

CITY OF BRIDGEPORT, CONNECTICUT



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Fiscal Year
July 1, 2009 to June 30, 2010**

Prepared By:
DEPARTMENT OF FINANCE

DAWN NORTON
Interim Director of Finance

CITY OF BRIDGEPORT, CONNECTICUT

FINANCIAL REPORT

JUNE 30, 2010

CITY OF BRIDGEPORT, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

		<u>Page</u>
INTRODUCTORY SECTION		
	Letter of Transmittal	i-xii
	GFOA Certificate of Achievement	xiii
	Table of Organization	xiv
	List of Principal Officers	xv
FINANCIAL SECTION		
	Independent Auditors' Report	1-2
	Management's Discussion and Analysis	3-16
BASIC FINANCIAL STATEMENTS		
<u>Exhibit</u>	Government-Wide Financial Statements:	
I	Statement of Net Assets	17
II	Statement of Activities	18
	Fund Financial Statements:	
III	Balance Sheet - Governmental Funds	19-20
IV	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	21-22
V	Statement of Net Assets - Proprietary Funds	23
VI	Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	24
VII	Statement of Cash Flows - Proprietary Funds	25
VIII	Statement of Fiduciary Net Assets - Fiduciary Funds	26
IX	Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	27
	Notes to Financial Statements	28-66

REQUIRED SUPPLEMENTARY INFORMATION

<u>Exhibit</u>		<u>Page</u>
<u>GENERAL FUND</u>		
RSI-1	Schedule of Revenues and Other Financing Sources - Budget and Actual - General Fund	67-69
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual - General Fund	70-71
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES		
<u>GENERAL FUND</u>		
A-1	Comparative Balance Sheet	72
A-2	Schedule of Property Taxes Levied, Collected and Outstanding	73
<u>NONMAJOR GOVERNMENTAL FUNDS</u>		
B-1	Combining Balance Sheet	74-76
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	77-79
<u>FIDUCIARY FUND</u>		
C	Statement of Changes in Assets and Liabilities - Agency Fund	80

STATISTICAL SECTION

<u>Table</u>		<u>Page</u>
<u>Financial Trends</u>		
1	Net Assets by Component	81
2	Changes in Net Assets	82-83
3	Program Revenues by Function/Program	84
4	Fund Balances, Governmental Funds	85
5	Changes in Fund Balances, Governmental Funds	86
<u>Revenue Capacity</u>		
6	Tax Revenues by Source, Governmental Funds	87
7	Assessed Value and Estimated Actual Value of Taxable Property	88
8	Principal Property Taxpayers	89
9	Property Tax Levies and Collections	90
<u>Debt Capacity</u>		
10	Ratios of Net General Bonded Debt Outstanding by Type	91
11	Direct Governmental Activities Debt	92
12	Legal Debt Margin Information	93
13	Computation of Legal Debt Limitation	94
<u>Demographic and Economic Statistics</u>		
14	Demographic and Economic Statistics	95
15	Principal Employers	96
<u>Operating Information</u>		
16	Full-Time Equivalent City Government Employees by Function/Program	97-98
17	Operating Indicators by Function/Program	99
18	Capital Asset Statistics by Function/Program	100

Introductory Section



BILL FINCH
Mayor

CITY OF BRIDGEPORT
DEPARTMENT OF FINANCE
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DAWN NORTON
Interim Finance
Director

February 18, 2011

Honorable Bill Finch, Mayor
Members of the City Council
Citizens of Bridgeport

State law requires that every general-purpose local government 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, 2010.

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

Blum Shapiro has issued an unqualified (“clean”) opinion on the City of Bridgeport, Connecticut’s financial statements for the year ended June 30, 2010. The independent auditors’ report is located at the front of the financial section of this report.

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

Profile of the Government

The City of Bridgeport was incorporated in 1836 and annexed portions of the neighboring towns of Stratford and Fairfield in the late 1800’s. The City is located approximately 60 miles east of New York City on the northern shore of Long Island Sound. With a 2000 U.S. Census population of 139,529 residents, Bridgeport is the largest city in Fairfield County and the State of Connecticut, averaging almost 7,200 people per square mile. Encompassing an area of 19.38 square miles (16.0 square miles of land and 3.38 square miles of water), Bridgeport’s 57,000 housing units are unequaled in the State of Connecticut.

Bridgeport operates under and is governed by the laws of the State of Connecticut and its own charter, which was adopted by the State Legislature in 1907. A major revision to the City's charter was adopted in 1992 that streamlined governmental processes and provided for greater administrative accountability. The Charter provides for a Mayor-Council form of government. The Mayor is the chief executive officer of the City. The City Council, which acts as the City's legislative body, consists of twenty council members elected to two-year terms. On November 3, 1998, voters approved a Charter change providing for four-year terms for the Mayor, City Clerk and Town Clerk. This term change became effective in the November 1999 municipal election.

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

The annual budget serves as the foundation for the City of Bridgeport's financial planning and control.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on Exhibit V as part of the basic financial statements for the General Fund.

Factors Affecting Financial Condition

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

Local Economy: The Bridgeport economy, like the State economy, continues to be impacted by the effects of the national, regional, and statewide recession that started in 2003. The City's unemployment rate has risen for the fiscal year ended June 30, 2010 to an 8.5% annual average from a 7.8% annual average for the fiscal year ended June 30, 2009. The State unemployment rate has shown an increase to 9.2% annual average for the fiscal year ended June 30, 2010 from an annual average of 8.2% in 2009.

The City's taxable base continues to show growth; the October 1, 2009 Grand List of \$87.5 million, increased approximately 1.24% from the 2008 Net Grand List. By category, the increases are as follows: \$33.7 million in net taxable real property; \$49.9 million in net personal property; and \$3.8 million in motor vehicles. The overall Gross Grand List (prior to deductions of all Exemptions and Exempt Property) grew by nearly \$247 million, from \$9.87 billion for 2008 to \$10.12 billion in 2009. Exempt real estate now composes \$2.9 Billion in assessed value, or approximately 33.15% of the Total Real Property component of \$8.95 Billion. Over all more than a one-percent increase in the Grand List during a non-revaluation year shows a positive sign for Bridgeport's real estate economy.

Bridgeport had historically been a manufacturing/industrial City that was, for a time, primarily oriented for manufacturing products used in war efforts. The loss of manufacturing jobs on a national level in recent decades has impacted Bridgeport as well. The City's economic development plans have focused on diversification of the local economic base, tailored to the City's strengths of geographic location and skilled workforce availability. Manufacturing job losses of the 1980's and early 1990's have stabilized and the City's strategy of identifying growth industries such as medical, financial services, construction, and film/media is proving successful. In order to enhance the infrastructure that serves the industrial base of the City and assemble the land and facilities necessary to provide for the expansion of existing corporations and accommodate new businesses, redevelopment and new private investment within the City's industrial corridors continues.

ULI prepared a report that has been widely accepted as a blueprint for transitioning the City successfully into the 21st century. Among other things, the report has been a point of departure for a new Master Plan of Conservation and Development, adopted in January 2008, and a new zoning ordinance, approved and effective as of January 2010. The report also predicted much of the economic activity and opportunity that has been observed in the City during the last four years. Opportunities identified in the report included downtown development, industrial development and energy, medical sector and senior living development and waterfront development. Despite a slowdown of the national economy, tangible progress continued throughout 2008 and 2009 and into 2010 on several public and private investments in the City.

Examples of recent significant public and private investments in Bridgeport are many.

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. With spiraling housing costs in western Fairfield County, particularly the other urban centers of Stamford and Norwalk, and the high incidence of traffic congestion on Interstate-95 and the Merritt Parkway, Bridgeport is increasingly an option for residents and businesses seeking a cost effective and convenient location to live and work. As an ideal location for permanent workforce housing for the region, the City is positioning its downtown to be an important asset in the sustained growth of the Fairfield County economy.

The downtown central business district has been the recipient of significant public sector investment over the last few years, a result of the City's focus on creating amenities and conveniences through intermodal transportation, entertainment and cultural facilities, and a growing middle income residential base.

The State of Connecticut's *Juvenile Court Complex* is complete. The \$40 million complex allows the integration of the Family and Juvenile Courts into a centralized

facility that is anticipated to stimulate new private investment in the area. The complex is sited on the location of the City's former Public Works garage, which was never compatible with other central business district activities and had previously discouraged private investment in Bridgeport's downtown for more than 40 years.

The City recently completed the construction of a \$17 million ***Bridgeport ITC Garage*** (Intermodal Transportation Center). This 900-car commuter parking facility helps link the various modes of transportation (Amtrak, Metro North, water ferries, airport limousines, inter and intra-city buses and taxis) with downtown Bridgeport and the region. It also serves as additional event parking for the Ballpark at Harbor Yard and the Arena at Harbor Yard at night and on weekends. The garage was funded through Federal and State grants intended to reduce highway congestion. The City has secured the additional funding to add two more parking decks and approximately 500 spaces to the garage. The installation of the new decks was completed in November 2010, with permanent Certificate of Occupancy obtained in January 2011. The garage addition is the latest in a line of improvements to Downtown Bridgeport's transportation infrastructure including: the construction of an enclosed, elevated pedestrian walkway system connecting the ITC Garage to the Metro North rail platform (completed in May 2008); and a new state-of-the-art 17 bay bus terminal operated by the Greater Bridgeport Transit Authority (opened in September 2007). The new bus terminal is connected to the Metro North/Amtrak train station's rail platform and transit garage via overhead walkways.

In 2008, the State of Connecticut completed a \$55 million expansion of ***Housatonic Community College***, doubling the size of the downtown facility. The college's current enrollment of 4,800 students is an all-time high. The consistently strong growth in student enrollment at the college has provided added life to Bridgeport's downtown.

Even with a slowdown of the national economy, significant private investment continues to occur in downtown Bridgeport.

The ***Bridgeport Holiday Inn*** recently underwent a \$10 million renovation, which was completed in 2010. The renovation complemented more than \$40 million of other private investment occurring within a block's distance of the hotel since 2007.

Urban Green Builders has completed the residential portion of the \$30 million adaptive reuse project in the former ***Citytrust*** office building. The 118 units of rental housing have reached full occupancy largely with tenants that make a daily commute on Metro North, via the train station within two blocks of the project. In addition, ***Citibank*** has opened a 3,000 square foot branch operation in the building, the bank's first presence in Downtown Bridgeport in nearly 20 years. Urban Green has had a similar experience in its residential leasing for other downtown projects, including its residential conversion of an office building at ***144 Golden Hill Street*** and the \$22 million historic restoration of the ***Arcade Hotel***. Both projects have achieved full residential occupancy.

The Lofts 881 adaptive reuse project was completed in the fall of 2008. The project, a conversion of an obsolete and vacant medical office building to 38 residential condominiums and retail space, was undertaken at a cost of approximately \$7 million.

Started in 2005, the ***Bijou Square Redevelopment Project*** consists of the renovation of four historic buildings along Fairfield Avenue in downtown Bridgeport. One of the buildings houses the oldest movie theater in the nation. Approximately 20,000 square feet of restaurant, retail and office space has been renovated and occupied within the development. ***Two Boots Pizzeria***, a New York based chain, opened their first restaurant outside of New York City in Bijou Square in December of 2007. ***Antinozzi and Associates***, a leading regional architectural firm, moved from a suburban location into Bijou Square.

A new phase of Bijou Square, the construction of a 150,000 square foot mixed-use building began in the fall of 2007, and is expected to be completed in 2010. The \$25 million project will create 84 residential units and nearly 10,000 square feet of ground floor retail space, and constitutes the largest privately developed new construction project in downtown Bridgeport since the late 1980s.

Like the Citytrust and Arcade Hotel projects undertaken by Urban Green, the Bijou Square project benefited from the use of the federal New Market Tax Credit (NMTC) program. To date, the City has seen three private real estate projects make use of the NMTC program. Bridgeport is one of only four cities in the State of Connecticut to utilize this financing tool.

In 2008, a joint venture of the ***Spinnaker Group and Forstone Capital of Norwalk*** acquired almost two (2) full city blocks of downtown real estate from People's United Bank and is currently creating a redevelopment reuse plan for these holdings. Forstone Capital has also acquired the neighboring former Mechanics & Farmers Bank Complex on State Street from the City in furtherance of its plans for the redevelopment of the property into a mixed-use retail and residential complex.

Industrial Development and Energy Projects

The City has seen significant new industrial and commercial investment in recent years, including the expansion of several businesses and the construction of new business facilities. In 2005, ***Carr's Ice Cream*** opened its new \$1,400,000 cold storage warehouse on State Street in the West End on a portion of a previously remediated Brownfield site. Tolland, CT based ***Dari-Farms*** acquired Carr's in 2007, and has negotiated the acquisition of additional property in order to expand its operations.

A-1 Truck Accessories completed construction of its new 17,000 square-foot, \$1.6 million facility on Howard Avenue in the West End in 2008. ***AKDO Intertrade***, a major importer and distributor of marble, tile, granite and other high end stone products has moved into a new 115,000 square foot showroom, office and warehouse on the former Bryant Electric site in the City's West End/State Street Corridor. Construction of the \$8.5 million project was completed in 2006.

In 2005, ***Lecoq Cuisine Corporation*** relocated from Stamford, rehabilitating and expanding a previously abandoned industrial building in the City's East End. The company is a wholesale, high-end bakery that distributes goods throughout the continental United States. The company's employment in Bridgeport has grown from 25

to 86 since the relocation. Lecoq currently occupies approximately 60,000 square feet, and in October 2009 presented plans to the State and the City for \$10 million of capital investment in plant, machinery and equipment. The first phase of Lecoq's new investment is a plant renovation and addition scheduled for construction in the summer - fall of 2011. **United Rentals**, the largest equipment rental company in the world, completed construction on a 40,000 square foot facility in the City in November 2009. The facility, now fully operational is the company's largest in New England. The facility will ultimately house equipment that is expected to generate more than \$300,000 annually in personal property taxes for the City. The project was developed on what was formerly the long-dormant Bridgeport Brass property, a Brownfield site that had been idle since 1980.

All-Phase Construction, a fabricator and installer of steel and iron building components constructed 30,000 square feet of modern manufacturing space in the **Seaview Industrial Park** in 2007. The company plans to break ground on a 25,000 square foot warehouse addition this year. The Seaview Industrial Park project is a notable example of the City's ongoing efforts to remediate brownfields and pursue infill industrial development in appropriate neighborhood settings.

The **Singer Electric Substation** and **Middletown to Norwalk 345KV Power Line** projects, undertaken by United Illuminating and Connecticut Light and Power, represent fully taxable investments of well in excess of \$100 million in the City. Both of the projects were completed and activated in December 2008 and will help the City and Fairfield County attain the energy infrastructure to support economic stability and growth.

Fuel Cell Energy of Danbury has announced its intention to commence construction of the \$60 Million Bridgeport Fuel Cell Energy Park. The project has received full approval of the Connecticut Siting Council and the Connecticut Department of Public Utility Control, and power purchase agreements have been negotiated with utility companies. The project is currently in design and anticipated to start in 2011. DRS Fermont, a division of Italian multinational conglomerate Finmeccanica, opened a second Bridgeport plant in the fall of 2009. The company, a manufacturer of field electric generators, increased its Bridgeport employment by 95 with the expansion.

In 2009, **North East Builders Supply and Home Centers** continued the environmental clean-up of a five acre former metal junkyard at 1558 Barnum Avenue in the East End. \$2.3 million of US Environmental Protection Agency funding is being utilized to subsidize the remediation. Approximately 30,000 square feet of industrial warehouse space is currently under construction on the site and it is expected that approximately 90,000 square feet of commercial/industrial space will ultimately be constructed.

WestRock Development is currently renovating the former American Fabrics Complex on Connecticut Avenue in the East End. WestRock has named the project **Bridgeport Commerce Park**. This obsolete and underutilized 1930s manufacturing complex was acquired by the City via property tax foreclosure in 2006. WestRock purchased the property from the City in 2008, and as of April 2010 had invested approximately

\$3 million into renovations, aimed at improving energy efficiency, site circulation and security. The complex currently houses more than 20 business tenants, ranging from military contractors and other manufacturers to artisans.

Since 2007, the State of Connecticut has certified 30 of the City's companies for the State-sponsored Urban Jobs property tax incentive program. The participating companies have been responsible for the creation or retention of approximately 600 jobs in the City.

Medical Sector and Senior Living Projects

As the center for hospital care in Eastern Fairfield County, the City's health care industry continues to grow. *Bridgeport Hospital*, an employer of over 2,600 people, has recently completed various upgrades to its 800,000 square foot complex.

St. Vincent's Medical Center, which employs more than 2,000, completed construction in 2009 on a \$140 million expansion project which added parking capacity, 90,000 square feet to its emergency facilities and established a home for the hospital's new cancer center.

The Watermark at 3030 Park, a senior living and assisted living center, completed a \$40 million expansion and rehabilitation project in 2009. The property had been tax exempt and subject to a minimal payment in lieu of taxes under prior ownership, but currently pays approximately \$860,000 annually to the City under a payment in lieu of taxes agreement. The agreement calls for a gradual increase in the annual payment to approximately \$1.1 million in 2018, after which the property will be subject to the normal assessment and levy practices of the City.

Waterfront Development/Steel Pointe

Derecktor Shipyards is a shipbuilding and repair facility that occupies 23 acres of waterfront property on Bridgeport Harbor leased from the Bridgeport Port Authority. In its first year of Bridgeport operations in 2001, Derecktor created 130 full-time jobs. The company's full time work force now approaches 400 at the Bridgeport facility. In 2003, Derecktor installed a \$2.5 million, 600-ton travel lift that is the second largest operating apparatus of its kind in the world, and largest in the western hemisphere. The travel lift has been a major contributor to the annual growth of the company's repair business. Derecktor has established itself as an industry leader in the construction of water taxis, high-speed ferries and other specialty and luxury crafts. The company has obtained local land use approvals for the construction of three new buildings on its property, part of a \$30 million capital expansion it plans to pursue that will allow it to capture a growing customer market and fulfill current contracts. In October 2009, the State of Connecticut committed \$1 million to the project, allowing the company to access approximately \$3 million in federal stimulus funding for the project from the US Department of Transportation Maritime Administration. The first phase of the company's expansion is expected to be under construction in 2010.

