’s Twenty-Sixth Supplemental Indenture of Trust dated as of February 1, 2019, the term “**Defeasance Obligation**” shall have that meaning as set forth in the City’s Indenture of Trust dated as of May 1, 1996.

(r) For purposes of the City’s 2019 Series C Bonds, 2019 Series D Bonds and 2019 Series E Bonds, as issued pursuant to the City’s Twenty-Seventh Supplemental Indenture of Trust dated as of October 1, 2019, the term “**Defeasance Obligation**” shall have that meaning as set forth in the City’s Indenture of Trust dated as of May 1, 1996.

“**Designated Payments**” means the amount of the Property Taxes to be deposited with the Trustee by the Tax Collector on a periodic basis in accordance with the Indenture as described below in the Section entitled “Payments Into Debt Service Account.”

“**Excluded Obligations**” means: 1) debt obligations of the City assumed by the WPCA on its formation and all other general obligations of both the City and the WPCA which are payable from sewer fees or other revenues of the WPCA and which are not in default; and 2) any other general obligations of the City which are payable from or secured by payments other than Property Taxes and which are not in default. Upon the occurrence of an Event of Default and during its continuance, an Excluded Obligation shall be classified as a Supported General Obligation. At the City’s election, it may treat Excluded Obligations as Supported General Obligations.

“**Excluded Taxes**” means any of the following: (i) any property or other tax collected for any special taxing district; (ii) any property or other tax specially pledged to support any revenue bonds or any tax incremental financing; and (iii) any proceeds or taxes which are credited or payable on property tax liens which have been sold by the City provided that the proceeds of such sale are treated as Property Taxes.

“**FGIC**” shall mean Financial Guaranty Insurance Company, a New York stock insurance company.

“**Fiduciary**” or “**Fiduciaries**” means the Trustee, the Paying Agents, the Bond Registrar, or any of them, as may be appropriate.

“**FSA**” means Financial Security Assurance Inc., a New York stock insurance company.

“**General Obligation**” means the Bonds and Obligations issued by the City and secured by the full faith and credit and taxing power of the City including any contingent obligation which is payable solely from the general fund and is subject to annual appropriation.

“**MBIA**” shall mean MBIA Insurance Corporation, a New York stock insurance company.

“**Municipal Bond Insurance Policy**” shall mean the municipal bond insurance policies issued by: (i) FGIC insuring the payment when due of the principal of and interest on the 2000 Series B Bonds, all as provided in the Indenture, (ii) MBIA insuring the payments when due of the principal and interest on the 2004 Bonds, all as provided in the Indenture, (iii) AGM insuring the payments when due of the principal and interest on the 2009 Bonds, the 2010 Bonds, the 2012 Series B Bonds (August 15, 2020 and 2021 maturities), the 2014 Series A Bonds, the 2014 Series B Bonds, the 2016 Series A Bonds, the 2016 Series B Bonds, the 2016 Series C Bonds, the 2016 Series D Bonds and the 2016 Series E Bonds, and (iii) BAM insuring the payments when due of

the principal and interest on the 2018 Series A Bonds, the 2018 Series B Bonds, the 2018 Series C Bonds, the 2019 Series A Bonds, the 2019 Series B Bonds, the 2019 Series C Bonds, the 2019 Series D Bonds and the 2019 Series E Bonds, all as provided in the Indenture.

**“Paying Agent”** means any bank or trust company organized under the laws of any state of the United States of America or any national banking association designated as paying agent for the Bonds of any series, and its successor or successors hereafter appointed in the manner provided by the Indenture.

**“Property Taxes”** means taxes of general application on real and personal property levied by the City in accordance with the Connecticut General Statutes including any interest, penalties and other related charges, except for Excluded Taxes and interest, penalties and charges related thereto.

**“Redemption Price”** shall mean with respect to any Bond the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Indenture.

**“Secretary”** means the Secretary of the Office of Policy and Management of the State of Connecticut.

**“State”** means the State of Connecticut.

**“Supported General Obligations”** means (i) the Bonds, and (ii) any other General Obligation which has a term longer than one year, or which the City determines is to be supported hereby, other than Excluded Obligations.

**“Tax Collector”** means the tax collector of the City.

**“Treasurer”** means the Treasurer of the State of Connecticut.

**“2000 Series B Bonds”** means the City’s General Obligation Taxable Pension Bonds, 2000 Series B Taxable Serial Bonds and the 2000 Series B Taxable Term Bonds, dated August 15, 2000.

**“2004 Series C Bonds”** means the City’s General Obligation Bonds, 2004 Series C (Tax-Exempt Refunding) Bonds dated August 12, 2004.

**“2009 Bonds”** means the 2009 Subseries B Bonds and the 2009 Subseries C Bonds.

**“2009 Subseries B Bonds”** means the City’s General Obligation Bonds, 2009 Subseries B (Federally Taxable – Issuer Subsidy – Build America Bonds) dated December 15, 2009.

**“2009 Subseries C Bonds”** means the City’s General Obligation Bonds, 2009 Subseries C (Federally Taxable – Issuer Subsidy – Recovery Zone Economic Development Bonds) dated December 15, 2009.

**“2010 Bonds”** means the 2010 Series B Bonds and the 2010 Series C Bonds.

**“2010 Series B Bonds”** means the City’s General Obligation Bonds, 2010 Series B (Federally Taxable – Issuer Subsidy – Build America Bonds) dated July 22, 2010.



**“2010 Series C Bonds”** means the City’s General Obligation Bonds, 2010 Series C (Tax-Exempt Refunding) dated July 22, 2010.

**“2012 Series A Bonds”** means the City’s General Obligation Bonds, 2012 Series A dated June 14, 2012.

**“2012 Series B Bonds”** means the City’s General Obligation Refunding Bonds, 2012 Series B dated July 12, 2012.

**“2013 Series A Bonds”** means the City’s General Obligation Refunding Bonds, 2013 Series A dated July 11, 2013.

**“2014 Series A Bonds”** means the City’s General Obligation Bonds, 2014 Series A dated August 28, 2014.

**“2014 Series B Bonds”** means the City’s General Obligation Refunding Bonds, 2014 Series B dated November 18, 2014.

**“2016 Series A Bonds”** means the City’s General Obligation Bonds, 2016 Series A dated March 17, 2016.

**“2016 Series B Bonds”** means the City’s General Obligation Refunding Bonds, 2016 Series B dated March 17, 2016.

**“2016 Series C Bonds”** means the City’s General Obligation Refunding Bonds, 2016 Series C dated May 17, 2016.

**“2016 Series D Bonds”** means the City’s General Obligation Bonds, 2016 Series D dated November 22, 2016.

**“2016 Series E Bonds”** means the City’s General Obligation Bonds (Federally Taxable), 2016 Series E dated November 22, 2016.

**“2017 Series A Bonds”** means the City’s General Obligation Bonds, 2017 Series A dated November 30, 2017.

**“2017 Series B Bonds”** means the City’s General Obligation Refunding Bonds, 2017 Series B dated November 30, 2017.

**“2017 Series C Bonds”** means the City’s General Obligation Refunding Bonds, 2017 Series C dated November 30, 2017.

**“2017 Series D Bonds”** means the City’s General Obligation Bonds (Federally Taxable), 2017 Series D dated January 4, 2018.