In September 2009, the Simon Konover Company ("Konover") announced plans for *Seaview Plaza*, a 148,000 square foot retail development in Bridgeport's East Side neighborhood. The plans include an anchor grocery store, pharmacy, a waterfront

restaurant and public access to the waterfront. The City's Port Authority which owns the underlying land, has negotiated a Development Agreement with Konover that would allow for construction to begin by early 2011. Konover has previously developed more than 13 million square feet of commercial real estate in 22 states.

On November 10, 2009, the City entered into an Amended and Restated Development and Acquisition Agreement with Bridgeport Landing Development ("BLD") for the *Steel Pointe* project, a 50 acre mixed use development on Bridgeport Harbor. The newly approved version of the agreement contained necessary changes to the 2007 Development and Acquisition Agreement, which had been negotiated in a different economic climate.

Upon execution of the new agreement, BLD paid the City \$500,000 in the form of a nonrefundable deposit. The development program calls for an ultimate build-out of approximately 2.8 million square feet of commercial and residential improvement in four separate phases only after demonstrating to the City that tenants and financing have been secured. The agreement requires BLD to acquire a portion of the waterfront real estate and to commence construction there of certain public improvements, infrastructure, and a restaurant in 2011. On an eleven (11) acre parcel of real estate adjacent to Interstate 95, BLD is required to commence construction on 135,000 square feet of retail space prior to 2012. The agreement provides that other phases of the project will proceed following the construction of the first two phases. The City's Planning & Zoning Commission and State Traffic Commission granted full approval of the project's General Development Plan in Spring 2010, allowing for all future zoning approvals consistent with the plan to be obtained on an over the counter basis. Also during this year, the City plans to construct a 2,000 square foot refrigerated warehouse on the property for Bloom Shellfish, an oyster farming company. The warehouse will be subject to full property taxation. One hundred percent of the funding for the warehouse's construction has been secured from the State of Connecticut.

The new agreement commits BLD to advance all of the funds necessary to fund the public improvements for the initial retail phase and to advance a minimum of \$3 million in funding for public infrastructure improvements related to the waterfront portion of the project. The City secured this commitment from BLD in light of the anticipated difficulty in issuing property tax incremental financing bonds to fund public improvements in the current economic climate. Pursuant to Public Act 05-289 of the 2005 state legislature session, the City is authorized to create the Steel Pointe Infrastructure Improvement District (the "District"), a special taxing district with the ability to issue as much as \$190 million of bonds secured by property tax incremental financing and additional assessments on property within the District. District bond proceeds would be utilized to create and construct the public improvements on the Steel Pointe site. Upon the issuance of District bonds, BLD would be reimbursed for its eligible expenditures previously advanced for the waterfront public improvements and related infrastructure. If the district bonds are not issued, the City is obligated to reimburse BLD for those advances. District bonds are not expected to be guaranteed by the City.

In addition to the availability of the district bonds, the Connecticut state legislature has authorized up to \$40 million of state sales tax incremental financing for the project, subject to approval by the Connecticut Development Authority, which may potentially subsidize construction of certain retail developments. The sales tax incremental financing also may effectively reduce the project's dependency on local property tax incremental financing for the construction of necessary public infrastructure.

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

Bridgeport's Major Financial Initiatives

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

Financial System Upgrades

The City recently invested more than \$2.5 million for the acquisition of a new financial management system. This was a joint partnership of the City and the Board of Education. This large scale investment allowed the City to transition from a 'main frame' environment to a 'web based' system. The City went live with the financial management system on July 1, 2009. The payroll system went live on January 1, 2010. This software system is expected to improve reporting capabilities, accountability and the budgeting process.

Revenue Collection Initiatives

The City has been active in seeking out and implementing innovative strategies for enhancing its tax revenues, accelerating its receipt of delinquent taxes, non-tax revenues and controlling costs.

The City implemented various programs in order to achieve maximum collection of delinquent motor vehicle taxes. In 2003, the City hired an outside firm to investigate City residents who were registering their cars in other states or municipalities. The program remains in place and has resulted in approximately \$2.8 million in additional taxes, interest and fees collected since its inception. In 2005, the City implemented the Bootfinder Program, the latest technology available at that time to identify delinquent motor vehicle taxpayers. The publicity received from local media concerning this program has been significant. It is estimated that approximately \$4.5 million of delinquent motor vehicle taxes has been collected since the implementation of this initiative. The City recently upgraded the Bootfinder Program in 2008, and in 8 months generated the payment of \$1.6 million in additional delinquent motor vehicle taxes. In addition, the City hired TaxServ LLC to serve as the City's tax collection agency. Since April 2009, approximately \$1.4 million of delinquent taxes have been collected. These

initiatives have increased the collection rate for motor vehicle taxes from 78% in Fiscal Year 2004 to 89% in Fiscal Year 2009.

The City has used many methods to increase collection of real estate taxes, including heightened enforcement and the sale of tax liens. Tax lien sales have proven to be an effective management tool in collecting both current and arrears taxes, interest and penalties. Since Fiscal Year 1992, the Tax Collector's Office has conducted twenty-nine lien sales, generating more than \$91 million in tax, interest and lien revenues. The sale of liens enables the City to realize an immediate financial benefit from the delinquent taxes, and relieves the City of incurring the expense and delay associated with ongoing collection efforts. The City retains no interest in the assigned liens, and the purchaser bears all the risks relating to its ability to collect the amounts owed, and, should it acquire title to the underlying real estate through foreclosure or otherwise, will bear all risks associated with the ownership and sale of real property. The last completed tax lien sale was in June 2009, in which the city sold tax liens of approximately \$3.2 million. The City will be conducting its next tax lien sale in June 2011 and will offer approximately \$6 million in tax, 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 will be provided through the annual General Fund Budget, the WPCA Budget, and non General Fund employee contributions. Monies will be invested by the City Finance Director and Treasurer in accordance with Connecticut General Statutes. As of June 30, 2009, the fund had a deficit of \$4,983,988. As stated in the ordinance adopted by the City Council, a prior year deficit or surplus in the fund will be considered in the calculation of contributions to be made to the Fund in future years; it is expected that deficits will be amortized over a reasonable period (3-5 years).

The City's Website

The City's website has been redesigned with the goal of providing 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 desktop environment has been standardized and protocols for upgrades have been implemented. Data center equipment is also standardized and being migrated from the old philosophy of 'one box per application' to a more modernized approach utilizing blade servers and Storage Area Network technology. With this new technology, there will be more web-enabled software initiatives to allow for internal and

external usage for the City's interactive data capabilities and continued improvement of the functional processing in the computer systems.

New software to more efficiently address constituent complaint tracking is being implemented, as is software to streamline the permitting process. New Tax Assessment, Tax Collection, and Financial software has been implemented as well in order to more effectively input and report transactions. Further, these applications will no longer 'stand alone,' but rather be part of an integrated enterprise environment. Applications will share data and be available to departments in an easy to access manner.

City Investment Policy

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

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bridgeport, Connecticut for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2009. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The City of Bridgeport has received a Certificate of Achievement in each of the last ten years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

The preparation of the Comprehensive Annual Financial Report was made possible by the efficient and dedicated services of the entire staff of the Finance Department, particularly the Comptroller's Office, Internal Audit Department and In-Plant Print Shop. We want to express our appreciation for the cooperation, assistance and support of other City departments.

We would like to acknowledge the thorough and professional manner in which our independent auditors, Blum Shapiro, conducted the audit.

The front cover of our CAFR is an aerial photo of Bridgeport Harbor taken by Morgan Kaolian "AEROPIX."

In closing, without the leadership and support of the Mayor and City Council, preparation of this report would not have been possible.

Respectfully submitted,



Dawn Norton
Interim Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bridgeport
Connecticut

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



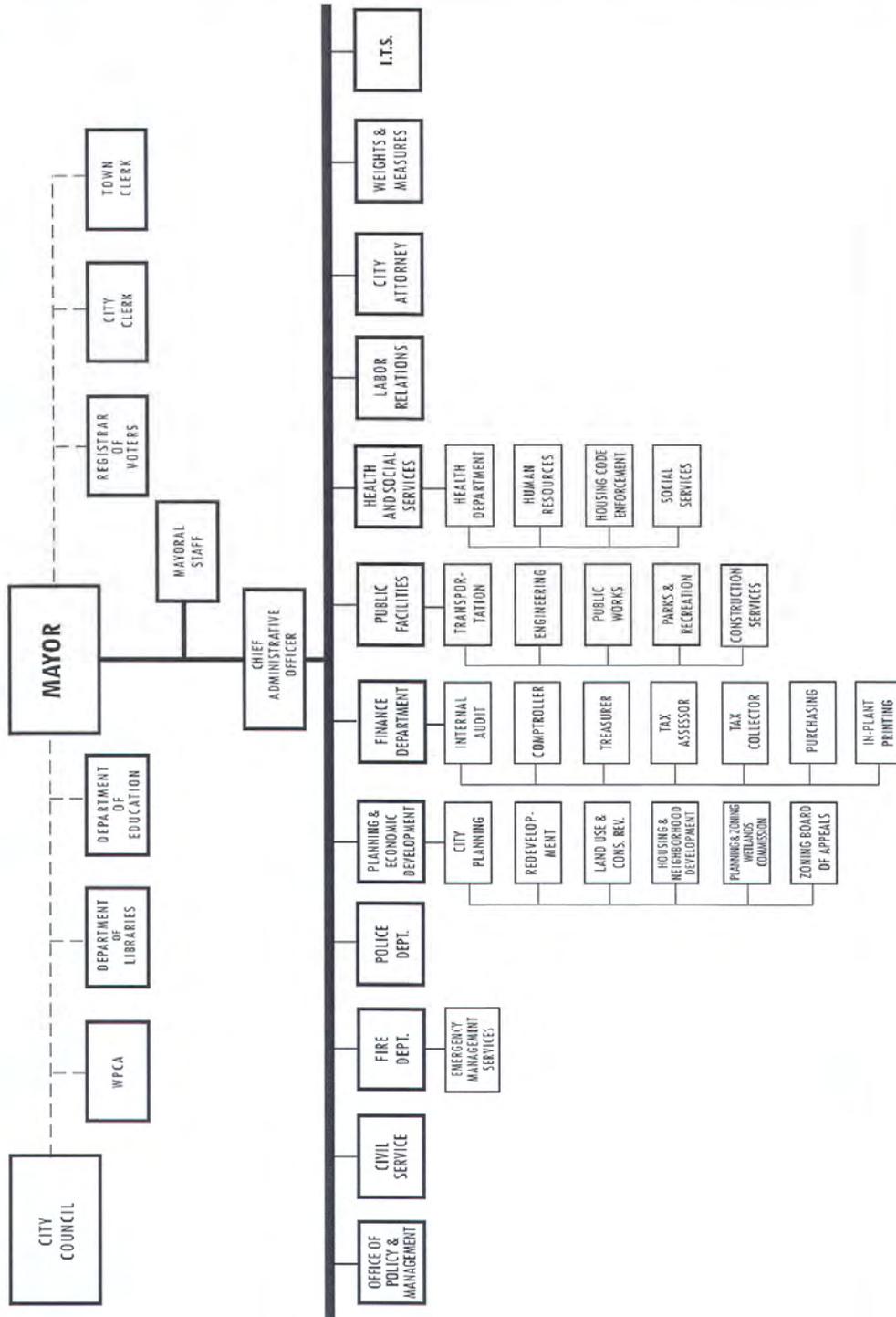
A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

CITY OF BRIDGEPORT TABLE OF ORGANIZATION



CITY OF BRIDGEPORT, CONNECTICUT

LIST OF PRINCIPAL OFFICERS

As of June 30, 2010

Office	Name	Manner of Selection and Term
Mayor	Bill Finch	Elected - 4 Year Term
City Clerk	Fleeta C. Hudson	Elected - 4 Year Term
Town Clerk	Alma Maya	Elected - 4 Year Term
Chief Administrative Officer	Andrew Nunn	Appointed by Mayor
Director of Finance	Michael E. Feeney	Appointed by Mayor
Deputy Director of Finance/Comptroller	Dawn Norton	Appointed by Director of Finance
Treasurer (Acting)	Anne Kelly-Lenz	Appointed by Mayor
City Attorney	Mark Anastasi	Appointed by Mayor
Director of Office of Policy and Management	Thomas Sherwood	Appointed by Mayor
School Superintendent	John J. Ramos, Sr., E.D.D.	Board of Education

Financial Section



Accounting | Tax | Business Consulting

Independent Auditors' Report

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

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, 2010, which collectively comprise the City of Bridgeport, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2011 on our consideration of the City of Bridgeport, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial

reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 16 and the budgetary comparison information on pages 67 through 71 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 tables 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

Blum, Shapiro & Company, P.C.

February 18, 2011

City of Bridgeport, Connecticut
Management's Discussion and Analysis
June 30, 2010

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, 2010. 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 of the City exceeded its liabilities resulting in total net assets at the close of the fiscal year of \$230,856,829. Total net assets for Governmental Activities at fiscal year-end were \$150,204,817 and total net assets for Business-Type Activities were \$80,652,012. The unrestricted net deficit at June 30, 2010 was \$(291,822,568).
- ◆ On a government-wide basis, during the year, the City's net assets increased by \$5,627,431 from \$225,229,398 to \$230,856,829. Net assets increased by \$5,282,902 for Governmental Activities and by \$344,529 for Business-Type Activities. Government-wide expenses for governmental activities were \$621.9 million, while revenues were \$627.2 million.
- ◆ At the close of the year, the City's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$73.1 million, an increase of \$29.3 million from the prior fiscal year. Of the total fund balance as of June 30, 2010, \$63.0 million represents the combined unreserved fund balance in the general fund, special revenue funds, capital projects fund and permanent trust fund. Of this balance, only \$15.6 million, \$60 thousand and \$53.3 million which represent the positive unreserved fund balance in the general fund, permanent trust and capital funds are 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 \$15.6 million: \$4.0 million is designated for potential future claims/uses; \$11.6 million is unreserved and undesignated. Unreserved general fund fund balance at year-end represents 5.95% of total general fund expenditures (\$262 million).
- ◆ The City's total debt increased by \$8.0 million during the current fiscal year.

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 2001.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. All of the resources the City has at its disposal are shown, including major assets such as buildings and infrastructure. A thorough accounting of the cost of government is rendered because the statements present all costs, not just how much was collected and disbursed. They provide both long-term and short-term information about the City's overall financial status.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of the City is improving or deteriorating. It speaks to the question of whether or not, the City, as a whole is better or worse off as a result of this year's activities. Other non-financial factors will need to be considered, however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in some future fiscal period, uncollected taxes and earned but unused vacation leave are examples.

Both of the government-wide financial statements distinguish functions of the City that are supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

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

The government-wide financial statements (Statement of Net Assets 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 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Board of Education Fund, Education Grants Fund, and the Capital Bond Issue Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation as Nonmajor Governmental Funds. Nonmajor governmental funds for the City include the Health and Sanitation Fund, the Public Safety Fund, the Facility and Miscellaneous 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 State Grant Fund, Library Fund, Miscellaneous Grants, General Government Fund all of which are considered Special Revenue Funds. In addition, the Conversion Capital Projects Fund, and the 1997 Bond Issue Fund are considered Capital Projects Funds. Permanent Trust Funds consist of the Library Fund and the Education Fund. Individual fund data for each of these nonmajor governmental funds is provided in the combining balance sheets on Exhibit B-1 and in the combining statement of revenues, expenditures and changes in fund balance on Exhibit B-2.

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

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

Proprietary funds. The City of Bridgeport maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in government-wide financial statements. The City of Bridgeport uses an enterprise fund to account for its Water Pollution Control Authority. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the City of Bridgeport's various functions. The City of Bridgeport uses an internal service fund to account for its health, workers compensation and heart and hypertension self-insurance plan 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 28-66 of this report.

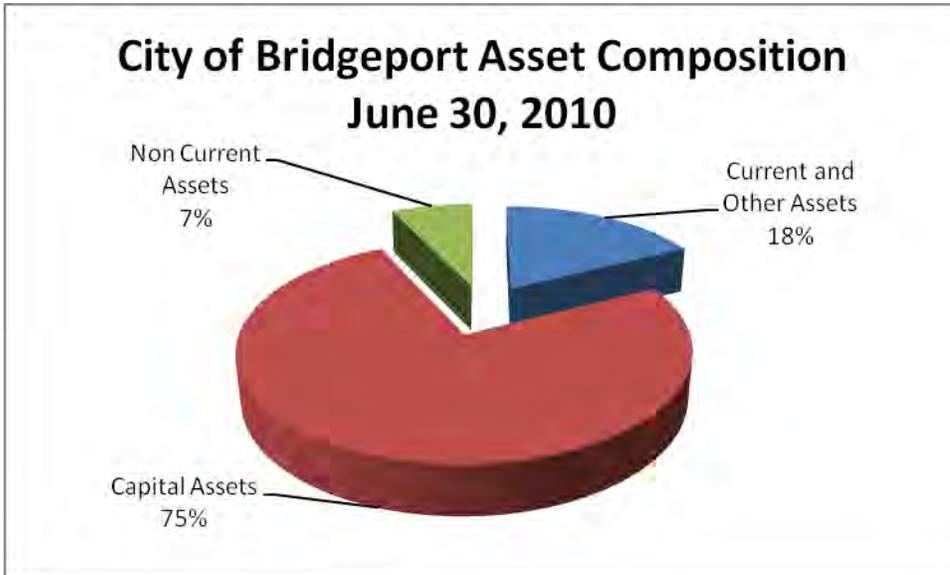
The notes to this report also contain certain information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

Government-Wide Financial Analysis

As noted earlier, net assets 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 exceeded its liabilities by \$230,856,829 at June 30, 2010. This is an increase of \$5,627,431 from last year's net assets of \$225,229,398.