**“2018 Series A Bonds”** means the City’s General Obligation Refunding Bonds (Federally Taxable), 2018 Series A dated June 12, 2018.

**“2018 Series B Bonds”** means the City’s General Obligation Refunding Bonds, 2018 Series B dated June 12, 2018.

“**2018 Series C Bonds**” means the City’s General Obligation Bonds, 2018 Series C dated July 18, 2018.

“**2019 Series A Bonds**” means the City’s General Obligation Bonds, 2019 Series A dated February 11, 2019.

“**2019 Series B Bonds**” means the City’s General Obligation Bonds (Federally Taxable), 2019 Series B dated February 11, 2019.

“**2019 Series C Bonds**” means the City’s General Obligation Bonds (Federally Taxable), 2019 Series C dated October 29, 2019.

“**2019 Series D Bonds**” means the City’s General Obligation Refunding Bonds (Federally Taxable), 2019 Series D dated October 29, 2019.

“**2019 Series E Bonds**” means the City’s General Obligation Refunding Bonds (Tax-Exempt), 2019 Series E dated October 29, 2019.

## **2. Certification of Debt Service**

Pursuant to the Indenture, prior to the commencement of each Fiscal Year, the City shall deliver to the Trustee and the Tax Collector, the Certificate of Debt Service executed by the Mayor and the Director of Finance setting forth the following:

- (a) Each payment of Debt Service maturing in that Fiscal Year, with all relevant detail including with respect to all Supported General Obligations: (a) the principal amount and date or dates of maturity thereof and the due dates of any installment of principal or mandatory sinking fund payments or redemption payments; (b) the rate or rates of interest thereon and the date or dates of payment thereof; (c) the place or places where, and the Persons to whom, such Supported General Obligations are payable, and where applicable the Paying Agent; and (d) if such Supported General Obligations are subject to redemption, the terms and conditions of such redemption.
- (b) The amount of the Debt Service for each month of the Fiscal Year and for the first month of the following Fiscal Year.
- (c) The estimated balance in the Debt Service Account at the beginning of each month during such Fiscal Year.
- (d) The Designated Payments for each month of the Fiscal Year and for the first month of the following year. If the budgeted Property Tax collection for any month is less than the Debt Service for the following month, then the Designated Payments for the preceding month shall be increased so that at the commencement of the month in which the Debt Service is due there will be sufficient funds to pay the Debt Service for such month.

## **3. Payments Into Debt Service Account**

At the start of each month, commencing with July, 1996, the Tax Collector shall deposit with the Trustee, for credit to the Debt Service Account, all Property Taxes collected until there has been

deposited with the Trustee an amount equal to the Designated Payments for the ensuing month as reflected on the Certificate of Debt Service or such greater amount as set forth on the Certificate of Debt Service. In the event that any such deposits do not become good funds for any reason, upon notice from the Trustee, the Tax Collector shall make further payments to the Trustee to replace such amounts. Once the Debt Service Account contains an amount equal to or greater than the amount required by the Certificate of Debt Service, the Tax Collector shall not be obligated to make any deposits in the Debt Service Account for such month.

In the event the City determines that there will not be sufficient funds in the Debt Service Account to pay the Debt Service as it becomes due it shall cause necessary payments to be made to the Debt Service Account or cause the Tax Collector to pay all Property Taxes collected by the City to the Trustee for deposit in the Debt Service Account until there are sufficient funds in the Debt Service Account to pay the Debt Service.

If seven days prior to a Debt Service payment date, the amount held in the Debt Service Account is insufficient to make such payment as identified in the Certificate of Debt Service, the Trustee shall give notice to the City of such insufficiency. The City shall immediately upon receipt of such notice deposit with Trustee the amount of the insufficiency and until such amount is paid and the Tax Collector has received notice from the Trustee that it has sufficient funds to pay the Debt Service then due or becoming due, the Tax Collector shall deposit with the Trustee all Property Taxes collected.

If two days prior to a Debt Service payment date, the amount held in the Debt Service Account is insufficient to make such payment, the Trustee shall give notice to the Mayor and Director of Finance of the City and the Secretary and the Treasurer of such insufficiency. The City shall immediately upon receipt of such notice deposit with Trustee the amount of the insufficiency and until such amount is paid and the Tax Collector has received notice from the Trustee that it has sufficient funds to pay the Debt Service then due or becoming due, the Tax Collector shall deposit with the Trustee all Property Taxes collected.

Once the Debt Service Account holds sufficient assets to pay the Debt Service when due for the remainder of any Fiscal Year, upon written notice from the Trustee of that fact, the Tax Collector shall not be required to make further payments of Property Taxes for such Fiscal Year to the Debt Service Account. The determination by the Trustee shall be solely based upon the Certificate of Debt Service and the deposits then held in the Debt Service Account.

#### **4. Debt Service Account**

The Trustee shall hold moneys in the Debt Service Account in trust for the benefit of the holders of all Supported General Obligations.

The Trustee shall pay out of the Debt Service Account to the Paying Agent (i) on or before each interest payment date for any series of Bonds, the amount required for the interest payable on such date; (ii) on or before the due date for each Principal Installment, including any sinking fund installment, the amount required for the Principal Installment payable on such due date; and (ii) on or before any Redemption Date for the Bonds, the amount required for the payment of principal, interest and premium, if any, on the Bonds then to be redeemed. Such amounts shall be applied by the Paying Agent on or after the due dates thereof.

The Trustee shall from time to time from and after the date hereof pay from the Debt Service Account all amounts required for the payment as the same becomes due on all Supported General Obligations pursuant to instructions set forth in the Certificate of Debt Service prepared by the City.

The Trustee shall pay out of the Debt Service Account to the City on a monthly basis any interest or investment income earned on the Debt Service Account.

**5. Covenants of the City**

The City covenants for the benefit of the Trustee and to the holders of the Bonds to (1) punctually pay the principal, mandatory sinking fund payment or Redemption Price, if any, of every Bond, and the interest thereon at the dates and place, and in the manner provided in the Bond, (2) comply with the requirements of the Act and the applicable laws of the State, (3) apply the Property Taxes in such manner as required by the Indenture, (4) comply with the terms of the Tax Regulatory Agreement delivered in connection with the issuance of the 2019 Series E Bonds which shall require the City to make no use of the proceeds of the 2019 Series E Bonds or of other amounts which would cause the 2019 Series E Bonds to be treated as “arbitrage bonds” within the meaning of the Internal Revenue Code of 1986, as amended and applicable regulations (the “Code”), and that the City will not take any action, or fail to take any action with respect to the proceeds of the 2019 Series E Bonds that would result in a loss of the exemption from federal income taxation pursuant to the Section 103(a) of the Code of interest paid on the 2019 Series E Bonds; and (5) except to the extent otherwise provided in the Indenture, the City shall not enter into any contract or take any action by which the rights of the Trustee or the holders of the Bonds may be impaired, and shall, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of the Indenture.

**6. Events of Default**

Each of the following constitutes an Event of Default under the Indenture:

- (a) the City shall default in the payment of the principal or redemption price of any Bond when and as the same shall become due and payable, whether at maturity or upon call for redemption, or the City shall default in the payment of the unsatisfied balance of any sinking fund installment therefor (except when such installment is due on the maturity of such Bond), when and as such sinking fund installment shall become due and payable, and such default shall continue for a period of thirty days; or
- (b) the City shall default in the payment of any installment of interest on any Bond, when and as such interest installment shall become due and payable and such default shall continue for a period of thirty days; or
- (c) the City shall fail or refuse to perform or observe any covenant, agreement or condition on its part in the Indenture or in the Bonds, and such default shall continue for a period of sixty (60) days after written notice thereof to the City by the Trustee or to the City and to the Trustee by the owners of not less than a majority in principal amount of the Bonds outstanding.

**7. Remedies of Holders of the Bonds**

If an Event of Default shall occur and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed within applicable law, and upon written request of the owners of not less than 25% in principal amount of the Bonds outstanding shall proceed, to protect and enforce its rights and the rights of the owners of the Bonds under the Indenture forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against the City as if the City were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being

advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under the Indenture.

All rights of action under the Indenture may be enforced by the Trustee without the possession of any of the Bonds or the production thereof at the trial or other proceedings, and any such suit or proceedings instituted by the Trustee shall be brought in its name.

The owners of not less than 25% in principal amount of the outstanding Bonds may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, provided that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the holders of the Bonds not parties to such direction.

Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under the Indenture, the Trustee shall be entitled to exercise any and all rights and powers conferred in the Indenture and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

Regardless of the occurrence of an Event of Default, the Trustee shall have power to, but unless requested in writing by the owners of 25% in principal amount of the outstanding Bonds to the extent provided in subsection (1) of this Section, and furnished with reasonable security, indemnity and arrangements in advance for the periodic payment of its fees, expenses and liabilities, shall be under no obligation to, institute and maintain suits and proceedings as the Trustee may be advised shall be necessary or expedient to prevent any impairment of the security under the Indenture by any acts which may be unlawful or in violation of the Indenture, or suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the holders of the Bonds.

No owner of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the Indenture or the execution of any trust under the Indenture or for any remedy under the Indenture, unless such owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default and the owners of at least 25% in principal amount of the Bonds then outstanding, to the extent provided above, shall have filed a written request with the Trustee and shall have offered it reasonable opportunity, either to exercise the powers granted in the Indenture or by the Act or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such owners shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of 60 days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by the Indenture, or to enforce any right under the Indenture, except in the manner herein provided; and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all owners of the outstanding Bonds, subject only to the provisions of this Section entitled "Remedies of Holders of the Bonds".

Nothing contained in the Indenture shall affect or impair the obligation of the City, which is absolute and unconditional, to pay at the respective dates of Maturity and places therein expressed the principal of (and premium, if any), sinking fund installments, and interest on the Bonds to the respective

owners thereof, or affect or impair the right of action, which is also absolute and unconditional, of any owner to enforce such payment of his Bond.

## **8. Application of Taxes and Other Moneys After Default**

During the continuance of an Event of Default, the Trustee shall apply all moneys, securities, funds, taxes and revenues received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture as follows and in the following order:

- (a) Expenses of Fiduciaries – to the payment of the reasonable and proper charges, expenses and liabilities of the Fiduciaries.
- (b) Principal or Redemption Price and Interest – to the payment of the interest and principal or Redemption Price then due on the Supported General Obligations, as follows:

First: Interest – to the payment to the Persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, together with accrued and unpaid interest on the Supported General Obligations theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; and

Second: Principal or Redemption Price – to the payment to the Persons entitled thereto of the unpaid principal, unsatisfied balance of any sinking fund installment or Redemption Price of any Supported General Obligations which shall have become due, whether at maturity or by call for redemption, in the order of their dates, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the Persons entitled thereto, without any discrimination or preference.

If and whenever all overdue installments of interest on all Supported General Obligations, together with the reasonable and proper charges, expenses and liabilities of the Trustee under the Indenture or any other agreement and all other sums payable by the City under the Indenture, including the principal and Redemption Price of and accrued unpaid interest on all Bonds which shall then be payable by declaration or otherwise, shall either be paid by or for the account of the City, or provisions satisfactory to the Trustee shall be made for such payment, and all defaults under the Indenture or the Bonds shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the City, and the Trustee shall be restored, respectively, to their former positions and rights under the Indenture. No such restoration of the City and the Trustee, to their former positions and rights shall extend to or affect any subsequent default under the Indenture or impair any right consequent thereon.

## **9. Notice to Bondholders**

Within ninety (90) days after the occurrence of any Event of Default, the Trustee shall promptly mail written notice of such occurrence to each Owner of the Bonds then outstanding at his/her address, if any, appearing on the Bond Register.

## **10. Additional Bonds**

In addition to the Bonds initially issued, the City may issue Additional Bonds on a parity with all Outstanding Bonds and secured by an equal charge and lien on and payable equally and ratably from the Property Taxes for any purpose.

Prior to the delivery of Additional Bonds, there shall be filed with the Trustee (i) a supplemental indenture duly executed by the City; (ii) opinion of recognized bond counsel to the effect that the Additional Bonds, when executed by the City and authenticated and delivered by the Trustee and when issued by the City, will be legal general obligations of the City entitled to the benefits of and secured by this Indenture equally and ratably with all other outstanding Bonds and that the supplemental indenture has been duly executed and delivered by the City and all applicable conditions for the Trustee's execution and delivery of such supplemental indenture have been satisfied; and (iii) instructions from the City to authenticate and deliver such Additional Bonds.

## **11. Amendments and Supplemental Indentures**

Without the consent of any holders of any Bonds, the City, when authorized by a City Council resolution, and the Trustee at any time and from time to time, may enter into one or more amendments or indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

- (a) to evidence and provide for the acceptance of appointment by another bank or trust company as a successor Trustee hereunder with respect to one or more series of Bonds and to add to or change any of the provisions of the Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the Indenture;
- (b) to add to the covenants of the City, for the benefit of the holders of Bonds of all or any series, or to surrender any right or power herein conferred upon the City, provided that such action shall not adversely affect the interests of the holders of Bonds; or
- (c) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under the Indenture, provided that such action shall not materially and adversely affect the interests of the holders of Bonds of any series; or
- (d) to establish any additional form of Bond, as permitted hereunder and to provide for the issuance of any additional series of Bonds, as permitted under the Indenture, and to set forth the terms thereof; or
- (e) to confirm, as further assurance, any security interest, pledge or assignment under, and the subjection to any security interest, pledge or assignment created or to be created by, the Indenture of the Property Taxes, or of any other moneys, or securities; or
- (f) to modify, supplement or amend the Indenture to effect qualification under the Trust Indenture Act of 1939, as amended, or under any similar federal statute hereinafter enacted, and to add to the Indenture such other provisions as may be expressly permitted by the Trust Indenture Act of 1939, as amended, and to permit the qualification of any series of Bonds for sale under the securities laws of any state or the United States; or

- (g) to modify, supplement or amend the Indenture to effect its compliance with the Act; or
- (h) to appoint a trustee or any paying agent; or
- (i) to satisfy the requirements of the providers of credit enhancement for, or any rating agency in connection with, any of the series of Bonds if such requirements do not materially and adversely affect the rights of the holders of the Bonds; or
- (j) to grant to or confer upon the Trustee for the benefit of the holders of the Bonds any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the holders of the Bonds or the Trustee or either of them which are not contrary to or inconsistent with the Indenture as theretofore in effect, or to grant or pledge to the Trustee for the benefit of the holders of the Bonds any additional security other than that granted or pledged under the Indenture.