CITY OF BRIDGEPORT, CONNECTICUT
NET ASSETS
(In Thousands)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 211,020	\$ 187,072	\$ 8,348	\$ 6,133	\$ 219,368	\$ 193,205
Noncurrent	88,318	98,677	821	1,434	89,139	100,111
Capital assets	816,518	786,938	123,595	124,386	940,113	911,324
Total assets	<u>1,115,856</u>	<u>1,072,687</u>	<u>132,764</u>	<u>131,953</u>	<u>1,248,620</u>	<u>1,204,640</u>
Other liabilities	170,843	178,789	7,602	6,886	178,445	185,675
Long-term debt outstanding	794,808	748,976	44,510	44,760	839,318	793,736
Total liabilities	<u>965,651</u>	<u>927,765</u>	<u>52,112</u>	<u>51,646</u>	<u>1,017,763</u>	<u>979,411</u>
Net assets:						
Invested in capital assets net of related debt	444,946	444,538	73,752	74,449	518,698	518,987
Restricted	3,161	3,161	820	1,434	3,981	4,595
Unrestricted	<u>(297,902)</u>	<u>(302,777)</u>	<u>6,080</u>	<u>4,424</u>	<u>(291,822)</u>	<u>(298,353)</u>
Total net assets	<u>\$ 150,205</u>	<u>\$ 144,922</u>	<u>\$ 80,652</u>	<u>\$ 80,307</u>	<u>\$ 230,857</u>	<u>\$ 225,229</u>



At the end of the current fiscal year, the City is able to report a positive balance in both its governmental and proprietary activities.

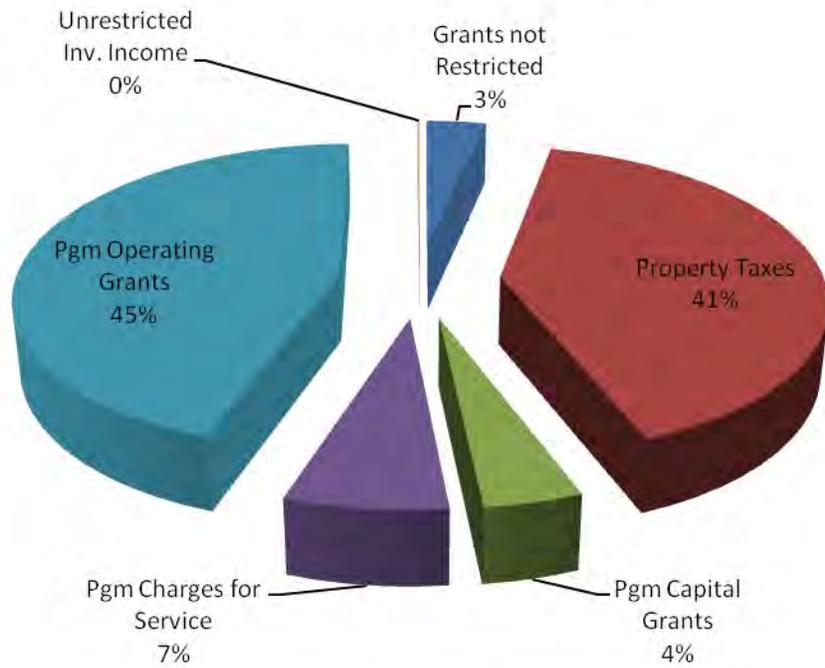
The portion of the City's net assets of \$518,697,665 reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment), net of any outstanding debt related to these assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

- ◆ The portion of the City's net assets that are restricted, \$3,981,732 represents resources that are subject to external restrictions on how they may be used. Unrestricted net deficits of \$(291,822,568) 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 issuance of the August 2000 General Obligation Taxable Pension Bonds, which were issued to properly fund pension plans, which were previously funded on a "pay-as-you-go" basis, which has a net outstanding balance of \$305,330,000. On a government-wide basis, during the year, the City's net assets increased by \$5,627,431 from \$225,229,398 to \$230,856,829. Net assets increased by \$5,282,902 for Governmental Activities and net assets increased by \$344,529 for Business-Type Activities. Government-wide expenses were \$649.7 million, while revenues were \$655.3 million. The increase in net assets can primarily be explained by the increase in grant revenue associated with capital projects.

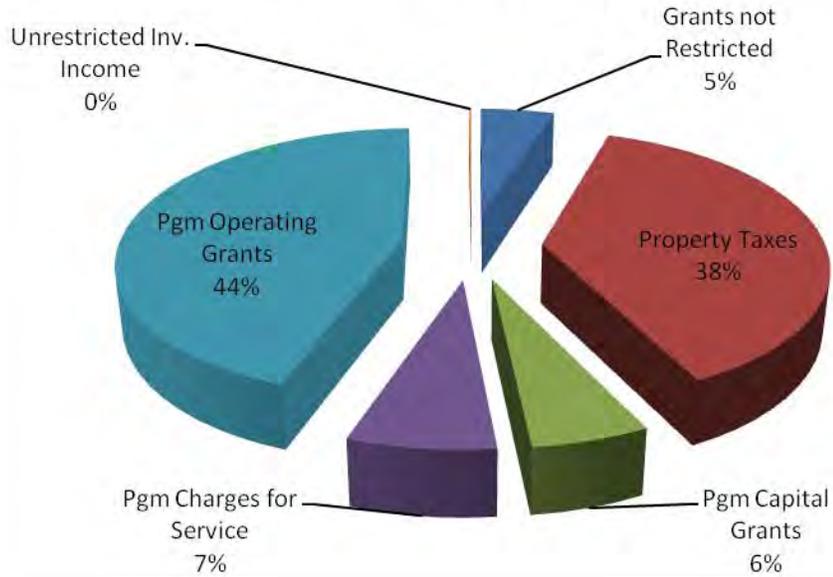
CITY OF BRIDGEPORT, CONNECTICUT
CHANGES IN NET ASSETS
(In Thousands)

	<u>Governmental Activities</u>		<u>Proprietary Activities</u>		<u>Total Government-Wide</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues:						
Program revenues:						
Charges for services	\$ 17,852	\$ 17,821	\$ 26,813	\$ 28,099	\$ 44,665	\$ 45,920
Operating grants and contributions	293,489	291,711			293,489	291,711
Capital grants and contributions	25,791	35,297	1,343	1,404	27,134	36,701
General revenues:						
Property taxes	267,026	247,817			267,026	247,817
Grants not restricted to specific programs	22,626	32,404			22,626	32,404
Unrestricted investment earnings	371	865	25	33	396	898
Total revenues	<u>627,155</u>	<u>625,915</u>	<u>28,181</u>	<u>29,536</u>	<u>655,336</u>	<u>655,451</u>
Expenses:						
General government	59,866	91,803			59,866	91,803
Public safety	113,047	74,991			113,047	74,991
Public facilities, parks and recreation, planning and development	39,229	37,083			39,229	37,083
Health and social services	12,952	12,657			12,952	12,657
Operations			27,836	24,895	27,836	24,895
Education	331,515	319,482			331,515	319,482
Interest on long-term debt	38,622	46,225			38,622	46,225
Special services	26,641	19,319			26,641	19,319
Total expenses	<u>621,872</u>	<u>601,560</u>	<u>27,836</u>	<u>24,895</u>	<u>649,708</u>	<u>626,455</u>
Change in net assets	5,283	24,355	345	4,641	5,628	28,996
Net Assets, beginning	<u>144,922</u>	<u>120,567</u>	<u>80,307</u>	<u>75,666</u>	<u>225,229</u>	<u>196,233</u>
Net Assets, Ending	<u>\$ 150,205</u>	<u>\$ 144,922</u>	<u>\$ 80,652</u>	<u>\$ 80,307</u>	<u>\$ 230,857</u>	<u>\$ 225,229</u>

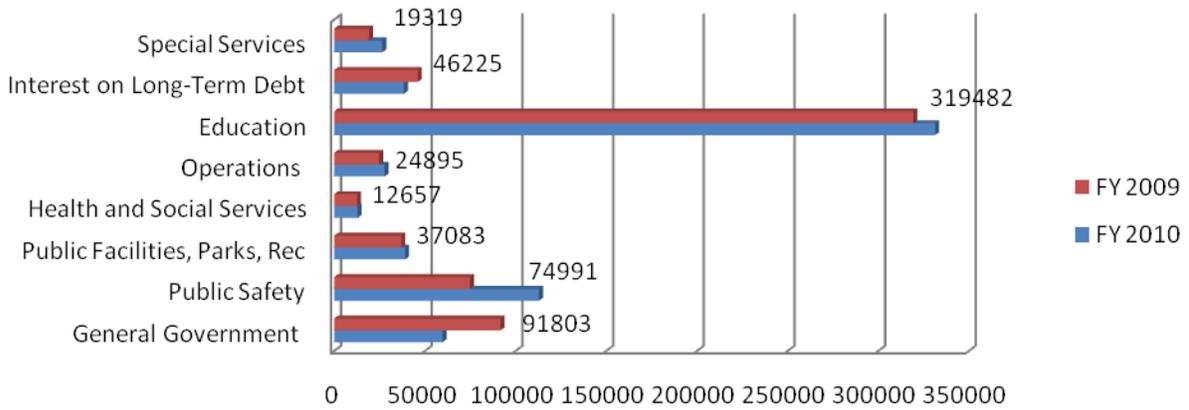
City of Bridgeport FY10 Revenues



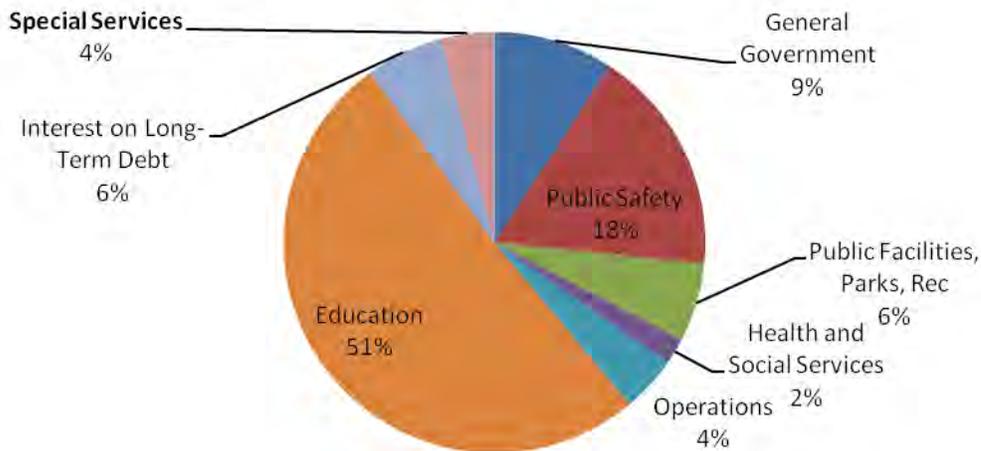
City of Bridgeport FY09 Revenues



City of Bridgeport Primary Government Expenditures FY 2010 v FY2009 (in millions)



City of Bridgeport Expenses - Primary Government June 30, 2010



Bridgeport's net assets increased by \$5,627,431 during the fiscal year, with the net assets of Governmental Activities increasing by \$5,282,902 million, and net assets of Business-Type Activities increasing by \$344,529. The increase in net assets represents the degree to which increases in revenues have outpaced ongoing expenditures.

Governmental Activities

Program revenues represented 57% of total revenues, followed by property taxes at 38%, and other unrestricted grants and investment earnings at 5%.

Major revenue factors included:

- ◆ Property tax revenues recorded for fiscal year 2010 reflect the first year of the State mandated revaluation and increased collection efforts. This represents an increase of \$19,209,017 from the prior fiscal year ended June 30, 2009.
- ◆ Capital grants and contributions decreased in the General Fund from \$33,301,154 in the prior fiscal year to \$23,021,570 for the fiscal year ended June 30, 2010.

For Governmental Activities, 51% of the City's expenses relate to education; 17.4% relate to public safety; 4.1% relate to special services; 5.9% relate to interest payments on long-term debt; 6% relate to public facilities, parks and recreation; 4.3% related to WPCA operations; 9.3% relate to general government; and 2% relate to health and welfare.

Major expenditure factors include:

- ◆ Employee benefit costs rose between 5% and 10% due to rising health insurance costs.
- ◆ During the 2000-2010 budget process, discretionary expenses held stable.
- ◆ Police Overtime remained stable due to new deployment and community policing initiatives.
- ◆ Governmental activities increased the City's net assets by \$5,627,431.

Business-Type Activities

Water Pollution Control Authority (WPCA) revenue for charges for services went from \$28.0 million in fiscal year 2009 to \$26.8 million in fiscal year 2010.

Financial Analysis of the Fund Financial Statements

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved 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 \$73.1 million, an increase of \$29.2 million from the prior year, due mainly to an increase in Capital Bond of 25.9 million. The deficit nature of the total combined unreserved fund balance, only 24.77% of this total amount (which is the \$15.6 million General Fund unreserved fund balance) constitutes unreserved fund balance that is available for spending at the City's discretion; \$4.0 million of this is designated for potential future claims/uses. The remainder of fund balance is reserved to indicate that it is not available for new spending because

it has already been committed: 1) \$9,437,825 million to liquidate contracts and purchase orders of the prior period; 2) \$661,176 for endowments.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved (and total) fund balance of the General Fund was \$15.6 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved (and total) fund balance represents 5.95% of total General Fund expenditures. For fiscal year ended June 30, 2010 there were \$30,876 reserved for General Fund encumbrances.

The Capital Bond Issue Fund has a total fund balance of \$52.8 million up from \$26.9 million in the prior year. The change in fund balance can be explained by the timing of resources into and out of this fund for ongoing capital projects.

The Other Governmental Funds have a total fund balance of \$5.3 million, down from \$6.1 million in the prior 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 assets of the proprietary fund consisting of the Water Pollution Control Authority were \$80.6 million, as compared to \$80.3 million in the prior year.

The unrestricted net assets of the Water Pollution Control Authority were \$6.1 million. The Water Pollution Control Authority experienced operating revenues of \$25.7 million from user fees. There was a total net loss for the WPCA of \$1 million before capital contributions of \$1.3 million. The change in net assets for the fiscal year ended June 30, 2010 was \$344,529.

Education fund. Intergovernmental revenues accounted for \$20.3 million while other financing sources accounted for \$205.1 million, of which was transferred into the fund from the General Fund. The net change in the fund balance accounted for \$23,301. The fund balance for fiscal year ended June 30, 2010 was \$23,301.

General Fund Budgetary Highlights

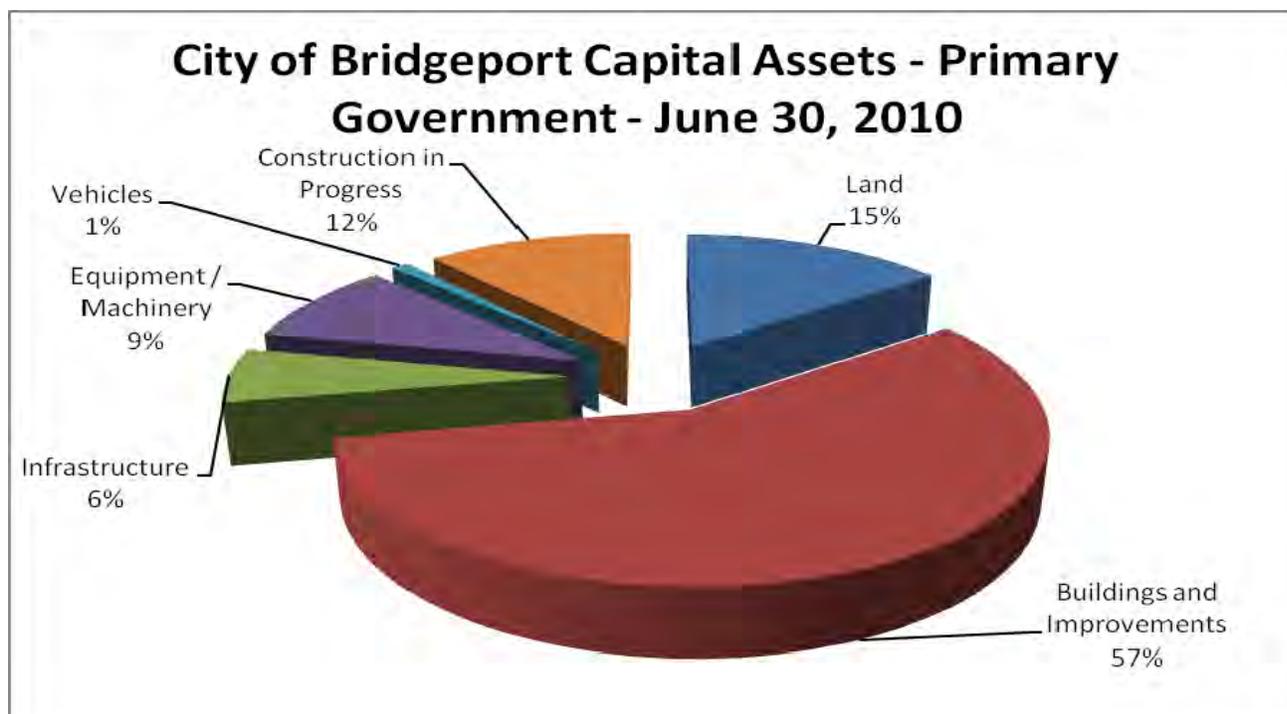
During the year, actual revenues and other financing sources on a budgetary basis were \$467,135,049 million. This was approximately \$22.3 million under the modified budgetary estimate. Actual tax revenues were \$2.9 million over budget. Overall, fees permits and licenses was \$1.4 million under budgetary estimates primarily due to less than anticipated revenues granted to the city through user fees. Some of these underperforming revenues were offset by intergovernmental revenues that came in over the budgeted amount. The Educational Cost Sharing grant came in ahead of schedule by \$2.1 million, the Federal Breakfast program revenues tracked ahead of schedule by \$790 thousand.

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, 2010, amounted to \$940.1 million, net of accumulated depreciation. This investment in capital assets includes land, building and system improvements, machinery and equipment, park facilities, roads, sewers and bridges. The total increase in the City's investment in capital assets for the current fiscal year was \$28.8 million.

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

	Governmental Activities		Proprietary Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Land	\$ 139,235	\$ 139,235	\$	\$	\$ 139,235	\$ 139,235
Buildings and improvements	480,656	474,095	57,625	60,119	538,281	534,214
Infrastructure	58,001	56,784			58,001	56,784
Equipment, distribution and collection systems	27,161	20,672	60,817	61,832	87,978	82,504
Vehicles	8,440	8,734	271	287	8,711	9,021
Construction in progress	103,025	87,417	4,882	2,147	107,907	89,564
Total	\$ 816,518	\$ 786,937	\$ 123,595	\$ 124,385	\$ 940,113	\$ 911,322



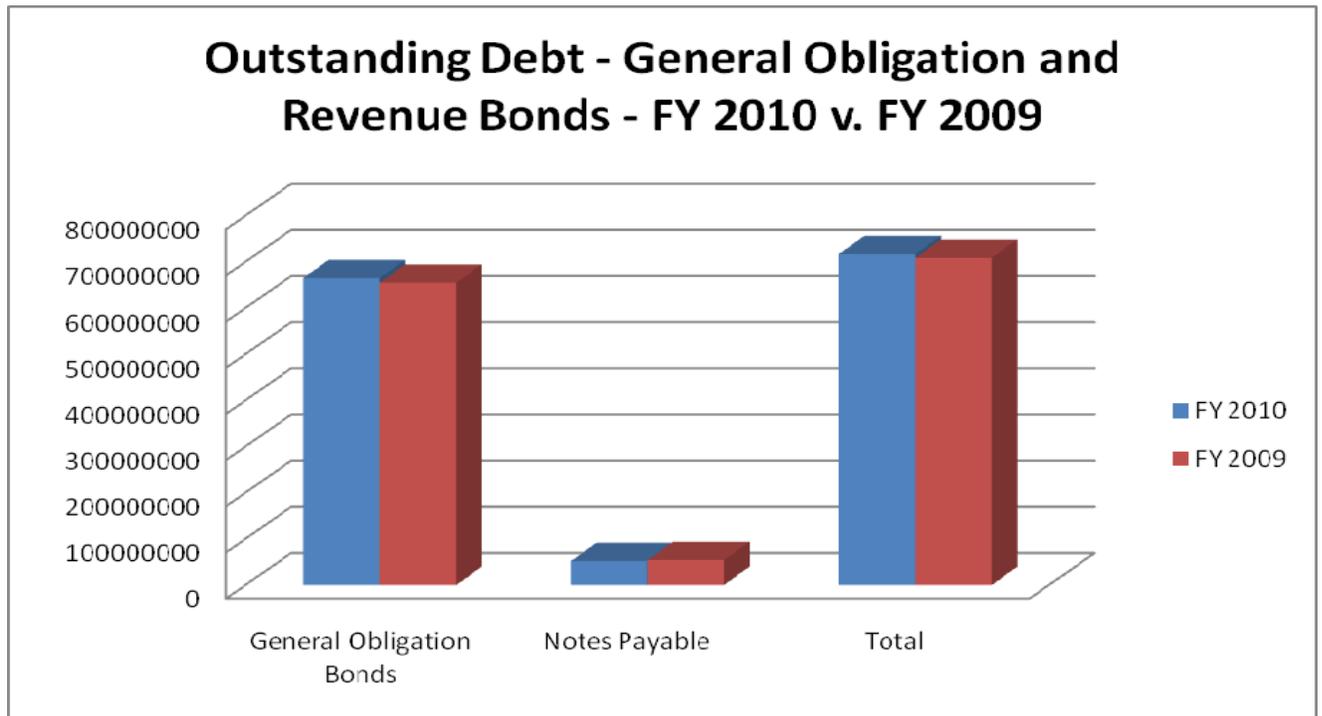
Major capital asset events during the current fiscal year included the following:

- ◆ 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 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	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 662,665,000	\$ 654,200,000	\$ 2,255,000	\$ 450,000	\$ 664,920,000	\$ 654,650,000
Notes payable	4,137,000	4,500,000	47,588,683	49,486,275	51,725,683	53,986,275
Totals	\$ 666,802,000	\$ 658,700,000	\$ 49,843,683	\$ 49,936,275	\$ 716,645,683	\$ 708,636,275



Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$664,920,000. 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 \$2,255,000 through user fee charges, the bonds for WPCA capital projects were issued through the City in June 2007 and December 2009.

The City's total debt increased by \$8.0 million during fiscal 2010.

Moody's Investors Service, Inc. (Moody's), Standard & Poor's Rating Group (Standard & Poor's) and FitchRatings, Inc. (Fitch) have each assigned their underlying municipal bond rating of "A1", "A-", and "A", respectively, to the City. With respect to long-term debt of the City that is insured by Assured Guaranty Corp. or Assured Guaranty Municipal Corp. (formally FSA), Moody's and Standard & Poor's have each assigned their municipal bond rating of "AA3" and "AA+", respectively, with the understanding that there is an insurance policy insuring the payment when due of the principal and interest on the bonds. Fitch does not currently rate Assured Guaranty Corp. or Assured Guaranty Municipal Corp.

The overall statutory debt limit for the City is equal to seven times annual receipts from taxation or \$1.74 billion. As of June 30, 2010, the City recorded long-term debt of \$666.8 million related to Governmental Activities and \$49.8 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 9 of this report.

Economic Factors and Next Year's Budgets and Rates

The City, surrounding towns, and the State have not been immune from the effects of the national economic downturn but all are starting to show a small decline in their unemployment rate. As of June 30, 2010, the unemployment rate for the Bridgeport Labor Market Area was 12.9%, up from 10.7% in the prior year. Connecticut's overall unemployment rate increased to 9.0% from 7.1%, compared with the same period for the previous year.

GASB Statements 43 and 45 Requirements

The City is in compliance with the requirements of GASB Statements 43 and 45, which require municipalities and other governmental entities to undertake an actuarial evaluation of their other post-employment benefit (OPEB) plans and include information concerning the valuation of such plans in their financial statements. Currently, the City funds its OPEB costs on a pay-as-you-go basis. For fiscal year ended June 30, 2010, \$31,942,500 was budgeted for OPEB costs. The City has retained an outside actuarial consulting firm to prepare the valuation of its OPEB plans. Based on this assessment, the City's estimated Annual Required Contribution is \$54,129,700 with a net OPEB obligation of \$61,660,800.

Requests for Information

The financial report is designed to provide a general overview of the City's finances for all those with an interest in government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance at 45 Lyon Terrace, Bridgeport, CT 06604.

Basic Financial Statements

CITY OF BRIDGEPORT, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 114,326,846	\$ 3,449,803	\$ 117,776,649
Temporarily restricted cash and cash equivalents	2,500,000		2,500,000
Investments	1,814,583		1,814,583
Receivables, net of allowances for collection losses:			
Property taxes	26,180,234		26,180,234
Sewer user fees and liens		6,297,482	6,297,482
Federal and state governments	50,551,570		50,551,570
Other	11,885,008	1,954,790	13,839,798
Internal balances	3,412,114	(3,412,114)	-
Due from fiduciary funds			
Other assets	350,000	57,909	407,909
Total current assets	<u>211,020,355</u>	<u>8,347,870</u>	<u>219,368,225</u>
Noncurrent:			
Temporarily restricted cash and cash equivalents		820,556	820,556
Deferred charges, net of accumulated amortization	13,079,255		13,079,255
Capital assets not being depreciated	242,260,049	4,882,395	247,142,444
Capital assets being depreciated, net of depreciation	574,257,980	118,712,798	692,970,778
Net pension assets	75,238,454		75,238,454
Total noncurrent assets	<u>904,835,738</u>	<u>124,415,749</u>	<u>1,029,251,487</u>
Total assets	<u>1,115,856,093</u>	<u>132,763,619</u>	<u>1,248,619,712</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	61,784,836	2,267,924	64,052,760
Due to fiduciary funds	3,891,782		3,891,782
Unearned revenues	9,159,357		9,159,357
Notes payable	23,500,000		23,500,000
Accrued interest payable	16,655,989		16,655,989
Current maturities of long-term obligations	55,850,856	5,334,173	61,185,029
Total current liabilities	<u>170,842,820</u>	<u>7,602,097</u>	<u>178,444,917</u>
Noncurrent liabilities:			
Due in more than one year	794,808,456	44,509,510	839,317,966
Total liabilities	<u>965,651,276</u>	<u>52,111,607</u>	<u>1,017,762,883</u>
Net Assets:			
Investment in capital assets, net of related debt	444,946,155	73,751,510	518,697,665
Restricted for:			
Debt service and capital improvements		820,556	820,556
Permanent funds, expendable	108,645		108,645
Permanent funds, nonexpendable	552,531		552,531
Self-insured claims	2,500,000		2,500,000
Unrestricted	(297,902,514)	6,079,946	(291,822,568)
Total Net Assets	<u>\$ 150,204,817</u>	<u>\$ 80,652,012</u>	<u>\$ 230,856,829</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, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ (59,866,015)	\$ 3,728,748	\$ 773,282	\$ 849,366	\$ (54,514,619)	\$	\$ (54,514,619)
Public safety	(113,047,552)	5,281,305	4,148,209		(103,618,038)		(103,618,038)
Public facilities, parks and recreation	(35,788,530)	4,350,689	738,415		(30,699,426)		(30,699,426)
Planning and economic development	(3,441,668)	2,749,419	20,985,448		20,293,199		20,293,199
Health and social services	(12,951,797)	924,169	9,402,270		(2,625,358)		(2,625,358)
Education	(331,514,612)	817,448	255,015,046	24,941,420	(50,740,698)		(50,740,698)
Special services	(26,640,656)		1,627,623		(25,013,033)		(25,013,033)
Interest on long-term debt	(38,620,545)		798,503		(37,822,042)		(37,822,042)
Total governmental activities	(621,871,375)	17,851,778	293,488,796	25,790,786	(284,740,015)		(284,740,015)
Business-type activities:							
Water Pollution Control Authority	(27,836,743)	26,813,200		1,342,985		319,442	319,442
Total	\$ (649,708,118)	\$ 44,664,978	\$ 293,488,796	\$ 27,133,771	(284,740,015)	319,442	(284,420,573)
			General revenues:				
			Property taxes		267,026,434		267,026,434
			Grants and contributions not restricted to specific programs		22,625,844		22,625,844
			Unrestricted investment earnings		370,639	25,087	395,726
			Total general revenues		290,022,917	25,087	290,048,004
			Change in net assets		5,282,902	344,529	5,627,431
			Net assets, Beginning of Year		144,921,915	80,307,483	225,229,398
			Net Assets, End of Year		\$ 150,204,817	\$ 80,652,012	\$ 230,856,829

The accompanying notes are an integral part of the financial statements

CITY OF BRIDGEPORT, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2010

	<u>General</u>	<u>Board of Education</u>	<u>Education Grants</u>	<u>Capital Bond Issue</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 41,734,068	\$	\$	\$ 62,271,130	\$ 9,144,514	\$ 113,149,712
Investments					1,814,583	1,814,583
Receivables, net of allowances for collection losses:						
Property taxes	26,180,234					26,180,234
Intergovernmental	34,958,581		6,214,356	863,214	8,515,419	50,551,570
Other	2,605,737			185,780	9,093,491	11,885,008
Due from other funds	43,150,803	23,301	260,400	13,511,193	3,335,608	60,281,305
Other assets	350,000					350,000
Total Assets	<u>\$ 148,979,423</u>	<u>\$ 23,301</u>	<u>\$ 6,474,756</u>	<u>\$ 76,831,317</u>	<u>\$ 31,903,615</u>	<u>\$ 264,212,412</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 28,077,212	\$	\$ 2,267,402	\$ 4,682,606	\$ 6,002,804	\$ 41,030,024
Payroll and other accrued liabilities	18,675,582		188,949		1,033,295	19,897,826
Due to other funds	24,293,755		3,767,528	19,343,334	13,094,813	60,499,430
Deferred revenues	38,790,647		883,678	3,240	6,486,091	46,163,656
Notes payable	23,500,000					23,500,000
Total liabilities	<u>133,337,196</u>	<u>-</u>	<u>7,107,557</u>	<u>24,029,180</u>	<u>26,617,003</u>	<u>191,090,936</u>
Fund balances:						
Reserved for:						
Encumbrances	30,876	23,301		3,781,539	5,602,109	9,437,825
Reserve for endowments- permanently restricted					661,176	661,176
Unreserved, designated	4,000,000					4,000,000
Unreserved						
Undesignated:						
General fund	11,611,351					11,611,351
Special revenue funds			(632,801)		(5,335,961)	(5,968,762)
Capital projects funds				49,020,598	4,299,518	53,320,116
Permanent trust funds					59,770	59,770
Total fund balances	<u>15,642,227</u>	<u>23,301</u>	<u>(632,801)</u>	<u>52,802,137</u>	<u>5,286,612</u>	<u>73,121,476</u>
Total Liabilities and Fund Balances	<u>\$ 148,979,423</u>	<u>\$ 23,301</u>	<u>\$ 6,474,756</u>	<u>\$ 76,831,317</u>	<u>\$ 31,903,615</u>	<u>\$ 264,212,412</u>

(Continued on next page)

CITY OF BRIDGEPORT, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2010

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

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

Fund balances - total governmental funds	\$ 73,121,476
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	\$ 1,062,196,927
Less accumulated depreciation	<u>(245,678,898)</u>
Net capital assets	816,518,029
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:	
Property tax receivables greater than 60 days	11,075,212
Interest receivable on property taxes	14,453,049
Receivable from the state for school construction projects	11,476,038
Bond issuance costs	13,079,255
Net pension asset	75,238,454
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 assets.	(81,142,869)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and notes payable	(666,802,000)
Deferred for issuance premiums	(10,099,874)
Compensated absences	(26,338,501)
Landfill closure	(178,976)
OPEB obligation	(61,660,800)
Net pension obligation	(1,877,687)
Interest payable on bonds and notes	<u>(16,655,989)</u>
Net Assets of Governmental Activities (Exhibit I)	<u>\$ 150,204,817</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, 2010

	<u>General</u>	<u>Board of Education</u>	<u>Education Grants</u>	<u>Capital Bond Issue</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes	\$ 268,637,066					\$ 268,637,066
Intergovernmental	185,155,817	20,321,516	80,528,208	26,925,316	27,932,578	340,863,435
Fees, permits and licenses	15,454,092					15,454,092
Interest	214,197			125,541	30,901	370,639
Other	2,830,465			157,820	2,035,195	5,023,480
Total revenues	<u>472,291,637</u>	<u>20,321,516</u>	<u>80,528,208</u>	<u>27,208,677</u>	<u>29,998,674</u>	<u>630,348,712</u>
Expenditures:						
Current:						
General government	38,871,099				590,843	39,461,942
Public safety	99,874,176					99,874,176
Public facilities	32,932,515					32,932,515
Planning and economic development	3,441,668					3,441,668
Health and social services	9,256,121				3,698,833	12,954,954
Libraries	4,393,452				266,733	4,660,185
Education		225,428,797	81,171,438		1,675	306,601,910
Special services	693,849				26,313,052	27,006,901
Debt service:						
Principal retirements	32,375,000					32,375,000
Interest and other charges	40,933,701					40,933,701
Capital outlay				41,669,094		41,669,094
Total expenditures	<u>262,771,581</u>	<u>225,428,797</u>	<u>81,171,438</u>	<u>41,669,094</u>	<u>30,871,136</u>	<u>641,912,046</u>
Excess (Deficiency) of Revenues over Expenditures	<u>209,520,056</u>	<u>(205,107,281)</u>	<u>(643,230)</u>	<u>(14,460,417)</u>	<u>(872,462)</u>	<u>(11,563,334)</u>
Other Financing Sources (Uses):						
Transfers in	500,000	205,130,582			18,820	205,649,402
Transfers out	(205,130,582)			(518,820)		(205,649,402)
Bonds issued				40,840,000		40,840,000
Total other financing sources (uses)	<u>(204,630,582)</u>	<u>205,130,582</u>	<u>-</u>	<u>40,321,180</u>	<u>18,820</u>	<u>40,840,000</u>
Net Change in Fund Balances	4,889,474	23,301	(643,230)	25,860,763	(853,642)	29,276,666
Fund Balances at Beginning of Year	<u>10,752,753</u>		<u>10,429</u>	<u>26,941,374</u>	<u>6,140,254</u>	<u>43,844,810</u>
Fund Balances at End of Year	<u>\$ 15,642,227</u>	<u>\$ 23,301</u>	<u>\$ (632,801)</u>	<u>\$ 52,802,137</u>	<u>\$ 5,286,612</u>	<u>\$ 73,121,476</u>

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CITY OF BRIDGEPORT, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010

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)	\$ 29,276,666
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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	49,204,535
Depreciation expense	(19,624,162)

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	(1,486,201)
Property tax interest and lien revenue - accrual basis change	(137,342)
School building grant receipts	(1,570,892)
Net pension assets	(9,016,745)

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 assets. 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:

Issuance of general obligation bonds	(40,840,000)
Bond and note principal payments	32,738,000

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:

Amortization of deferred amounts for issuance premiums	1,276,232
Compensated absences	(75,565)
Landfill post closure care	24,806
OPEB obligation	(22,954,900)
Net pension obligation	130,395
Amortization of bond issuance costs	(1,342,349)
Accrued interest	2,379,273

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.	<u>(12,698,849)</u>
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Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ 5,282,902</u>
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The accompanying notes are an integral part of the financial statements

CITY OF BRIDGEPORT, CONNECTICUT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2010