With the consent of the respective Bond Insurer or if the respective Municipal Bond Insurance Policy is not in effect, the consent of the holders of not less than 50% in principal amount of the outstanding Bonds of each series affected by such amendment or amendments or supplemental indenture or indentures, the City and the Trustee may enter into amendments or indentures supplemental for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of the holders of Bonds of each such series under the Indenture; provided, however, that no such amendment or supplemental indenture shall, without the consent of the holder of each outstanding Bond affected thereby:

- (a) change the maturity of the principal of, or the stated maturity of the premium, if any, on, or any installment of interest on, any Bond, or reduce the principal amount thereof or any premium thereon or the rate of interest thereon, or change the method of computing the amount of principal thereof on any date or change the coin or currency in which any Bond or any premium or interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the maturity thereof, as the case may be, (or, in the case of redemption or repayment, on or after the redemption date or the repayment date, as the case may be); or
- (b) reduce the percentage in principal amount of the outstanding Bonds of any series, the consent of whose holders is required for any such amendment or supplemental indenture or the consent of whose holders is required for any waiver (of compliance with certain provisions of the Indenture or of certain defaults thereunder and their consequences) provided for in the Indenture; or
- (c) modify any of the provisions of this Section, except to increase any such percentage or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each outstanding Bond affected thereby.

Prior to the adoption of any such supplemental indenture, the City shall give at least 15 business days written notice thereof.

It shall not be necessary for any act of holders of the Bonds under this Section to approve the particular form of any proposed amendment or supplemental indenture, but it shall be sufficient if such act shall approve the substance thereof.



Notwithstanding the provisions above, the Indenture may be amended by the City without the approval of the holders of the Bonds or Trustee upon the request of the Secretary or the Treasurer provided such amendment does not impair the rights of the holders of the Bonds.

## **12. Bond Insurer's Rights**

Unless otherwise provided, each Bond Insurer has the exclusive vote for the holders of its respective Bonds for the following purposes: (i) execution and delivery of any supplemental indenture; (ii) removal of the Trustee and selection of a new Trustee; (iii) amending the provision of the Indenture pursuant to the section entitled "Amendments and Supplemental Indentures" herein and (iv) initiation or approval of any action not described above which requires consent of the holders of the Bonds.

Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default as defined herein, each Bond Insurer, as to their respective Bonds, shall be entitled to all of the rights of the holders of such Bonds under the Indenture including at its election to vote such respective Bonds that there are outstanding on all matters on which the respective Bonds are entitled to vote hereunder.

In the event that the principal and/or interest due on the Bonds shall be paid by the respective Bond Insurer pursuant to the Municipal Bond Insurance Policy, the respective Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the City, and the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the City to the registered owners of such Bonds shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such registered owners.

## **13. State Pledge Regarding Indenture**

The State pursuant to Section 7-565 of the Connecticut General Statutes has pledged to the holders of any bonds and notes issued under the Act, including the Bonds, and with those parties who may enter into or have entered into contracts for the insurance or payment of such bonds or notes with the City pursuant to the provisions of the Act, that it will not limit or alter the rights vested in the City by the Act until such obligations together with the interest thereon, are fully met and discharged and such contracts are fully performed on the part of the City, provided nothing shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the holders of such bonds and notes of the City. The State has authorized the City to include this pledge and undertaking of the State in such bonds and notes or contracts and in any indenture or supplement thereto pursuant to which bonds or notes have been issued pursuant to the Act.

## **14. Defeasance**

If the City shall pay or cause to be paid, or there shall be otherwise paid or provision made for payment, to the Holders of all or any of the Bonds of a series then Outstanding, the principal or Redemption Price of and interest thereon, at the times and in the manner stipulated therein and in this Indenture and any supplemental indenture, and all fees and expenses of the Trustee, the Paying Agent and the City, and any and all amounts due and owing to the Bond Insurer, then the pledge of any Property Taxes or other moneys and securities hereby pledged to such Bonds or such series of Bonds and all other rights granted hereby to such Bonds or such series of Bonds shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the City, execute and deliver to the City all such instruments as may be desirable to evidence such discharge and satisfaction and the Trustee or other fiduciary shall pay or deliver to the City all moneys or securities held by it pursuant to this Indenture and any

supplemental indenture which are not required for the payment or redemption of Bonds of such series not theretofore surrendered for such payment or redemption to be used by the City.

Any Bonds of a series for which moneys shall then be held by a trustee, which may be the Trustee (through deposit by the City of funds for such payment or redemption or otherwise), whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in this Section. Any Outstanding Bonds of any series shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in this Section if:

- (a) in case any of such Bonds are to be redeemed on any date prior to their maturity, the City shall have given to a trustee, which may be the Trustee, in form satisfactory to such trustee, irrevocable instructions to give notice of redemption on such date of such Bonds;
- (b) there shall have been deposited with such trustee either moneys in an amount which shall be sufficient, or Defeasance Obligations the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with such trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be; and
- (c) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the City shall have given a trustee, which may be the Trustee, in form satisfactory to such trustee, irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Bonds that the deposit required by (b) above has been made with such trustee and that such Bonds are deemed to have been paid in accordance with the Indenture and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on such Bonds.

In the event of an advance refunding of any series of Bonds and unless the Bond Insurer for such series otherwise agrees in writing:

- (a) the City shall cause to be delivered, on the deposit date and upon any reinvestment of the defeasance amount, a verification report of an accountant.
- (b) the Escrow Deposit Agreement (which shall be acceptable in form and substance to the Bond Insurer for such series) shall provide that no (A) substitution of a Defeasance Obligation shall be permitted except with another Defeasance Obligation and upon delivery of a new Verification and (B) reinvestment of a Defeasance Obligation shall be permitted except as contemplated by the original Verification or upon delivery of a new Verification; and
- (c) there shall be delivered an opinion of recognized bond counsel to the effect that the payment of such series of Bonds has been provided for in the manner set forth herein and that such series of Bonds are no longer "Outstanding" under the Indenture.

**APPENDIX E – FORMS OF CONTINUING DISCLOSURE AGREEMENTS**

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**FORM OF CONTINUING DISCLOSURE AGREEMENT  
CITY OF BRIDGEPORT GENERAL OBLIGATION BONDS  
(FEDERALLY TAXABLE), 2019 SERIES C**

This Continuing Disclosure Agreement (the “Agreement”) is made as of October 29, 2019 by the City of Bridgeport, Connecticut (the “Issuer”), acting by its undersigned officers, duly authorized, in connection with the issuance of its \$125,405,000 General Obligation Bonds (Federally Taxable), 2019 Series C, dated October 29, 2019 (the “Bonds”), for the benefit of beneficial owners from time to time of the Bonds. The Bonds are issued pursuant to the Indenture (defined below). A copy of the Indenture may be reviewed at the office of the Director of Finance of the Issuer.