	<u>Business-Type Activities Enterprise Fund</u>	<u>Governmental Activities Internal Service Fund</u>
Assets:		
Current:		
Cash and cash equivalents	\$ 3,449,803	\$ 1,177,134
Receivables, net of allowances for collection losses:		
Unbilled usage charges	6,297,482	
Other receivables	1,954,790	
Due from other funds		756,866
Other assets	57,909	
Total current assets	<u>11,759,984</u>	<u>1,934,000</u>
Noncurrent:		
Restricted cash and cash equivalents	820,556	2,500,000
Capital assets not being depreciated	4,882,395	
Capital assets being depreciated, net of accumulated depreciation	118,712,798	
Total noncurrent assets	<u>124,415,749</u>	<u>2,500,000</u>
Total assets	<u>136,175,733</u>	<u>4,434,000</u>
Liabilities:		
Current:		
Current portion of long-term debt	5,334,173	
Accounts payable and accrued expenses	1,789,436	856,986
Accrued interest payable	145,225	
Construction contracts payable	329,763	
Due to other funds	3,412,114	1,018,409
Deferred revenue	3,500	
Claims payable - current portion		14,951,474
Total current liabilities	<u>11,014,211</u>	<u>16,826,869</u>
Noncurrent:		
Claims payable - noncurrent portion		68,750,000
Long-term debt less current portion	44,509,510	
Total noncurrent liabilities	<u>44,509,510</u>	<u>68,750,000</u>
Total liabilities	<u>55,523,721</u>	<u>85,576,869</u>
Net Assets:		
Invested in capital assets, net of related debt	73,751,510	
Restricted for debt service and capital improvements	820,556	
Restricted for self-insured claims		2,500,000
Unrestricted	6,079,946	(83,642,869)
Total Net Assets	<u>\$ 80,652,012</u>	<u>\$ (81,142,869)</u>

The accompanying notes are an integral part of the financial statements

CITY OF BRIDGEPORT, CONNECTICUT

EXHIBIT VI

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUNDS**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
Operating revenues:		
Sewer user fees	\$ 25,742,479	\$
Charges for services		95,554,763
Total operating revenues	<u>25,742,479</u>	<u>95,554,763</u>
Operating expenses:		
Operation and maintenance	20,651,080	
Depreciation	6,270,827	
Claims		108,253,612
Total operating expenses	<u>26,921,907</u>	<u>108,253,612</u>
Operating loss	<u>(1,179,428)</u>	<u>(12,698,849)</u>
Nonoperating revenue (expense):		
Interest income	25,087	
Interest expense	(914,836)	
Other income	1,070,721	
Total nonoperating revenue	<u>180,972</u>	<u>-</u>
Loss before capital contributions	(998,456)	(12,698,849)
Capital contributions	<u>1,342,985</u>	<u>-</u>
Change in Net Assets	344,529	(12,698,849)
Total Net Assets, Beginning of Year	<u>80,307,483</u>	<u>(68,444,020)</u>
Total Net Assets, End of Year	<u>\$ 80,652,012</u>	<u>\$ (81,142,869)</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, 2010

	<u>Business-Type Activities Enterprise Fund</u>	<u>Governmental Activities Internal Service Fund</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 25,087,429	\$
Payments to suppliers	(19,559,722)	
Payments to employees	(699,268)	
Cash received (paid) for interfund services used	(521,072)	313,701
Cash received from charges for services		96,049,597
Cash paid to vendors and beneficiaries		(96,162,100)
Net cash provided by operating activities	<u>4,307,367</u>	<u>201,198</u>
Cash flows from capital and related financing activities:		
Principal payments on debt	(5,259,868)	
Interest paid on debt	(917,822)	
Proceeds from notes payable	5,167,276	
Proceeds received on capital grants	1,342,985	
Purchase of capital assets	(5,368,072)	
Net cash used in capital and related financing activities	<u>(5,035,501)</u>	<u>-</u>
Cash flows from noncapital financing activities:		
Other income	1,070,721	
Net cash provided by noncapital financing activities	<u>1,070,721</u>	<u>-</u>
Cash flows from investing activities:		
Interest received on investments	25,087	
Net cash provided by investing activities	<u>25,087</u>	<u>-</u>
Net increase in cash and cash equivalents	367,674	201,198
Cash and cash equivalents at beginning of year	<u>3,902,685</u>	<u>3,475,936</u>
Cash and Cash Equivalents at End of Year	<u>\$ 4,270,359</u>	<u>\$ 3,677,134</u>
Reconciliation to Statement of Net Assets:		
Cash and cash equivalents	\$ 3,449,803	\$ 1,177,134
Restricted cash and cash equivalents	<u>820,556</u>	<u>2,500,000</u>
	<u>\$ 4,270,359</u>	<u>\$ 3,677,134</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:		
Operating loss	\$ (1,179,428)	\$ (12,698,849)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	6,270,827	
Depreciation		
Decrease in accounts receivable and unbilled usage charges	125,173	
(Increase) decrease in other receivables	(841,488)	494,834
Increase in other assets	(57,909)	
Increase in provision for uncollectible accounts	61,765	
Increase (decrease) in due to other funds	(521,072)	313,701
Increase in accounts payable and accrued expenses	449,999	667,821
Decrease in deferred revenues	(500)	
Increase in claims payable		<u>11,423,691</u>
Net Cash Provided by Operating Activities	<u>\$ 4,307,367</u>	<u>\$ 201,198</u>

The accompanying notes are an integral part of the financial statements

CITY OF BRIDGEPORT, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2010

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
Assets:		
Cash and cash equivalents	\$ 15,550,273	\$ 365,173
Investments:		
U.S. Government Agency Bonds	11,384,628	
U.S. Government Security Bonds	15,343,614	
Corporate Bonds	44,846,937	
Common Stocks	138,985,391	
Private Hedge Fund	28,900,773	
Mutual Funds - Equities	51,257,501	
Total investments	<u>290,718,844</u>	<u>-</u>
Due from other funds	3,891,782	
Contributions receivable	<u>8,075,284</u>	<u>-</u>
Total assets	<u>318,236,183</u>	<u>365,173</u>
Liabilities:		
Other liabilities	1,081	
Due to student groups		365,173
Total liabilities	<u>1,081</u>	<u>365,173</u>
Net Assets	<u>\$ 318,235,102</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

CITY OF BRIDGEPORT, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 13,353,161
Plan members	2,630,836
Annuity proceeds	2,905,140
Total contributions	<u>18,889,137</u>
Investment income:	
Net appreciation in fair value of investments	29,452,093
Interest and dividends	10,539,474
	<u>39,991,567</u>
Less investment expenses:	
Investment management fees	<u>(934,819)</u>
Net investment income	<u>39,056,748</u>
Total additions	57,945,885
Deductions:	
Benefits	<u>38,808,548</u>
Net increase	19,137,337
Net assets held in trust for pension benefits, beginning of year	<u>299,097,765</u>
Net Assets Held in Trust for Pension Benefits, End of Year	<u>\$ 318,235,102</u>

The accompanying notes are an integral part of the financial statements

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO 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 assets 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. 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. 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 Board of Education Fund accounts for operations of the Board of Education, except those required to be accounted for in another fund.

The Education Grants Fund accounts for U.S. Department of Education grants as well as local grants relating to education.

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

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund types:

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

The agency fund accounts for monies held as a custodian for outside groups.

The internal service fund accounts for the revenues and related expenses for the health, workers compensation and heart and hypertension self-insurance plan for the employees and retirees of the City.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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.

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.

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.

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.

Investments

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

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.

Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the WPCA during the current fiscal year was approximately \$1,110,065. Of this amount, \$195,230 was included as part of the cost of capital assets under construction in connection with wastewater treatment facilities' construction projects.

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

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

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

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.

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.

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 assets. Bond premiums and discounts, as well as issuance costs, 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 are reported as deferred charges and amortized over the term of the related debt.

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.

Pension Accounting

Pension Trust Funds:

Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Governmental Funds:

The net pension obligation (asset), the cumulative difference between annual pension cost and the City's contributions to the plans since 1986, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 27. Annual pension cost expenditures are recognized when they are paid or are expected to be paid with current available resources. The liability is typically paid out of the general fund. The net pension (asset) obligation is recorded as a noncurrent asset/liability in the government-wide financial statements.

Fund Equity and Net Assets

In the Government-Wide Financial Statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This category groups all capital assets, including infrastructure, into one component of net assets. 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 Assets - 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 Assets - 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.

In the fund financial statements, fund balances of governmental funds are classified in two separate categories. The two categories, and their general meanings, are as follows:

Reserved fund balance - indicates that portion of fund equity which is not available for appropriation or has been legally segregated for specific purposes.

Unreserved fund balance - indicates that portion of fund equity which is available for appropriation and expenditure in future periods or the deficiency that will require funding from future operations.

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 a reservation of fund balance as they do not constitute expenditures or liabilities.

2. BUDGETS AND BUDGETARY ACCOUNTING

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

- ◆ The Mayor shall submit to the City Council, no later than 120 days before July 1, the proposed operating and capital budgets.
- ◆ The Mayor shall submit to the City Council, with the proposed budgets, a certificate that the budget is consistent with a three-year financial plan, and that operating within the budget is feasible.
- ◆ Expenditures may not legally exceed appropriations at the department level (legal level of control).
- ◆ Budgets must include appropriations which, among others, allow funding of expenditures required by law, those for debt service, and for elimination of prior deficits, as well as those properly attributable to the fiscal year.
- ◆ Budgeted revenues cannot exceed certain actual amounts of prior year's revenues unless justification for each item has been approved by the City Council.
- ◆ Budgets must include schedules of cash disbursements and cash receipts for the fiscal year on a monthly basis, with sufficient detail for City Council to determine estimated need for cash-flow borrowings during the year.
- ◆ The City Council shall approve the three year financial plan, with the budget forming the first year of the financial plan, once it determines that such plan is complete.
- ◆ Transfers and supplemental appropriations of budgeted amounts that change a department's total budgeted expenditures must be adopted by resolutions of the City Council. There were no supplemental appropriations during the year ended June 30, 2010. In addition, per City Ordinance, all requests for transfers of \$10,000 or more in the aggregate in any one fiscal year between sub-line items must also be requested through the City Council with appropriate documentation. Also, any transfers between line item accounts (salary, overtime, fringe benefits and operating and special services) shall be submitted with appropriate documentation, for Council approval regardless of the dollar amount.

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

General governmental revenues and expenditures accounted for in the General Fund and Board of Education 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

Special Revenue Funds

The City does not have legally adopted annual budgets for its special revenue funds. Budgets for the various special revenue funds which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies. Such budgets are non-lapsing and may comprise more than one fiscal year.

Capital Projects Fund

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

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) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are 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.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$57,327,658 of the City's bank balance of \$59,104,185 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 51,444,892
Uninsured and collateral held by the pledging bank's trust department, not in the City's name	<u>5,882,766</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 57,327,658</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, 2010 the City's cash equivalents amounted to \$90,163,564. 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 and Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm
State Tax Exempt Proceeds Fund (TEPF)*	
Tax Exempt Proceeds Fund	
People's Securities*	
UBS*	
Raymond James*	
Dain Rauscher*	
Wright Investors*	
Merrill Lynch*	
JP Morgan Chase*	
Morgan Stanley*	

*Not rated

Cash and cash equivalents are restricted for the following uses at June 30, 2010:

Proprietary Fund:	
Self Insurance Programs	\$ 2,500,000
Enterprise Fund:	
Debt Service and Capital Improvements	<u>820,556</u>
Total	<u>\$ 3,320,556</u>

B. Investments

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

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

The pension fund asset allocation parameters are as follows:

Equities	64.0%
Fixed Income	23.5%
Hedge Fund Investments	10.0%
Cash	2.5%

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 over concentration 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) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City and the pension funds do not have a custodial credit risk policy for investments.

Investments of the City consist of the following at June 30, 2010:

Investments:

Permanent Trust Fund:

U.S. Government Securities	\$ <u>515,097</u> *
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Special Revenue Fund:

U.S. Government Securities	<u>1,299,486</u> *
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Pension Trust Funds:

U.S. Government Agencies	11,384,628 *
Corporate Bonds	44,846,937 *
U.S. Government Securities	15,343,614 *
Common and Preferred Stocks	138,985,391 *
Mutual Funds	51,257,501
Private Hedge Fund	28,900,773
	<u>290,718,844</u>

Total Investments	\$ <u>292,533,427</u>
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Cash and investments are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	\$ 117,776,649
Restricted cash and cash equivalents	3,320,556
Investments	<u>1,814,583</u>
	<u>122,911,788</u>

Fiduciary funds:

Cash and cash equivalents	15,915,446
Investments	<u>290,718,844</u>
	<u>306,634,290</u>

Total Cash, Cash Equivalents and Investments	\$ <u>429,546,078</u>
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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>
Type of Investment:				
U.S. Government agencies	\$ 11,384,628	\$ 316,650	\$ 10,425,621	\$ 642,357
Corporate bonds	44,846,937	1,118,234	28,863,527	14,865,176
U.S. Government securities	<u>17,158,197</u>	<u>2,056,714</u>	<u>8,090,341</u>	<u>7,011,142</u>
Total	\$ <u>73,389,762</u>	\$ <u>3,491,598</u>	\$ <u>47,379,489</u>	\$ <u>22,518,675</u>

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. Presented below is the minimum rating as required for each debt type investment.

<u>Average Rating</u>	<u>Corporate Bonds</u>	<u>U.S. Government Agency Obligation</u>
AAA	\$ 22,566,096	\$ 28,542,825
AA+	1,001,118	
AA	637,546	
AA-	276,521	
A+	1,236,799	
A	5,039,938	
A-	1,956,469	
BBB+	1,726,417	
BB+	565,567	
BB	297,033	
BBB	2,004,892	
BB-	1,217,011	
BBB-	939,648	
B+	1,501,626	
B	1,385,185	
B-	1,008,053	
CCC+	469,443	
CCC	779,047	
CC	31,979	
Unrated	206,549	
	<u>\$ 44,846,937</u>	<u>\$ 28,542,825</u>

4. RECEIVABLES - FUND BASIS

Receivables at June 30, 2010 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	\$ 33,975,432	\$	\$	\$	\$	\$ 33,975,432
Interest on property taxes	14,453,049					14,453,049
Contributions					8,075,284	8,075,284
Sewer user fees				10,768,827		10,768,827
Intergovernmental	34,958,581	6,214,356	863,214		8,515,419	50,551,570
Other	<u>2,605,737</u>	<u>6,214,356</u>	<u>185,780</u>	<u>1,954,790</u>	<u>9,093,491</u>	<u>13,839,798</u>
Gross receivables	85,992,799	6,214,356	1,048,994	12,723,617	25,684,194	131,663,960
Less allowance for collection losses	<u>22,248,247</u>	<u> </u>	<u> </u>	<u>4,471,345</u>	<u> </u>	<u>26,719,592</u>
Net Receivables	<u>\$ 63,744,552</u>	<u>\$ 6,214,356</u>	<u>\$ 1,048,994</u>	<u>\$ 8,252,272</u>	<u>\$ 25,684,194</u>	<u>\$ 104,944,368</u>

5. INTERFUND ACCOUNTS

As of June 30, 2010, amounts due from and to other funds were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 43,150,803	\$ 24,293,755
BOE Fund	23,301	-
Education grants	260,400	3,767,528
Capital Bond Issue Fund	13,511,193	19,343,334
Special revenue funds:		
Health and sanitation	66,263	-
Public safety	-	2,448,174
Facility and miscellaneous	1,440,760	2,093,625
Social services	143,204	202,315
Community Development Block Grant	-	2,714,666
Housing Opportunities AIDS	30,530	1,000,795
HOME Program	25,246	161,391
Section 108 Loan Guarantee	-	982,820
Development administration state grant	-	5,586,552
Parks and recreation	19,335	-
General government	6,087	-
Total special revenue funds	<u>1,731,425</u>	<u>15,190,338</u>
Capital projects funds:		
Conversion capital projects	3,698,940	-
Total capital projects funds	<u>3,698,940</u>	<u>-</u>
Permanent trust funds:		
Education	768	-
Enterprise funds:		
WPCA	-	3,412,114
Pension trust funds:		
Public Safety Plan A	3,891,782	-
Internal service fund:		
City health insurance	756,866	1,018,409
Nonmajor governmental fund elimination	<u>(2,095,525)</u>	<u>(2,095,525)</u>
Total	<u>\$ 64,929,953</u>	<u>\$ 64,929,953</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, 2010 were as follows:

	Transfers In			Total Transfers Out
	General Fund	Board of Education	Nonmajor Governmental Funds	
Transfers out:				
General Fund	\$	\$ 205,130,582	\$	\$ 205,130,582
Capital Bond Issue Fund	<u>500,000</u>	<u> </u>	<u>18,820</u>	<u>518,820</u>
Total Transfers In	<u>\$ 500,000</u>	<u>\$ 205,130,582</u>	<u>\$ 18,820</u>	<u>\$ 205,649,402</u>

Transfers are used to account for unrestricted revenues collected mainly in the General Fund to finance various programs accounted for in other funds in accordance with budget authorizations. The Board of Education fund transfer represents unrestricted revenues collected by the General Fund to finance unreimbursed education expenditures.