**Section 1. Purpose of the Disclosure Agreement.** This Agreement is being executed and delivered by the Issuer for the benefit of the Bondholders and in order to assist the underwriters in complying with SEC Rule 15c2-12.

**Section 2. Definitions.** For purposes of this Agreement, the following capitalized terms shall have the following meanings:

“EMMA” shall mean the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.

“Final Official Statement” shall mean the official statement of the Issuer dated October 11, 2019 prepared in connection with the Bonds.

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

“Indenture” shall mean the Indenture of Trust dated as of May 1, 1996, as amended and supplemented by a First Supplemental Indenture of Trust dated as of March 1, 1997, as amended and supplemented by a Second Supplemental Indenture of Trust dated as of January 15, 2000, as amended and supplemented by a Third Supplemental Indenture of Trust dated as of August 15, 2000, as amended and supplemented by a Fourth Supplemental Indenture of Trust dated as of July 1, 2001, as amended and supplemented by a Fifth Supplemental Indenture of Trust dated as of June 15, 2002, as amended and supplemented by a Sixth Supplemental Indenture of Trust dated as of November 1, 2003, as amended and supplemented by a Seventh Supplemental Indenture of Trust dated as of August 12, 2004, as amended and supplemented by an Eighth Supplemental Indenture of Trust dated as of April 15, 2006, as amended and supplemented by a Ninth Supplemental Indenture of Trust dated as of June 1, 2006, as amended and supplemented by a Tenth Supplemental Indenture of Trust dated as of June 1, 2007, as amended and supplemented by an Eleventh Supplemental Indenture of Trust dated as of December 1 2009, as amended and supplemented by a Twelfth Supplemental Indenture of Trust dated as of July 1, 2010, as amended and supplemented by a Thirteenth Supplemental Indenture of Trust dated as of June 1, 2012, as amended and supplemented by a Fourteenth Supplemental Indenture of Trust dated as of July 1, 2012, as amended and supplemented by a Fifteenth Supplemental Indenture of Trust dated as of July 1, 2013, as amended and supplemented by a Sixteenth Supplemental Indenture of Trust dated as of August 1, 2014, as amended and supplemented by a Seventeenth Supplemental Indenture of Trust dated as of November 1, 2014, as amended and supplemented by an Eighteenth Supplemental Indenture of Trust dated as of February 1, 2016, as amended and supplemented by a Nineteenth Supplemental Indenture of Trust dated as of March 1, 2016, as amended and supplemented by a Twentieth Supplemental Indenture of Trust dated as of May 1, 2016, as amended and supplemented by a Twenty-First Supplemental Indenture of Trust dated as of November 1, 2016, as amended and supplemented by a Twenty-Second Supplemental Indenture of Trust dated as of November 1, 2017, as amended and supplemented by a Twenty-Third Supplemental Indenture

of Trust dated as of January 1, 2018, as amended and supplemented by a Twenty-Fourth Supplemental Indenture of Trust dated as of June 1, 2018, as amended and supplemented by a Twenty-Fifth Supplemental Indenture of Trust dated as of July 1, 2018, as amended and supplemented by a Twenty-Sixth Supplemental Indenture of Trust dated as of February 1, 2019, and as supplemented and amended by a Twenty-Seventh Supplemental Indenture of Trust dated as of October 1, 2019 by and between the Issuer and U.S. Bank National Association, as Trustee.

“Listed Events” shall mean any of the events listed in Section 5 hereof.

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

“Rule” means SEC Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

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

**Section 3. Provisions of Annual Reports.** The Issuer shall, not later than 275 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2019, provide to the MSRB an annual report (the “Annual Report”) which is consistent with the requirements of Section 4 of this Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Agreement; provided that, if audited financial statements of the Issuer are unavailable at the time the Annual Report is due, the Issuer will include unaudited financial statements with the Annual Report and the audited financial statements, when available, will be provided to the MSRB, within thirty (30) days of receipt.

**Section 4. Content of Annual Report.** The Annual Report shall contain or incorporate by reference the following:

(i) Audited financial statements of the Issuer for the prior fiscal year, which statements shall be in accordance with the accounting principles that are required by State law. As of the date of this Agreement, the Issuer prepares its financial statements pursuant to generally accepted accounting principles; and

(ii) To the extent not included in the audited financial statements referred to in Subsection (i) above, financial information and operating data within the meaning of the Rule of the type set forth in the table entitled “Debt Service Schedule”, as set forth under the heading “THE BONDS”, as well those tables in the Final Official Statement and its Appendix A entitled “Principal Amount of Indebtedness – Long Term Debt”, “Detail of WPCA Borrowing”, “Principal Amount of Outstanding Debt”, “Debt Statement”, “Current Debt Ratios”, “Ratio of Annual Debt Service Expenditures to General Fund Expenditures”, “Statement of Statutory Debt Limitation and Debt Margin”, “Debt Limitation and Debt Margin Computation”, and the financial information under “Other Long-Term Commitments”, as set forth in the “DEBT AND CAPITAL PROGRAMS” section of Appendix A to the Final Official Statement, together with the information relating to the pension programs set forth in the “FINANCIAL INFORMATION” section, and the real and personal property taxes of the type set forth under the “TAX BASE DATA” section of Appendix A to the Final Official Statement.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer, which have been submitted to the MSRB. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

The Issuer reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in mandated state statutory principles as in effect from time to time; provided that the Issuer agrees that the exercise of any such right will be done in a manner consistent with the Rule.

### **Section 5. Reporting of Listed Events.**

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;
- (vi) tender offers;
- (vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;

*Note to clause (a)(vii): For the purposes of the event identified in clause (a)(vii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.*

- (viii) Bond defeasances;
- (ix) rating changes; and

(x) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

(b) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event, if material:

- (i) non-payment related defaults;
- (ii) modifications to rights of Bondholders;
- (iii) Bond calls;
- (iv) release, substitution, or sale of property securing repayment of the Bonds;
- (v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms;
- (vi) appointment of a successor or additional trustee, or the change in the name of the trustee; and
- (vii) incurrence of a financial obligation of the Issuer or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders.

*Note to clauses (a)(x) and (b)(vii): For purposes of the events identified in clauses(a)(x) and (b)(vii), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.*

**Section 6. Notice of Failure to Provide Annual Financial Information.** The Issuer agrees to provide or cause to be provided, in a timely manner to the MSRB, notice of any failure by the Issuer to provide annual financial information as set forth in Sections 3 and 4 hereof on or before the date set forth in Section 3 hereof.

**Section 7. Termination of Reporting Obligation.** The obligations of the Issuer under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the Issuer ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

**Section 8. Dissemination Agent.** The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Agreement, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent.

**Section 9. Amendment.** Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or



waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, (ii) this Agreement, as so amended or waived, would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances, and (iii) such amendment or waiver is supported by either an opinion of counsel expert in federal securities laws to the effect that the amendment or waiver would not materially adversely affect the beneficial owners of the Bonds or an approving vote by holders of not less than 60% of the aggregate principal amount of the Bonds then outstanding. A copy of any such amendment or waiver will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver.

**Section 10. Additional Information.** The Issuer shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided however, nothing in this Agreement shall be construed as prohibiting the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 11. Default.** In the event of a failure of the Issuer to comply with the provisions of this Agreement, the Issuer may cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 4(i) of this Agreement or 10 days with respect to the undertakings set forth in Sections 4(ii) and 5 of this Agreement) from the time the Issuer receives written notice of such failure. For purposes of this Section, notices to the Issuer should be sent to the Director of Finance of the Issuer with a copy to the Issuer's City Attorney. In the event the Issuer does not cure such failure within the time frame specified above, any Participating Underwriter (as defined in the Rule) or any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance, to cause the Issuer to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default with respect to the Bonds, and the sole remedy under this Agreement in the event of any failure of the Issuer to comply with this Agreement shall be an action to compel specific performance. The parties expressly agree and acknowledge that no monetary damages shall arise or be payable hereunder.

**Section 12. Governing Law.** This Agreement shall be governed by the laws of the State of Connecticut.

**Section 13. Method of Filing.** To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

**Section 14. Beneficiaries.** This Agreement shall inure solely to the benefit of the Issuer, any dissemination agent, any Participating Underwriter and the Bondholders, and shall create no rights in any other person or entity.

Dated: As of October \_\_, 2019

**CITY OF BRIDGEPORT, CONNECTICUT**

By: \_\_\_\_\_  
Joseph P. Ganim  
Mayor

By: \_\_\_\_\_  
Kenneth Flatto  
Director of Finance

**FORM OF CONTINUING DISCLOSURE AGREEMENT  
CITY OF BRIDGEPORT GENERAL OBLIGATION REFUNDING BONDS  
(FEDERALLY TAXABLE), 2019 SERIES D**

This Continuing Disclosure Agreement (the “Agreement”) is made as of October 29, 2019 by the City of Bridgeport, Connecticut (the “Issuer”), acting by its undersigned officers, duly authorized, in connection with the issuance of its \$22,965,000 General Obligation Refunding Bonds (Federally Taxable), 2019 Series D, dated October 29, 2019 (the “Bonds”), for the benefit of beneficial owners from time to time of the Bonds. The Bonds are issued pursuant to the Indenture (defined below). A copy of the Indenture may be reviewed at the office of the Director of Finance of the Issuer.

**Section 1. Purpose of the Disclosure Agreement.** This Agreement is being executed and delivered by the Issuer for the benefit of the Bondholders and in order to assist the underwriters in complying with SEC Rule 15c2-12.

**Section 2. Definitions.** For purposes of this Agreement, the following capitalized terms shall have the following meanings:

“EMMA” shall mean the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.

“Final Official Statement” shall mean the official statement of the Issuer dated October 11, 2019 prepared in connection with the Bonds.

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

“Indenture” shall mean the Indenture of Trust dated as of May 1, 1996, as amended and supplemented by a First Supplemental Indenture of Trust dated as of March 1, 1997, as amended and supplemented by a Second Supplemental Indenture of Trust dated as of January 15, 2000, as amended and supplemented by a Third Supplemental Indenture of Trust dated as of August 15, 2000, as amended and supplemented by a Fourth Supplemental Indenture of Trust dated as of July 1, 2001, as amended and supplemented by a Fifth Supplemental Indenture of Trust dated as of June 15, 2002, as amended and supplemented by a Sixth Supplemental Indenture of Trust dated as of November 1, 2003, as amended and supplemented by a Seventh Supplemental Indenture of Trust dated as of August 12, 2004, as amended and supplemented by an Eighth Supplemental Indenture of Trust dated as of April 15, 2006, as amended and supplemented by a Ninth Supplemental Indenture of Trust dated as of June 1, 2006, as amended and supplemented by a Tenth Supplemental Indenture of Trust dated as of June 1, 2007, as amended and supplemented by an Eleventh Supplemental Indenture of Trust dated as of December 1 2009, as amended and supplemented by a Twelfth Supplemental Indenture of Trust dated as of July 1, 2010, as amended and supplemented by a Thirteenth Supplemental Indenture of Trust dated as of June 1, 2012, as amended and supplemented by a Fourteenth Supplemental Indenture of Trust dated as of July 1, 2012, as amended and supplemented by a Fifteenth Supplemental Indenture of Trust dated as of July 1, 2013, as amended and supplemented by a Sixteenth Supplemental Indenture of Trust dated as of August 1, 2014, as amended and supplemented by a Seventeenth Supplemental Indenture of Trust dated as of November 1, 2014, as amended and supplemented by an Eighteenth Supplemental Indenture of Trust dated as of February 1, 2016, as amended and supplemented by a Nineteenth Supplemental Indenture of Trust dated as of March 1, 2016, as amended and supplemented by a Twentieth Supplemental Indenture of Trust dated as of May 1, 2016, as amended and supplemented by a Twenty-First Supplemental Indenture of Trust dated as of November 1, 2016, as amended and supplemented by a Twenty-Second Supplemental Indenture of Trust dated as of November 1, 2017, as amended and supplemented by a Twenty-Third Supplemental Indenture

of Trust dated as of January 1, 2018, as amended and supplemented by a Twenty-Fourth Supplemental Indenture of Trust dated as of June 1, 2018, as amended and supplemented by a Twenty-Fifth Supplemental Indenture of Trust dated as of July 1, 2018, as amended and supplemented by a Twenty-Sixth Supplemental Indenture of Trust dated as of February 1, 2019, and as supplemented and amended by a Twenty-Seventh Supplemental Indenture of Trust dated as of October 1, 2019 by and between the Issuer and U.S. Bank National Association, as Trustee.

“Listed Events” shall mean any of the events listed in Section 5 hereof.

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

“Rule” means SEC Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

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

**Section 3. Provisions of Annual Reports.** The Issuer shall, not later than 275 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2019, provide to the MSRB an annual report (the “Annual Report”) which is consistent with the requirements of Section 4 of this Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Agreement; provided that, if audited financial statements of the Issuer are unavailable at the time the Annual Report is due, the Issuer will include unaudited financial statements with the Annual Report and the audited financial statements, when available, will be provided to the MSRB, within thirty (30) days of receipt.