6. BULK LIEN SALES

During the year ended June 30, 2010, the City executed a bulk sale of property tax liens and collected proceeds of approximately \$10,551,772. 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, 2010 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	\$ 139,235,293	\$	\$	\$ 139,235,293
Construction in progress	87,416,760	38,508,776	(22,900,780)	103,024,756
Total capital assets not being depreciated	<u>226,652,053</u>	<u>38,508,776</u>	<u>(22,900,780)</u>	<u>242,260,049</u>
Capital assets being depreciated:				
Buildings and improvements	587,527,433	1,109,756	17,472,285	606,109,474
Machinery and equipment	34,109,659	2,700,693	5,428,495	42,238,847
Infrastructure	128,781,044	5,021,257		133,802,301
Vehicles	35,922,203	1,864,053		37,786,256
Total capital assets being depreciated	<u>786,340,339</u>	<u>10,695,759</u>	<u>22,900,780</u>	<u>819,936,878</u>
Less accumulated depreciation for:				
Buildings and improvements	113,432,058	12,021,379		125,453,437
Machinery and equipment	13,437,516	1,640,618		15,078,134
Vehicles	27,188,447	2,157,864		29,346,311
Infrastructure	71,996,715	3,804,301		75,801,016
Total accumulated depreciation	<u>226,054,736</u>	<u>19,624,162</u>	<u>-</u>	<u>245,678,898</u>
Total capital assets being depreciated, net	<u>560,285,603</u>	<u>(8,928,403)</u>	<u>22,900,780</u>	<u>574,257,980</u>
Governmental Activities Capital Assets, Net	<u>\$ 786,937,656</u>	<u>\$ 29,580,373</u>	<u>\$ -</u>	<u>\$ 816,518,029</u>
	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Disposals/ Transfers</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 2,147,181	\$ 4,326,328	\$ (1,591,114)	\$ 4,882,395
Capital assets being depreciated:				
Buildings and improvements	101,227,465	1,591,114		102,818,579
Machinery and equipment	14,129,150	444,348		14,573,498
Distribution and collection systems	69,054,766	627,894		69,682,660
Vehicles	2,327,389	81,728		2,409,117
Total capital assets being depreciated	<u>186,738,770</u>	<u>2,745,084</u>	<u>-</u>	<u>189,483,854</u>
Less accumulated depreciation for:				
Buildings and improvements	41,108,025	4,085,651		45,193,676
Machinery and equipment	8,535,807	608,553		9,144,360
Distribution and collection systems	12,815,860	1,478,795		14,294,655
Vehicles	2,040,537	97,828		2,138,365
Total accumulated depreciation	<u>64,500,229</u>	<u>6,270,827</u>	<u>-</u>	<u>70,771,056</u>
Total capital assets being depreciated, net	<u>122,238,541</u>	<u>(3,525,743)</u>	<u>-</u>	<u>118,712,798</u>
Business-Type Activities Capital Assets, Net	<u>\$ 124,385,722</u>	<u>\$ 800,585</u>	<u>\$ (1,591,114)</u>	<u>\$ 123,595,193</u>

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

Governmental Activities:	
General government	\$ 3,801,587
Public safety	1,797,402
Public facilities, parks and recreation	4,856,011
Health and social services	18,467
Education	<u>9,150,695</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u><u>19,624,162</u></u>
 Business-Type Activities:	
WPCA	\$ <u><u>6,270,827</u></u>

8. UNEARNED REVENUE/DEFERRED REVENUE

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

	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>
General Fund:		
Taxes and accrued interest on delinquent property taxes	\$ 25,528,261	\$
School construction receivable	11,476,038	
Other		1,786,348
 Education Grants Fund		 883,678
 Capital Bond Issue Fund		 3,240
 Nonmajor Funds:		
Grants		<u>6,486,091</u>
 Total Unavailable/Unearned Revenue for Governmental Funds	 \$ <u><u>37,004,299</u></u>	 \$ <u><u>9,159,357</u></u>

9. LONG-TERM DEBT AND SUBSEQUENT EVENT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2010 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	\$ 654,200,000	\$ 40,840,000	\$ 32,375,000	\$ 662,665,000	\$ 33,745,000
Notes payable	4,500,000		363,000	4,137,000	666,000
Deferred amounts:					
For issuance premium	<u>11,376,106</u>		<u>1,276,232</u>	<u>10,099,874</u>	<u>1,276,232</u>
Total bonds and notes payable	670,076,106	40,840,000	34,014,232	676,901,874	35,687,232
Claims and judgments	72,277,783	119,677,303	108,253,612	83,701,474	14,951,474
Compensated absences	26,262,936	7,470,532	7,394,967	26,338,501	5,187,344
Landfill closure costs	203,782		24,806	178,976	24,806
OPEB obligation	38,705,900	22,954,900		61,660,800	
Net pension obligation	<u>2,008,082</u>		<u>130,395</u>	<u>1,877,687</u>	
Governmental Activity Long-Term Liabilities	<u>\$ 809,534,589</u>	<u>\$ 190,942,735</u>	<u>\$ 149,818,012</u>	<u>\$ 850,659,312</u>	<u>\$ 55,850,856</u>
Business-type activities:					
Bonds and notes payable:					
General obligation bonds	\$ 450,000	\$ 1,845,000	\$ 40,000	\$ 2,255,000	\$ 103,277
Notes payable	<u>49,486,275</u>	<u>3,322,276</u>	<u>5,219,868</u>	<u>47,588,683</u>	<u>5,230,896</u>
Business-Type Activity Long-Term Liabilities	<u>\$ 49,936,275</u>	<u>\$ 5,167,276</u>	<u>\$ 5,259,868</u>	<u>\$ 49,843,683</u>	<u>\$ 5,334,173</u>

Notes Payable

Notes payable as of June 30, 2010 include the following:

Governmental Activities:

Department of Housing and Urban Development
Section 108 Loans, due in varying installments
plus interest at 2.00% - 7.64% through 2016 \$ 4,137,000

Business-Type Activities:

Clean Water Program, due in varying installments,
plus interest at 2% through 2021 47,588,683

Total \$ 51,725,683

General Obligation Bonds

As of June 30, 2010, the City had the following general obligation bonds outstanding:

Governmental Activities:		
General purpose, 4.0% to 8.6%	\$	224,154,908
School, 4.0% to 9.5%		133,180,092
Pension, 6.9% to 7.6%		<u>305,330,000</u>
	\$	<u>662,665,000</u>
Business-Type Activities:		
General purpose, 4.0% to 6.0%	\$	<u>2,255,000</u>

Prior Year's In-Substance Defeasance

In prior years, the City defeased various bond issues. As of June 30, 2010, the amount of defeased debt outstanding but removed from the governmental activities column of the statement of net assets amounted to \$141,140,000.

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
2011	\$ 34,411,000	\$ 40,703,141	\$ 75,114,141	\$ 5,334,173	\$ 1,027,811	\$ 6,361,984
2012	30,943,000	36,372,552	67,315,552	5,223,810	1,012,250	6,236,060
2013	33,387,000	36,962,147	70,349,147	5,110,577	807,904	5,918,481
2014	32,822,000	35,218,884	68,040,884	4,943,656	705,699	5,649,355
2015	33,643,000	33,411,622	67,054,622	4,916,741	605,593	5,522,334
2016	34,298,000	31,506,411	65,804,411	4,885,958	505,339	5,391,297
2017	35,928,000	29,514,477	65,442,477	3,248,589	417,888	3,666,477
2018	35,760,000	27,459,240	63,219,240	2,988,003	352,848	3,340,851
2019	37,805,000	25,312,335	63,117,335	2,775,886	291,249	3,067,135
2020	40,050,000	23,025,121	63,075,121	2,623,994	235,251	2,859,245
2021	33,385,000	20,885,433	54,270,433	1,090,084	192,175	1,282,259
2022	35,360,000	18,866,469	54,226,469	1,028,667	168,047	1,196,714
2023	31,715,000	16,838,516	48,553,516	1,022,431	142,583	1,165,014
2024	33,675,000	14,822,341	48,497,341	850,168	121,401	971,569
2025	31,905,000	12,756,176	44,661,176	839,615	98,264	937,879
2026	31,400,000	10,695,815	42,095,815	768,989	77,148	846,137
2027	33,480,000	8,554,965	42,034,965	667,671	57,596	725,267
2028	26,930,000	6,467,859	33,397,859	632,184	39,063	671,247
2029	28,900,000	4,433,670	33,333,670	477,749	21,887	499,636
2030	31,005,000	2,246,761	33,251,761	307,493	8,056	315,549
2031				107,245	919	108,164
Total	\$ <u>666,802,000</u>	\$ <u>436,053,935</u>	\$ <u>1,102,855,935</u>	\$ <u>49,843,683</u>	\$ <u>6,888,971</u>	\$ <u>56,732,654</u>

The State of Connecticut reimburses the City for eligible school bond principal and interest costs. The amount of such reimbursement for the year ended June 30, 2010 was approximately

\$2,369,375. Additional principal and interest reimbursements approximating \$14,441,970 are expected to be received through the bonds' maturity dates.

Legal Debt Limit

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 600,151,916	\$ 311,853,810	\$ 288,298,106
Schools	1,200,303,833	159,370,357	1,040,933,475
Sewers	1,000,253,194	49,843,683	950,409,511
Urban renewal	866,866,101	4,137,000	862,749,101
Unfunded pension benefit obligation	800,202,555	395,330,000	404,872,555

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$1,867,139,295. All long-term debt obligations are retired through General Fund appropriations or user charges.

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

General purpose	\$ 64,198,902
Unfunded Pension Benefit Obligation	90,000,000
Schools	<u>37,666,303</u>
	<u>\$ 191,865,205</u>

Tax Anticipation Notes Payable

On June 1, 2010, the City issued a tax anticipation note in the amount of \$23,500,000 to fund cash flows for operating expenses. The notes matured and were paid in full on August 12, 2010 with an interest rate of 1.50%.

On October 21, 2010, the City issued a tax anticipation note in the amount of \$71,500,000 to fund cash flows for operating expenses. The notes mature on February 7, 2011 with an interest rate of 1.25%.

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 which would materially adversely affect its financial position, except that adverse judgment in cases described below could have a fiscal impact in the aggregate and in certain circumstances which might be significant.

Personal Injury and Other Actions

There are presently 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 \$5 and \$10 million dollars in the aggregate. Any recovery under such actions will be paid by the City, which is self-insured for such risks.

Steel Point Peninsula Suit - Conroy Development Co.

In the summer of 2001, the City and several elected and appointed officials were named in a suit filed in U.S. District Court by the former preferred developer of the Steel Pointe Project, Conroy Development Co. (Conroy), seeking damages of approximately \$105 million. Conroy's action is based upon the City's decision to terminate its memorandum of understanding with the developer, as well as claims linked to the 2001 federal investigation of City officials and business entities. Defendants filed a motion to dismiss which was granted by the court on or about September 23, 2003. Conroy did not file an amended complaint within the time permitted by the Federal court to do so.

On or about January 14, 2004, Conroy filed a related complaint against the City and various other parties, including the former Bridgeport Mayor, in Connecticut State court. The City and various co-defendants filed motions to dismiss, which were granted in part and denied in part. Trial has concluded with jury verdicts for the Defendant City as to all counts. Conroy appealed the judgment entered in favor of the City, as well as those judgments entered for and against the co-defendants, and the trial court's rulings banning Conroy's anti-trust claims. In October 2009, Conroy withdrew its appeal of the judgment in favor of the City. Conroy is proceeding with its appeal of the judgments against the co-defendants, and argument before the CT Appellate Court is scheduled for February 15, 2011. The anti-trust appeal to which the City is a party defendant is still pending, and argument is expected to be scheduled before the CT Supreme Court in the spring of 2011.

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

Wheelabrator Bridgeport L.P. (Wheelabrator), as owner of a solid waste to energy facility and currently the City's largest taxpayer, has filed tax valuation appeals for the second half of 2007, all of 2008 and 2009 Tax Grand Lists. These appeals are presently pending in Bridgeport Superior Court. It is anticipated that, until the valuation of the Wheelabrator real and personal property is judicially determined, Wheelabrator will continue to add subsequent tax years to its pending court action.

The City has assessed the property at the following assessed values (70% of FMV): for 2007 - \$256 million for real property, and \$12 million for personal property; for 2008 - \$281 million for real property, and \$7.5 million for personal property. These assessed valuations formed the basis for tax bills as follows: 2007 - \$5,704,847 for real property, and \$538,415 for personal property; 2008 - \$10,891,256 for real property, and \$286,353 for personal property. In prior years, Wheelabrator paid a fixed escalating contractual payment in lieu of taxes, most recently in an amount of approximately \$3 million per annum.

To date, Wheelabrator has been paying the statutorily mandated 90% of tax bills as required by state law to avoid arrears collection activity. It is likely that Wheelabrator will continue such payments during the pendency of the tax appeal. In the pending court case, Wheelabrator has neither made a demand for a specified dollar amount of reduction in valuation/tax billings, nor has it supplied any documentation to justify such a reduction. Therefore, it is premature to determine

what, if any, reduction is ascertainable and warranted. If Wheelabrator is successful in its appeals, the City would be required to refund to Wheelabrator any amount above the court ordered reduction in taxes previously paid to the City by Wheelabrator. The City has filed a Motion to dismiss the tax appeal alleging lack of standing and raising other procedural issues, which if granted could result in no reduction in assessed value. The case is pending in New Britain Superior Court.

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 \$1,289,785 during the year ended June 30, 2010, 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 \$355,000 was received for the year ended June 30, 2010. The Society retains any revenues from admissions, vending, concessions, other grants or bequests.

WPCA Privatization Agreement

On April 11, 2003, the WPCA entered into a ten-year agreement with an independent contractor (the Contractor) to provide operations, maintenance and management services to its two wastewater treatment facilities and systems.

The WPCA may terminate the agreement in its sole discretion, for its convenience and without cause at any time commencing on the third year anniversary of the commencement date upon one hundred twenty days prior written notice to the Contractor. If the WPCA exercises its convenience termination, the WPCA shall not be liable to the Contractor for any demobilization costs, termination fees or any other costs or expenses except for the portion of the service fee due to the Contractor pursuant to the terms of the agreement through the date of termination, the unamortized capital costs and certain other costs.

The WPCA is examining its future operations option, including retention of a successor contract operator, as well as exploring the possibility of entering into a plan with neighboring communities to create a regional WPCA.

Consent Decrees

Under various consent decrees issued by the State of Connecticut Department of Environmental Protection (consent decrees), the WPCA is required to bring both of its treatment facilities in compliance with federal standards and eliminate certain combined storm and sanitary sewers. The estimated cost of these improvements is \$203,000,000. As of June 30, 2010, approximately \$162,000,000 relating to these projects, including capitalized interest, have been incurred and included in property and equipment. Based on current engineering estimates, completion of these projects will be within the next six years. Funding for these improvements is being provided by the State of Connecticut's Clean Water Fund in the form of loans and grants. As of June 30, 2010, the

State is committed to providing the WPCA additional funding in the form of loans and grants of approximately \$3,100,000 and \$2,400,000, respectively.

Municipal Solid Waste Service Agreement

The City executed a Municipal Service Agreement dated as of August 30, 1985 (the 1985 MSA) with the Connecticut Resources Recovery Authority (the Authority) for the disposal of solid waste through the Greater Bridgeport Resource Recovery System (the System), including a solid waste disposal and processing facility (the Facility) located in Bridgeport and operated by Bridgeport Resco Company, L.P. (the Company). The Facility began commercial operation in July 1988 and is designed to process up to 2,250 tons of solid waste per day. The 1985 MSA expired at the end of December 2008.

Bridgeport is one of twelve municipalities that has entered into a 2009 Successor Municipal Service Agreement (the 2009 MSA) with the Authority for the disposal of solid waste through the System. Each municipality which has signed such 2009 MSA (a Participating Municipality) has agreed to deliver or cause to be delivered to the System all Acceptable Waste, as defined in the 2009 MSA, generated within its boundaries.

For fiscal year ending June 30, 2010, the Authority will bill each Participating Municipality a fixed charge of \$65.11 per ton of Acceptable Waste actually delivered by or on behalf of each Participating Municipality. Each Participating Municipality has agreed to pay Municipal Disposal Fees to the Authority for the acceptance and processing and/or disposing of Acceptable Waste. The Municipal Disposal Fees, which are payable on a monthly basis, include (i) disposal fees of the Authority to the Company under a Solid Waste Disposal Agreement, and (ii) an Authority Administrative Fee.

The obligation of the Participating Municipalities to pay Municipal Disposal Fees, so long as the Authority meets its obligation to accept and dispose of Acceptable Waste, is absolute and unconditional and shall not be subject to any abatement, reduction, set-off, counterclaim, recoupment, defense (other than payment itself) or other right which the Participating Municipality may have against the Authority or any other person for any reason whatsoever. If any Participating Municipality shall default in the payment of any amounts for which it is responsible and such default continues for more than 60 days, the other Participating Municipalities shall pay their share of the amounts unpaid by the non-paying Participating Municipality and shall be entitled to full reimbursement upon the Authority collecting such delinquent amounts.

The 2009 MSA contains Minimum Tonnage Guarantees for each Participating Municipality. The City of Bridgeport's Minimum Tonnage Guarantee is 60,808 tons, which it directly delivers to the Facility. The aggregate Minimum Tonnage Guarantee by all the Participating Municipalities is 265,000 tons.

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

its recyclable to the Stratford IPC for haul to the Authority's recycling facility in Hartford, having entered into a three year contract along with approximately a dozen other former SWEROC participating communities.

11. PENSION PLANS

Connecticut Municipal Employees' Retirement Fund

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 Connecticut Municipal Employees' Retirement Fund B (CMERF), a cost-sharing multiple employer public employee retirement system administered by the State of Connecticut.

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

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

CMERF also provides death and disability benefits.

Benefits and other plan provisions are established by State statute. Covered employees are required by Connecticut statute to contribute 2-1/4% of earnings upon which social security tax is paid plus 5% of earnings upon which no social security tax is paid. The City is required to make contributions as set by the State Retirement Commission to fund the remaining cost. The employer contribution represents 7.00% of covered payroll. The City's contributions for the years ended June 30, 2010, 2009, and 2008 were \$5,559,696, \$5,187,641 and \$5,410,000, respectively, equal to the required contributions for each year.

The financial statements of the plan are available from the State Treasurer for the CMERF Fund, 55 Elm Street, Hartford, CT 06106.

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 sixty 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 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 to contribute to the plan. The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual municipality basis.

In addition, the City has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were approximately \$16,144,849 for the year ended June 30, 2010.

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 CMERF and the 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

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 equal to the actuarially determined Normal Cost amounts. The net pension obligation and the contribution requirements are 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 obligation for Plan A. The plan assets available for benefits and the net pension obligation amounts for Plan A exclude the plan assets and pension obligations covered by the above mentioned annuity contract. For the year ended June 30, 2010, approximately \$2,905,140 of benefits were 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 (\$348,460,510 based on the July 1, 2009 actuarial valuation) or 2) the amount of the Plan A Trust assets in excess of 110% of the present value of accrued Plan benefits.

Under State statutes regarding pension obligation bonds, the City is 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 GASB Statement No. 25. In addition, the City could have to make additional contributions as it is required to fund Plan A at approximately the same funding level as immediately following the bond issuance (79%).