**Section 4. Content of Annual Report.** The Annual Report shall contain or incorporate by reference the following:

(i) Audited financial statements of the Issuer for the prior fiscal year, which statements shall be in accordance with the accounting principles that are required by State law. As of the date of this Agreement, the Issuer prepares its financial statements pursuant to generally accepted accounting principles; and

(ii) To the extent not included in the audited financial statements referred to in Subsection (i) above, financial information and operating data within the meaning of the Rule of the type set forth in the table entitled “Debt Service Schedule”, as set forth under the heading “THE BONDS”, as well those tables in the Final Official Statement and its Appendix A entitled “Principal Amount of Indebtedness – Long Term Debt”, “Detail of WPCA Borrowing”, “Principal Amount of Outstanding Debt”, “Debt Statement”, “Current Debt Ratios”, “Ratio of Annual Debt Service Expenditures to General Fund Expenditures”, “Statement of Statutory Debt Limitation and Debt Margin”, “Debt Limitation and Debt Margin Computation”, and the financial information under “Other Long-Term Commitments”, as set forth in the “DEBT AND CAPITAL PROGRAMS” section of Appendix A to the Final Official Statement, together with the information relating to the pension programs set forth in the “FINANCIAL INFORMATION” section, and the real and personal property taxes of the type set forth under the “TAX BASE DATA” section of Appendix A to the Final Official Statement.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer, which have been submitted to the MSRB. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

The Issuer reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in mandated state statutory principles as in effect from time to time; provided that the Issuer agrees that the exercise of any such right will be done in a manner consistent with the Rule.

#### **Section 5. Reporting of Listed Events.**

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;
- (vi) tender offers;
- (vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;

*Note to clause (a)(vii): For the purposes of the event identified in clause (a)(vii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.*

- (viii) Bond defeasances;
- (ix) rating changes; and

(x) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

(b) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event, if material:

- (i) non-payment related defaults;
- (ii) modifications to rights of Bondholders;
- (iii) Bond calls;
- (iv) release, substitution, or sale of property securing repayment of the Bonds;
- (v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms;
- (vi) appointment of a successor or additional trustee, or the change in the name of the trustee; and
- (vii) incurrence of a financial obligation of the Issuer or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders.

*Note to clauses (a)(x) and (b)(vii): For purposes of the events identified in clauses(a)(x) and (b)(vii), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.*

**Section 6. Notice of Failure to Provide Annual Financial Information.** The Issuer agrees to provide or cause to be provided, in a timely manner to the MSRB, notice of any failure by the Issuer to provide annual financial information as set forth in Sections 3 and 4 hereof on or before the date set forth in Section 3 hereof.

**Section 7. Termination of Reporting Obligation.** The obligations of the Issuer under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the Issuer ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

**Section 8. Dissemination Agent.** The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Agreement, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent.

**Section 9. Amendment.** Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or

waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, (ii) this Agreement, as so amended or waived, would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances, and (iii) such amendment or waiver is supported by either an opinion of counsel expert in federal securities laws to the effect that the amendment or waiver would not materially adversely affect the beneficial owners of the Bonds or an approving vote by holders of not less than 60% of the aggregate principal amount of the Bonds then outstanding. A copy of any such amendment or waiver will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver.

**Section 10. Additional Information.** The Issuer shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided however, nothing in this Agreement shall be construed as prohibiting the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 11. Default.** In the event of a failure of the Issuer to comply with the provisions of this Agreement, the Issuer may cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 4(i) of this Agreement or 10 days with respect to the undertakings set forth in Sections 4(ii) and 5 of this Agreement) from the time the Issuer receives written notice of such failure. For purposes of this Section, notices to the Issuer should be sent to the Director of Finance of the Issuer with a copy to the Issuer's City Attorney. In the event the Issuer does not cure such failure within the time frame specified above, any Participating Underwriter (as defined in the Rule) or any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance, to cause the Issuer to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default with respect to the Bonds, and the sole remedy under this Agreement in the event of any failure of the Issuer to comply with this Agreement shall be an action to compel specific performance. The parties expressly agree and acknowledge that no monetary damages shall arise or be payable hereunder.

**Section 12. Governing Law.** This Agreement shall be governed by the laws of the State of Connecticut.

**Section 13. Method of Filing.** To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

**Section 14. Beneficiaries.** This Agreement shall inure solely to the benefit of the Issuer, any dissemination agent, any Participating Underwriter and the Bondholders, and shall create no rights in any other person or entity.

Dated: As of October \_\_, 2019

**CITY OF BRIDGEPORT, CONNECTICUT**

By: \_\_\_\_\_  
Joseph P. Ganim  
Mayor

By: \_\_\_\_\_  
Kenneth Flatto  
Director of Finance



**FORM OF CONTINUING DISCLOSURE AGREEMENT  
CITY OF BRIDGEPORT GENERAL OBLIGATION REFUNDING BONDS  
(TAX-EXEMPT), 2019 SERIES E**

This Continuing Disclosure Agreement (the “Agreement”) is made as of October 29, 2019 by the City of Bridgeport, Connecticut (the “Issuer”), acting by its undersigned officers, duly authorized, in connection with the issuance of its \$13,015,000 General Obligation Refunding Bonds (Tax-Exempt), 2019 Series E, dated October 29, 2019 (the “Bonds”), for the benefit of beneficial owners from time to time of the Bonds. The Bonds are issued pursuant to the Indenture (defined below). A copy of the Indenture may be reviewed at the office of the Director of Finance of the Issuer.

**Section 1. Purpose of the Disclosure Agreement.** This Agreement is being executed and delivered by the Issuer for the benefit of the Bondholders and in order to assist the underwriters in complying with SEC Rule 15c2-12.

**Section 2. Definitions.** For purposes of this Agreement, the following capitalized terms shall have the following meanings:

“EMMA” shall mean the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.

“Final Official Statement” shall mean the official statement of the Issuer dated October 11, 2019 prepared in connection with the Bonds.

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

“Indenture” shall mean the Indenture of Trust dated as of May 1, 1996, as amended and supplemented by a First Supplemental Indenture of Trust dated as of March 1, 1997, as amended and supplemented by a Second Supplemental Indenture of Trust dated as of January 15, 2000, as amended and supplemented by a Third Supplemental Indenture of Trust dated as of August 15, 2000, as amended and supplemented by a Fourth Supplemental Indenture of Trust dated as of July 1, 2001, as amended and supplemented by a Fifth Supplemental Indenture of Trust dated as of June 15, 2002, as amended and supplemented by a Sixth Supplemental Indenture of Trust dated as of November 1, 2003, as amended and supplemented by a Seventh Supplemental Indenture of Trust dated as of August 12, 2004, as amended and supplemented by an Eighth Supplemental Indenture of Trust dated as of April 15, 2006, as amended and supplemented by a Ninth Supplemental Indenture of Trust dated as of June 1, 2006, as amended and supplemented by a Tenth Supplemental Indenture of Trust dated as of June 1, 2007, as amended and supplemented by an Eleventh Supplemental Indenture of Trust dated as of December 1 2009, as amended and supplemented by a Twelfth Supplemental Indenture of Trust dated as of July 1, 2010, as amended and supplemented by a Thirteenth Supplemental Indenture of Trust dated as of June 1, 2012, as amended and supplemented by a Fourteenth Supplemental Indenture of Trust dated as of July 1, 2012, as amended and supplemented by a Fifteenth Supplemental Indenture of Trust dated as of July 1, 2013, as amended and supplemented by a Sixteenth Supplemental Indenture of Trust dated as of August 1, 2014, as amended and supplemented by a Seventeenth Supplemental Indenture of Trust dated as of November 1, 2014, as amended and supplemented by an Eighteenth Supplemental Indenture of Trust dated as of February 1, 2016, as amended and supplemented by a Nineteenth Supplemental Indenture of Trust dated as of March 1, 2016, as amended and supplemented by a Twentieth Supplemental Indenture of Trust dated as of May 1, 2016, as amended and supplemented by a Twenty-First Supplemental Indenture of Trust dated as of November 1, 2016, as amended and supplemented by a Twenty-Second Supplemental Indenture of Trust dated as of November 1, 2017, as amended and supplemented by a Twenty-Third Supplemental Indenture

of Trust dated as of January 1, 2018, as amended and supplemented by a Twenty-Fourth Supplemental Indenture of Trust dated as of June 1, 2018, as amended and supplemented by a Twenty-Fifth Supplemental Indenture of Trust dated as of July 1, 2018, as amended and supplemented by a Twenty-Sixth Supplemental Indenture of Trust dated as of February 1, 2019, and as supplemented and amended by a Twenty-Seventh Supplemental Indenture of Trust dated as of October 1, 2019 by and between the Issuer and U.S. Bank National Association, as Trustee.

“Listed Events” shall mean any of the events listed in Section 5 hereof.

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

“Rule” means SEC Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

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

**Section 3. Provisions of Annual Reports.** The Issuer shall, not later than 275 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2019, provide to the MSRB an annual report (the “Annual Report”) which is consistent with the requirements of Section 4 of this Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Agreement; provided that, if audited financial statements of the Issuer are unavailable at the time the Annual Report is due, the Issuer will include unaudited financial statements with the Annual Report and the audited financial statements, when available, will be provided to the MSRB, within thirty (30) days of receipt.

**Section 4. Content of Annual Report.** The Annual Report shall contain or incorporate by reference the following:

(i) Audited financial statements of the Issuer for the prior fiscal year, which statements shall be in accordance with the accounting principles that are required by State law. As of the date of this Agreement, the Issuer prepares its financial statements pursuant to generally accepted accounting principles; and

(ii) To the extent not included in the audited financial statements referred to in Subsection (i) above, financial information and operating data within the meaning of the Rule of the type set forth in the table entitled “Debt Service Schedule”, as set forth under the heading “THE BONDS”, as well those tables in the Final Official Statement and its Appendix A entitled “Principal Amount of Indebtedness – Long Term Debt”, “Detail of WPCA Borrowing”, “Principal Amount of Outstanding Debt”, “Debt Statement”, “Current Debt Ratios”, “Ratio of Annual Debt Service Expenditures to General Fund Expenditures”, “Statement of Statutory Debt Limitation and Debt Margin”, “Debt Limitation and Debt Margin Computation”, and the financial information under “Other Long-Term Commitments”, as set forth in the “DEBT AND CAPITAL PROGRAMS” section of Appendix A to the Final Official Statement, together with the information relating to the pension programs set forth in the “FINANCIAL INFORMATION” section, and the real and personal property taxes of the type set forth under the “TAX BASE DATA” section of Appendix A to the Final Official Statement.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer, which have been submitted to the MSRB. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

The Issuer reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in mandated state statutory principles as in effect from time to time; provided that the Issuer agrees that the exercise of any such right will be done in a manner consistent with the Rule.

### **Section 5. Reporting of Listed Events.**

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;
- (vi) tender offers;
- (vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;

*Note to clause (a)(vii): For the purposes of the event identified in clause (a)(vii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.*

- (viii) Bond defeasances;
- (ix) rating changes; and

(x) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

(b) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event, if material:

- (i) non-payment related defaults;
- (ii) modifications to rights of Bondholders;
- (iii) Bond calls;
- (iv) release, substitution, or sale of property securing repayment of the Bonds;
- (v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms;
- (vi) appointment of a successor or additional trustee, or the change in the name of the trustee; and
- (vii) incurrence of a financial obligation of the Issuer or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders.

*Note to clauses (a)(x) and (b)(vii): For purposes of the events identified in clauses(a)(x) and (b)(vii), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.*

**Section 6. Notice of Failure to Provide Annual Financial Information.** The Issuer agrees to provide or cause to be provided, in a timely manner to the MSRB, notice of any failure by the Issuer to provide annual financial information as set forth in Sections 3 and 4 hereof on or before the date set forth in Section 3 hereof.

**Section 7. Termination of Reporting Obligation.** The obligations of the Issuer under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the Issuer ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

**Section 8. Dissemination Agent.** The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Agreement, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent.

**Section 9. Amendment.** Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or

waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, (ii) this Agreement, as so amended or waived, would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances, and (iii) such amendment or waiver is supported by either an opinion of counsel expert in federal securities laws to the effect that the amendment or waiver would not materially adversely affect the beneficial owners of the Bonds or an approving vote by holders of not less than 60% of the aggregate principal amount of the Bonds then outstanding. A copy of any such amendment or waiver will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver.

**Section 10. Additional Information.** The Issuer shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided however, nothing in this Agreement shall be construed as prohibiting the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 11. Default.** In the event of a failure of the Issuer to comply with the provisions of this Agreement, the Issuer may cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 4(i) of this Agreement or 10 days with respect to the undertakings set forth in Sections 4(ii) and 5 of this Agreement) from the time the Issuer receives written notice of such failure. For purposes of this Section, notices to the Issuer should be sent to the Director of Finance of the Issuer with a copy to the Issuer's City Attorney. In the event the Issuer does not cure such failure within the time frame specified above, any Participating Underwriter (as defined in the Rule) or any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance, to cause the Issuer to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default with respect to the Bonds, and the sole remedy under this Agreement in the event of any failure of the Issuer to comply with this Agreement shall be an action to compel specific performance. The parties expressly agree and acknowledge that no monetary damages shall arise or be payable hereunder.

**Section 12. Governing Law.** This Agreement shall be governed by the laws of the State of Connecticut.

**Section 13. Method of Filing.** To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

**Section 14. Beneficiaries.** This Agreement shall inure solely to the benefit of the Issuer, any dissemination agent, any Participating Underwriter and the Bondholders, and shall create no rights in any other person or entity.

Dated: As of October \_\_, 2019

**CITY OF BRIDGEPORT, CONNECTICUT**

By: \_\_\_\_\_  
Joseph P. Ganim  
Mayor

By: \_\_\_\_\_  
Kenneth Flatto  
Director of Finance

**APPENDIX F – SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

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## MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: \_\_\_\_\_

MEMBER: [NAME OF MEMBER]

BONDS: \$ \_\_\_\_\_ in aggregate principal  
amount of [NAME OF TRANSACTION]  
[and maturing on]

Effective Date: \_\_\_\_\_

Risk Premium: \$ \_\_\_\_\_  
Member Surplus Contribution: \$ \_\_\_\_\_  
Total Insurance Payment: \$ \_\_\_\_\_

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: \_\_\_\_\_  
Authorized Officer

SPECIAL MEMBER

**Notices (Unless Otherwise Specified by BAM)**

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

1 World Financial Center, 27<sup>th</sup> floor  
200 Liberty Street  
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

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