Provisions of Pension Plans	Public Safety Plan A	Police Plan B	Firefighters' Plan B	Janitors' and Engineers' Retirement Fund
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
Number of retirees receiving benefits	890	88	48	48
Terminated employees entitled to future benefits		5	16	
Current employees:				
Fully vested	34	361	234	
Nonvested		40	44	
Total number of participants	<u>924</u>	<u>494</u>	<u>342</u>	<u>48</u>
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	\$12,352,193 (Normal Cost)	\$4,481,341	\$3,350,909	"Pay as you go"
Authority under which benefit provisions established	Contract negotiation	Contract negotiation	Contract negotiation	Contract negotiation

Provisions of Pension Plans	Public Safety Plan A	Police Plan B	Firefighters' Plan B	Janitors' and Engineers' Retirement Fund
<u>Funding Status and Progress</u>				
Date of actuarial valuation	July 1, 2009	July 1, 2009	July 1, 2009	July 1, 2008
Significant actuarial assumptions				
• Investment rate of return	8.0%	8.0%	8.0%	8.25%
• Projected annual salary increases	N/A	3.5%	3.5%	N/A
• Inflation	3.0%	3.0%	3.0%	3.5%
• Disability Rate:				
Age 20	.05%	.05%	.05%	None
30	.05%	.05%	.05%	
40	.09%	.09%	.09%	
50	.40%	.40%	.40%	
60	1.74%	1.74%	1.74%	
Actuarial asset valuation method	Asset smoothing plus/minus 30% of the difference between expected actuarial value and market value	Asset smoothing plus/minus 30% of the difference between expected actuarial value and market value	Asset smoothing plus/minus 30% of the difference between expected actuarial value and market value	Market value
Funding Policy	Actuarial, Normal Cost	Actuarial, based on valuation when available	Actuarial, based on valuation when available	"Pay as you go"
Actuarial cost method	Entry age normal	Entry age Normal	Entry age normal	Projected unit credit cost
Amortization method	Level dollar	Level percent of payroll	Level percent of payroll	Level Dollar Amount Closed
Period for amortizing any unfunded actuarial liability	27 years remaining	12 years remaining	12 years remaining	28 years remaining
Authority under which contributions are established	City Council	City Council	City Council	City Council

	Public Safety Plan A	Janitors' and Engineers' Retirement Fund
Annual required contribution	\$ 12,352,193	\$ 877,018
Interest on net pension obligation	(6,121,154)	165,670
Adjustment to annual required contribution	<u>7,017,183</u>	<u>(187,671)</u>
Annual pension cost	13,248,222	855,017
Contributions made	<u>4,726,098</u>	<u>985,409</u>
Increase (decrease) in net pension obligation	8,522,124	(130,392)
Net pension obligation (asset), July 1, 2009	<u>(78,546,158)</u>	<u>2,008,082</u>
Net Pension Obligation (Asset), June 30, 2010	<u>\$ (70,024,034)</u>	<u>\$ 1,877,690</u>
	Police Plan B	Firefighters' Plan B
Annual required contribution	\$ 4,481,341	\$ 3,350,909
Interest on net pension obligation	(301,075)	(155,112)
Adjustment to annual required contribution	<u>503,063</u>	<u>257,149</u>
Annual pension cost	4,683,329	3,452,946
Contributions made	<u>4,340,150</u>	<u>3,301,504</u>
Increase in net pension obligation	343,179	151,442
Net pension obligation (asset), July 1, 2009	<u>(3,770,141)</u>	<u>(1,938,900)</u>
Net Pension Obligation (Asset), June 30, 2010	<u>\$ (3,426,962)</u>	<u>\$ (1,787,458)</u>

TREND INFORMATION

Fiscal Year	Annual Pension Cost (APC) (\$000)	Percentage of APC Contributed	Net Pension Obligation (Asset) (\$000)
Public Safety			
Plan A:			
2010	\$ 13,248	35.7%	\$ (70,024)
2009	10,436	78.8%	(78,546)
2008	9,670	47.1%	(80,762)
Police Retirement			
Plan B:			
2010	\$ 4,683	92.7%	\$ (3,427)
2009	3,881	87.5%	(3,770)
2008	3,856	119.0%	(4,255)
Firefighters' Retirement			
Plan B:			
2010	\$ 3,453	95.6%	\$ (1,787)
2009	2,678	90.9%	(1,939)
2008	2,292	108.4%	(2,183)
Janitors' and Engineers'			
Retirement Plan:			
2010	\$ 855	115.2%	\$ 1,877
2009	855	120.7%	2,008
2008	876	115.7%	2,185

**SCHEDULES OF EMPLOYER CONTRIBUTIONS
(DOLLARS IN THOUSANDS)**

Year Ended June 30,	Public Safety Plan A		Janitors' and Engineers' Retirement Plan	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2010	\$ 12,352	38.3%	\$ 877	112.3%
2009	9,621	85.4%	877	117.7%
2008	8,876	51.3%	897	112.9%
2007	8,115	38.5%	897	113.7%
2006	6,473	1.1%	939	113.6%
2005	4,645	1.1%	939	112.4%

Year Ended June 30,	Police Retirement Plan B		Firefighters' Retirement Plan B	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2010	\$ 4,481	96.8%	\$ 3,351	98.5%
2009	3,544	95.8%	2,505	106.9%
2008	3,617	126.9%	2,157	115.2%
2007	3,212	99.2%	1,885	94.0%
2006	3,047	98.0%	1,644	93.1%
2005	2,989	34.2%	1,556	13.0%

**SCHEDULES OF FUNDING PROGRESS
(DOLLARS IN THOUSANDS)**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Under)/ Over Funded AAL (UAAL)/ OAAL	Funded Ratio %	Covered Payroll	(UAAL)/ OAAL as a Percentage of Covered Payroll
Public Safety Plan A						
July 1, 2009	\$ 213,387	\$ 348,461	\$ (135,074)	61.2	\$ 2,551	5,294.9
July 1, 2008	251,075	355,017	(103,942)	70.7	3,070	3,385.7
July 1, 2007	263,902	360,619	(96,717)	73.2	3,617	2,674.1
July 1, 2006	269,319	358,287	(88,968)	75.2	4,326	2,056.7
July 1, 2005	281,397	353,022	(71,625)	80.0	4,569	1,567.5
July 1, 2004	293,358	344,937	(51,579)	85.0	3,890	1,325.9
Police Retirement Plan B						
July 1, 2009	\$ 109,017	\$ 127,768	\$ (18,751)	85.3	\$ 23,937	78.3
July 1, 2008	104,661	113,453	(8,792)	92.3	24,832	35.4
July 1, 2007	94,546	105,973	(11,427)	89.2	22,511	50.8
July 1, 2006	84,683	93,711	(9,029)	90.3	22,296	40.5
July 1, 2005	76,148	84,596	(8,448)	90.0	21,825	38.7
July 1, 2004	68,187	76,263	(8,076)	89.4	22,137	36.5
Firefighters' Retirement Plan B						
July 1, 2009	\$ 62,013	\$ 77,496	\$ (15,483)	80.0	\$ 15,815	97.9
July 1, 2008	62,016	69,277	(7,261)	89.5	16,017	45.3
July 1, 2007	56,504	62,960	(6,457)	89.7	14,364	45.0
July 1, 2006	51,132	56,146	(5,013)	91.1	13,727	36.5
July 1, 2005	46,820	50,187	(3,367)	93.0	13,674	24.6
July 1, 2004	43,037	45,810	(2,773)	94.0	13,631	20.3
Janitors' and Engineers' Retirement Plan						
July 1, 2008	\$ 3	\$ 9,478	\$ (9,478)	.04	-	-
July 1, 2006	3	9,870	(9,867)	.03	-	-
July 1, 2005	*	*	*	*	*	*
July 1, 2004	3	10,449	(10,446)	.30	29	36,417.7
July 1, 2003	*	*	*	*	*	*
July 1, 2002	3	10,575	(10,572)	.03	156	-

* Information not available.

SCHEDULE OF PLAN NET ASSETS
JUNE 30, 2010

	Public Safety Investment and Pension Trust Plan A	Police Retirement Plan B	Firefighters' Retirement Plan B	Janitors' and Engineers' Retirement Plan	Total
Assets					
Cash and cash equivalents	\$ 10,623,551	\$ 2,389,633	\$ 2,533,656	\$ 3,433	\$ 15,550,273
Investments, at fair value					
U.S. Government Agency Bonds		7,761,931	3,622,697		11,384,628
U.S. Government Security Bonds	15,343,614				15,343,614
Corporate bonds	7,154,045	33,899,063	3,793,829		44,846,937
Common stocks	71,213,656	30,352,672	37,419,063		138,985,391
Private hedge fund	28,900,773				28,900,773
Mutual funds - equities	21,146,593	21,223,227	8,887,681		51,257,501
Total investments	<u>143,758,681</u>	<u>93,236,893</u>	<u>53,723,270</u>	<u>-</u>	<u>290,718,844</u>
Due from other funds of the City of Bridgeport	<u>3,891,782</u>				<u>3,891,782</u>
Contributions receivable	<u>4,235,185</u>	<u>2,629,746</u>	<u>1,210,353</u>	<u>-</u>	<u>8,075,284</u>
Total assets	<u>162,509,199</u>	<u>98,256,272</u>	<u>57,467,279</u>	<u>3,433</u>	<u>318,236,183</u>
Liabilities					
Other liabilities	<u>1,081</u>				<u>1,081</u>
Net Assets Held in Trust for Pension Benefits					
	<u>\$ 162,508,118</u>	<u>\$ 98,256,272</u>	<u>\$ 57,467,279</u>	<u>\$ 3,433</u>	<u>\$ 318,235,102</u>

**SCHEDULE OF CHANGES IN
PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010**

	Public Safety Investment and Pension Trust Plan A	Police Retirement Plan B	Firefighters' Retirement Plan B	Janitors' and Engineers' Retirement Plan	Total
Additions:					
Contributions:					
Employer	\$ 4,726,098	\$ 4,340,150	\$ 3,301,504	\$ 985,409	\$ 13,353,161
Plan members	297,156	1,380,786	952,894		2,630,836
Annuity proceeds	2,905,140				2,905,140
Total contributions	<u>7,928,394</u>	<u>5,720,936</u>	<u>4,254,398</u>	<u>985,409</u>	<u>18,889,137</u>
Investment income:					
Net appreciation in fair value of investments	15,224,586	8,472,010	5,755,497		29,452,093
Interest and dividends	<u>7,046,247</u>	<u>1,926,833</u>	<u>1,566,394</u>	-	<u>10,539,474</u>
	22,270,833	10,398,843	7,321,891	-	39,991,567
Less investment management fees	<u>(934,819)</u>				<u>(934,819)</u>
Net investment income	<u>21,336,014</u>	<u>10,398,843</u>	<u>7,321,891</u>	<u>-</u>	<u>39,056,748</u>
Total additions	29,264,408	16,119,779	11,576,289	985,409	57,945,885
Deductions:					
Benefits	<u>32,900,322</u>	<u>3,111,705</u>	<u>1,811,112</u>	<u>985,409</u>	<u>38,808,548</u>
Change in net assets	(3,635,914)	13,008,074	9,765,177	-	19,137,337
Net assets held in trust for pension benefits, beginning of year	<u>166,144,032</u>	<u>85,248,198</u>	<u>47,702,102</u>	<u>3,433</u>	<u>299,097,765</u>
Net Assets Held in Trust for Pension Benefits, End of Year	<u>\$ 162,508,118</u>	<u>\$ 98,256,272</u>	<u>\$ 57,467,279</u>	<u>\$ 3,433</u>	<u>\$ 318,235,102</u>

12. OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description

The City, in accordance with various collective bargaining agreements, provides retiree medical benefits for the lifetime of the retired member and covered dependents. The plan covers City, Board of Education, Police and Fire employees as further defined in collective bargaining agreements and other written materials. Eligibility and premium sharing information is detailed in the various collective bargaining agreements. The postemployment health care benefits plan is a single-employer plan administered by the City of Bridgeport. The City does not issue separate stand alone financial statements for the plan.

At July 1, 2008 plan membership consisted of the following:

Number of members:	
Active	4,195
Retired members	<u>3,020</u>
Total Participants	<u><u>7,215</u></u>

B. Funding Policy

The City currently pays for postemployment health care benefits on a pay-as-you-go basis. As of June 30, 2010 the City has not established a trust fund to irrevocably segregate assets to fund the liability associated with the post employment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines. The contribution requirements of plan members and the Town are also negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums as follows:

Eligibility:

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

Medical Benefit:

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

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

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

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

Annual OPEB Cost and Net OPEB Obligations

The City of Bridgeport's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (asset):

Annual required contribution (ARC)	\$ 54,129,700
Interest on net OPEB obligation	2,128,800
Adjustment to annual required contribution	<u>(1,361,100)</u>
Annual OPEB cost (expense)	54,897,400
Contributions made	<u>31,942,500</u>
Increase in net OPEB obligation	22,954,900
Net OPEB obligation, beginning of year	<u>38,705,900</u>
Net OPEB Obligation, End of Year	<u>\$ 61,660,800</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the last three fiscal years is presented below.

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
6/30/2008	\$ 47,314,000	\$ 29,605,000	62.6%	\$ 17,709,000
6/30/2009	51,096,000	30,099,100	58.9	38,705,900
6/30/2010	54,897,400	31,942,500	57.8	61,660,800

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. The following schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Schedule of Funding Progress

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)	OAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2007	\$ -	\$ 874,661,900	\$ 874,661,900	0.0%	\$ 239,783,000	364.8%
7/1/2008	-	861,812,200	861,812,200	0.0	221,789,000	388.6

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Percentage Contributed
2008	\$ 47,314,000	65.5%
2009	50,744,800	59.3
2010	54,129,700	59.0

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit cost between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008 actuarial valuation, the entry age normal cost method was used. The annual required contribution (ARC) effects a closed 30-year, level amortization of the unfunded actuarial accrued liability (AAL). The actuarial assumptions include a 5.5% investment rate. The medical assumption begins at 11.5% and decreases to a 5.0% long-term trend rate for all healthcare benefits after thirteen years. The dental assumption begins at 6% and decreases to 5.0% per year after two years.

13. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

A portion of the Bridgeport Seaside Landfill was used for disposal of materials classified as hazardous waste from 1974 until late 1981 when it stopped accepting waste. The hazardous waste area of the landfill is subject to federal and state laws and regulations which required that the City close the facility in a manner that minimizes the need for further maintenance; and controls, minimizes or eliminates, to the extent necessary to protect human health and the environment, post-closure escape of hazardous waste, hazardous constituents, leachate, contaminated run-off, or hazardous waste decomposition products to the ground or surface waters or to the atmosphere. In addition, the City is required to perform certain maintenance and monitoring functions at the hazardous waste site for thirty years after closure. The estimated total current cost of the postclosure care of \$178,976 is based on the estimated amount to be paid for all equipment, facilities and services required to close, monitor and maintain the site as of June 30, 2010. The actual cost of postclosure care costs may be higher due to inflation, changes in technology or changes in federal, state or local laws and regulations.

The nonhazardous waste portion of the landfill is not subject to any federal, state or local laws and regulations requiring closure or postclosure care.

14. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for insurable risks of loss except for general liability, workers' compensation and employee health and dental insurance. Coverage has not been materially reduced, nor have settled claims exceeded commercial coverage in any of the past three years.

Workers' Compensation

The City carries no insurance coverage for losses arising out of workers' compensation claims. These claims are paid from the Internal Service Fund. The City estimates a liability for workers' compensation claims payable and for claims incurred but not reported based on an actuarial valuation. This is accounted for in the Internal Service Fund.

Group Health Insurance

The City maintains a group health and dental self-insurance plan to pay for medical claims of current and retired City employees and their covered dependents. Approximately 4,380 active employees and 4,012 retirees receive their health coverage through this plan. Payments related to these claims are made by outside administrators under administrative services contracts and are accounted for in the Internal Service Fund. The contract requires the City to maintain a \$2,500,000 certificate of deposit which is recorded as restricted cash in the accompanying balance sheet.

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:

A reconciliation of changes in the aggregate liabilities for claims for the current year and the prior fiscal year is as follows:

		Beginning of Fiscal Year Liability		Current Year Claims and Changes in Estimates		Claim Payments		End of Fiscal Year Liability
2009	\$	67,301,000	\$	102,263,079	\$	90,691,701	\$	72,277,783
2010		72,277,783		119,677,303		108,253,612		83,701,474

The current portion of claims incurred but not reported as of June 30, 2010 is \$14,951,474, which relates to Group Health Insurance Claims of \$5,716,474 and \$9,235,000 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 \$68,750,000 is recorded as long-term obligations.

15. FUND DEFICITS

The following funds have fund deficits as of June 30, 2010:

Education Grants	\$	632,801
Nonmajor Governmental Funds:		
Special Revenue:		
Public Safety		1,579,929
Facility and Miscellaneous		252,404
Social Services		236,667
Community Development Block Grant		1,114,484
Proprietary:		
Internal service		81,142,869

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

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, 2010

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues and Other Financing Sources:				
Property taxes:				
Current taxes	\$ 257,598,834	\$ 257,598,834	\$ 260,538,479	\$ 2,939,645
Interest - current	2,412,656	2,412,656	2,459,053	46,397
Arrears - principal	4,360,056	4,360,056	4,059,176	(300,880)
Arrears - interest	1,435,323	1,435,323	1,404,428	(30,895)
Lien fees	175,000	175,000	175,930	930
Total property taxes	<u>265,981,869</u>	<u>265,981,869</u>	<u>268,637,066</u>	<u>2,655,197</u>
Intergovernmental:				
Elderly exemption refund	700,000	700,000	753,763	53,763
Elderly freeze program	19,000	19,000	24,000	5,000
DCA tax abatement			136,158	136,158
Distressed municipalities	325,000	325,000	339,437	14,437
Education cost sharing	137,229,726	137,229,726	139,410,939	2,181,213
School construction refunds	2,447,547	2,447,547	2,369,395	(78,152)
Transportation	2,922,333	2,922,333	2,862,886	(59,447)
Aid to non-public schools	193,642	193,642	146,513	(47,129)
Town aid roads	491,669	491,669	665,532	173,863
Legally blind	358,599	358,599	183,666	(174,933)
PILOT			145,000	145,000
Miscellaneous PILOTs	1,442,628	1,442,628	1,080,412	(362,216)
Tax exempt colleges and hospitals	10,041,445	10,041,445	9,917,387	(124,058)
Breakfast program:				
State	175,129	175,129	167,577	(7,552)
Federal	2,116,066	2,116,066	2,906,061	789,995
Nutrition Center:				
Federal	145,389	145,389	155,535	10,146
State	8,095,062	8,095,062	8,332,145	237,083
Mashantucket Pequot funds	8,833,883	8,833,883	6,090,842	(2,743,041)
Manufacturing Machinery & Equipment	608,000	608,000	1,001,882	393,882
Beardsley Zoo subsidy			355,000	355,000
State fiscal stabilization fund	23,548,036	23,548,036		(23,548,036)
State-owned property	2,450,950	2,450,950	2,455,099	4,149
Total intergovernmental	<u>202,144,104</u>	<u>202,144,104</u>	<u>179,499,229</u>	<u>(22,644,875)</u>
Fees, permits and licenses:				
Finance:				
Comptroller Copies/Books/Miscellaneous	25,100	25,100	35,621	10,521
Comptroller Court Fine/CARC	20,000	20,000	10,946	(9,054)
Information Technology Services	250	250	789	539
Total finance	<u>45,350</u>	<u>45,350</u>	<u>47,356</u>	<u>2,006</u>
Town Clerk:				
Licenses and Town Fund	30,200	30,200	6,578	(23,622)
Notaries/late fees	2,500	2,500	2,410	(90)
Farm fund	18,000	18,000	21,244	3,244
Assignments	1,100,000	1,100,000	1,008,818	(91,182)
Certification	400,000	400,000	484,724	84,724
Other licenses			13,290	13,290
Total town clerk	<u>1,550,700</u>	<u>1,550,700</u>	<u>1,537,064</u>	<u>(13,636)</u>

(Continued on next page)

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Building Department:				
Building permits	\$ 2,059,500	\$ 2,059,500	\$ 1,876,525	\$ (182,975)
Sign permits	15,000	15,000	18,260	3,260
Certificate of occupancy fees	50,000	50,000	57,130	7,130
Copies	500	500	402	(98)
Total building department	<u>2,125,000</u>	<u>2,125,000</u>	<u>1,952,317</u>	<u>(172,683)</u>
Police Department:				
Traffic violations	1,200,000	1,200,000	1,173,630	(26,370)
Photocopy fees	35,000	35,000	19,884	(15,116)
Outside overtime	3,575,000	3,575,000	3,129,183	(445,817)
Overtime surcharge	950,000	950,000	394,092	(555,908)
Reclaimed dog fees	1,700	1,700	910	(790)
Vendor annual registration fees	20,000	20,000	12,740	(7,260)
Towing fines	312,000	312,000	170,004	(141,996)
Alarms	25,600	25,600	20,750	(4,850)
Ordinance violations	4,500	4,500	14,571	10,071
Other	14,250	14,250	66,270	52,020
Total police department	<u>6,138,050</u>	<u>6,138,050</u>	<u>5,002,034</u>	<u>(1,136,016)</u>
Public facilities:				
Dump license fees	18,000	18,000	10,600	(7,400)
Commercial dump fees	65,000	65,000	60,721	(4,279)
Street excavation license	300	300	1,950	1,650
Public facility enforcement	20,000	20,000	9,200	(10,800)
Sewer permits	3,000	3,000	3,255	255
CRRA host revenue			282,104	282,104
Congress Plaza			6,018	6,018
Annual rent	671,500	671,500	442,293	(229,207)
Parking meters	430,000	430,000	434,479	4,479
Engineering map sales	5,600	5,600	2,701	(2,899)
Contractors license	86,400	86,400	116,250	29,850
Zoning appeals fees	105,100	105,100	36,999	(68,101)
Tavern zoning permits	156,200	156,200	216,308	60,108
Other revenues	200,000	200,000	191,865	(8,135)
Total public facilities	<u>1,761,100</u>	<u>1,761,100</u>	<u>1,814,743</u>	<u>53,643</u>
Parks and recreation:				
Golf course revenues	1,650,000	1,650,000	1,797,972	147,972
Wonderland of Ice	57,000	57,000	79,000	22,000
90 Acre			4,500	4,500
Kennedy Stadium	37,000	1,000	3,700	3,500
Leases/W.I.C.C.	10,500	10,500	10,500	-
Flea market/ballfield	41,000	41,000	69,270	28,270
Miscellaneous	500,000	536,000	442,427	(93,573)
Parking stickers	110,000	110,000	17,216	(92,784)
Apartment rental	1,500	1,500	2,700	1,200
City concessions	8,000	8,000		(8,000)
Total parks and recreation	<u>2,415,000</u>	<u>2,415,000</u>	<u>2,427,285</u>	<u>12,285</u>
Civil service:				
Label/Admin fees	30,000	30,000	8	(29,992)

(Continued on next page)

CITY OF BRIDGEPORT, CONNECTICUT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Health Department:				
Vital statistics	\$ 356,500	\$ 356,500	\$ 450,989	\$ 94,489
Clinic programs			72,380	72,380
Business license	328,850	328,850	335,055	6,205
Housing code	80,000	80,000	34,340	(45,660)
Total health department	<u>765,350</u>	<u>765,350</u>	<u>892,764</u>	<u>127,414</u>
Education and Nutrition Center:				
Cafeteria	783,500	783,500	792,608	9,108
High school ticket sales	15,000	15,000		(15,000)
Summer school tuition	110,000	110,000	24,840	(85,160)
Total Education and Nutrition Center	<u>908,500</u>	<u>908,500</u>	<u>817,448</u>	<u>(91,052)</u>
Sikorsky Airport:				
Airport fees	74,015	74,015	53,863	(20,152)
Shared revenue	98,000	98,000	84,154	(13,846)
Airport leases	798,826	798,826	620,045	(178,781)
Total Sikorsky Airport	<u>970,841</u>	<u>970,841</u>	<u>758,062</u>	<u>(212,779)</u>
Fire Department:				
Firewatch reimbursement	80,140	80,140	118,376	38,236
Copies	1,500	1,500	1,142	(358)
Permit	86,375	86,375	82,218	(4,157)
Tank installation	3,500	3,500	3,275	(225)
Total fire department	<u>171,515</u>	<u>171,515</u>	<u>205,011</u>	<u>33,496</u>
Total fees, permits and licenses	<u>16,881,406</u>	<u>16,881,406</u>	<u>15,454,092</u>	<u>(1,427,314)</u>
Interest	<u>450,000</u>	<u>450,000</u>	<u>214,197</u>	<u>(235,803)</u>
Other:				
Property rental	280,000	280,000	72,590	(207,410)
O.T.B. income	575,000	575,000	468,753	(106,247)
State Bingo	200	200	43	(157)
Weights and measures	76,000	76,000	74,260	(1,740)
Sale of City-owned property	1,100,000	1,100,000	639,500	(460,500)
Miscellaneous	22,500	22,500	91,837	69,337
Foreclosure cost recovery	50,000	50,000		(50,000)
Restitution	5,000	5,000	17,405	12,405
Comptroller miscellaneous revenue	1,405,580	1,405,580	1,466,077	60,497
Total other	<u>3,514,280</u>	<u>3,514,280</u>	<u>2,830,465</u>	<u>(683,815)</u>
Total revenues	<u>488,971,659</u>	<u>488,971,659</u>	<u>466,635,049</u>	<u>(22,336,610)</u>
Other financing sources:				
Transfers in	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 489,471,659</u>	<u>\$ 489,471,659</u>	<u>\$ 467,135,049</u>	<u>\$ (22,336,610)</u>

CITY OF BRIDGEPORT, CONNECTICUT

**SCHEDULE EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
General government:				
Mayor's office	\$ 700,827	\$ 700,827	\$ 685,550	\$ 15,277
Central grants	425,283	425,284	326,713	98,571
Finance divisions	5,913,212	5,913,213	5,233,961	679,252
Registrar of voters	522,695	522,695	443,377	79,318
City clerk	362,350	362,350	354,629	7,721
City attorney	3,668,542	3,668,542	3,312,337	356,205
Archives and records	68,563	68,563	70,758	(2,195)
Civil service	1,117,466	1,117,466	980,151	137,315
Labor relations/benefits/pensions	23,101,973	23,101,973	21,685,662	1,416,311
Town Clerk	677,085	677,085	620,471	56,614
Legislative department	338,848	338,848	174,366	164,482
Office of policy and management	555,867	555,867	552,029	3,838
Ethics commission	3,500	3,500	1,828	1,672
Chief administrative officer	563,420	789,677	882,792	(93,115)
Information technology service	3,365,392	3,365,392	3,412,077	(46,685)
Minority business enterprise office	161,181	161,181	123,875	37,306
Citistat	312,690	86,433	13,360	73,073
Total general government	<u>41,858,894</u>	<u>41,858,896</u>	<u>38,873,936</u>	<u>2,984,960</u>
Public Safety:				
Police department	77,279,187	77,279,187	78,365,368	(1,086,181)
Fire department	50,347,790	50,347,790	50,227,216	120,574
Emergency Operation Center	123,523	123,523	79,977	43,546
Weights and measures	4,340,759	4,340,761	3,418,275	922,486
Total public safety	<u>132,091,259</u>	<u>132,091,261</u>	<u>132,090,836</u>	<u>425</u>
Public facilities:				
Airport	1,105,811	1,105,811	1,129,058	(23,247)
Engineering	467,344	467,344	388,843	78,501
Harbor master	72,584	72,584	72,965	(381)
Maintenance	10,857,043	10,857,043	10,788,824	68,219
Municipal garage	1,983,738	1,983,738	1,962,629	21,109
Public facilities administration	11,297,175	11,297,175	11,309,195	(12,020)
Roadway	3,384,864	3,384,864	2,907,443	477,421
Sanitation	5,264,260	5,224,260	5,084,752	139,508
Transfer station	1,795,595	1,835,595	1,820,059	15,536
Recreation	822,959	822,959	812,872	10,087
Parks administration	333,869	333,869	239,855	94,014
Parks	2,339,612	2,339,612	2,333,194	6,418
Zoo	1,367,097	1,367,099	1,290,028	77,071
Golf course	1,308,238	1,308,238	1,229,800	78,438
Total public facilities	<u>42,400,189</u>	<u>42,400,191</u>	<u>41,369,517</u>	<u>1,030,674</u>

(Continued on next page)

CITY OF BRIDGEPORT, CONNECTICUT

**SCHEDULE EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Planning and Economic Development:				
OPED administration	\$ 11,806,373	\$ 11,806,373	\$ 11,531,633	\$ 274,740
Building department	1,160,591	1,160,591	1,172,157	(11,566)
Zoning board of appeals	81,316	81,316	81,366	(50)
Zoning commission	365,486	365,486	354,730	10,756
Total planning and economic development	13,413,766	13,413,766	13,139,886	273,880
Health and social services:				
Health and social services administration	446,265	446,265	402,064	44,201
Vital statistics	304,198	304,198	261,249	42,949
Communicable disease clinic	419,218	419,217	313,046	106,171
Environmental health	568,219	568,220	541,146	27,074
Housing code enforcement	115,830	115,830	109,892	5,938
Lead prevention program	7,200	7,200	5,070	2,130
Human services administration	96,867	96,867	97,507	(640)
Persons with disabilities	7,940	7,940	5,969	1,971
Department on aging	327,846	327,846	327,846	-
Veterans' affairs	63,312	63,313	58,461	4,852
Lighthouse/Youth services	1,313,362	1,313,362	1,338,410	(25,048)
Social services	175,067	175,067	138,873	36,194
Total health and social services	3,845,324	3,845,325	3,599,533	245,792
Libraries	4,511,389	4,511,389	4,741,138	(229,749)
Special services:				
Miscellaneous expenses	1,021,680	1,021,694	184,124	837,570
Supportive contributions	495,275	496,183	486,633	9,550
Citywide memberships	24,000	23,092	23,092	-
Total special services	1,540,955	1,540,969	693,849	847,120
Education:				
Schools	215,843,895	215,843,896	192,279,857	23,564,039
Food services	11,315,145	11,315,123	12,850,725	(1,535,602)
Board of education debt service	18,638,563	18,638,563	18,638,563	-
Total education	245,797,603	245,797,582	223,769,145	22,028,437
Debt service	4,012,280	4,012,280	3,998,611	13,669
Total Expenditures and Other Financing Uses	\$ 489,471,659	\$ 489,471,659	\$ 462,276,451	\$ 27,195,208

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

General Fund

GENERAL FUND

The General Fund is used to account for resources traditionally associated with government which 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, 2010 AND 2009

(In Thousands)

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 41,734,068	\$ 46,691,900
Receivables:		
Property Taxes, net of allowance for uncollectible amounts of \$22,248,247 in 2010 and \$23,948,143 in 2009	26,180,234	27,932,592
Intergovernmental	34,958,581	36,645,958
Other	2,605,737	2,642,457
Due from other funds	43,150,803	18,236,843
Other assets	<u>350,000</u>	
Total assets	<u>\$ 148,979,423</u>	<u>\$ 132,149,750</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts and other payables	\$ 28,077,212	\$ 36,419,125
Accrued liabilities	18,675,582	16,892,652
Due to other funds	24,293,755	3,464,794
Deferred revenue	38,790,647	41,120,426
Notes payable	<u>23,500,000</u>	<u>23,500,000</u>
Total liabilities	<u>133,337,196</u>	<u>121,396,997</u>
Fund balance:		
Reserved for encumbrances	30,876	
Unreserved:		
Designated	4,000,000	
Undesignated	<u>11,611,351</u>	<u>10,752,753</u>
Total fund balance	<u>15,642,227</u>	<u>10,752,753</u>
Total Liabilities and Fund Balance	<u>\$ 148,979,423</u>	<u>\$ 132,149,750</u>

CITY OF BRIDGEPORT, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING

FOR THE YEAR ENDED JUNE 30, 2010

Grand List Year	Balance Uncollected July 1, 2009	Current Levy	Net Adjustments	Transfers to Suspense	Adjusted Taxes Collectible	Collections				Balance Uncollected June 30, 2010
						Taxes	Interest	Lien Fees	Total	
1994	\$ 1,350,059	\$	\$ (1,336,210)	\$ (7,037)	\$ 6,812	\$ 6,812	\$ 16,625	\$ 166	\$ 23,603	\$ -
1995	1,660,079		(54,891)	(13,329)	1,591,859	12,321	27,695	289	40,305	1,579,538
1996	1,822,691		(29,029)	(19,375)	1,774,287	45,741	89,824	446	136,011	1,728,546
1997	1,841,726		(35,635)	(41,064)	1,765,027	52,833	98,809	418	152,060	1,712,194
1998	1,913,423		(76,239)	(50,202)	1,786,982	27,898	81,020	422	109,340	1,759,084
1999	2,270,892		(45,600)	(51,605)	2,173,687	27,649	37,102	806	65,557	2,146,038
2000	2,189,838		(50,293)	(58,216)	2,081,329	31,162	44,796	745	76,703	2,050,167
2001	2,723,285		(54,915)	(233,117)	2,435,253	65,940	84,127	1,359	151,426	2,369,313
2002	2,575,352		(39,485)	(215,233)	2,320,634	76,597	92,294	2,735	171,626	2,244,037
2003	1,854,030		(78,540)	(177,849)	1,597,641	69,612	49,722	3,849	123,183	1,528,029
2004	2,568,228		(228,448)	(304,510)	2,035,270	104,367	79,275	5,271	188,913	1,930,903
2005	3,215,808		(216,583)	(539,481)	2,459,744	119,233	103,914	7,517	230,664	2,340,511
2006	4,347,392		(573,648)	(814,670)	2,959,074	218,415	174,277	13,950	406,642	2,740,659
2007	6,957,185		(956,748)	(837,389)	5,163,048	1,740,663	435,906	47,251	2,223,820	3,422,385
2008		271,834,203	(4,791,551)	(563,428)	266,479,224	260,055,196	2,459,053	76,312	262,590,561	6,424,028
	<u>\$ 37,289,988</u>	<u>\$ 271,834,203</u>	<u>\$ (8,567,815)</u>	<u>\$ (3,926,505)</u>	<u>\$ 296,629,871</u>	<u>\$ 262,654,439</u>	<u>\$ 3,874,439</u>	<u>\$ 161,536</u>	<u>\$ 266,690,414</u>	<u>\$ 33,975,432</u>

Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Health and Sanitation Fund - is used to account for U.S. Department of Health and Human Services, U.S. Department of Agriculture and Connecticut Department of Health Services grants, as well as local grants relating to health services.

Public Safety Fund - is used to account for state and federal grants used for public safety programs such as victim assistance, weed and seed; JAG; and other homeland security special revenues.

Facility and Miscellaneous Fund - is used to account for state and local grants for such programs as Veteran Affairs and Light House programs; School Security and other special revenue projects. The new fund is now called Facility and Miscellaneous (fund 24). Please provide description.

Social Services Fund - is used to account for U.S. Department of Labor, U.S. Department of Health and Human Services and Connecticut Office of Policy and Management grants for such programs as employment for senior citizens, summer feeding for school-age children and home care maintenance for the handicapped.

Community Development Block Grant Fund - is used to account for U.S. Department of Housing and Urban Development (HUD) and Connecticut Department of Housing grants used for such activities as housing programs, community facilities, economic development and public services.

Housing Opportunities AIDS - is used to account for the U.S. Department of Housing and Urban Development (HUD) grant used for such activities as devising long-term strategies for meeting the housing needs of persons with acquired immunodeficiency syndrome (AIDS).

HOME Program Fund - is used to account for HUD grants used to expand the supply of affordable housing including home ownership opportunities, rental housing and tenant based rental assistance.

Section 108 Loan Guarantee Fund - is used to account for development projects funded through the HUD Section 108 Loan Guarantee Program.

Development Administration State Grant Fund - is used to account for Connecticut Department of Social Services and Connecticut Department of Economic Development grants used for such programs as community centers, low and middle income housing, and neighborhood rehabilitation.

Library Fund - is used to account for donations and income from the investments of donations and endowments restricted for library-related activities.

Education Fund - is used to account for donations and income from the investment of donations restricted for scholarship grants to qualified recipients.

Miscellaneous Fund - is used to account for Local Capital Improvement (LOCIP), as well as other miscellaneous federal and state grants.

General Government Fund - is used to account for special revenues for Library Historic Document Preservation; Business Expo and other general government grants.

Capital Projects Funds

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

Conversion Capital Projects Fund - is used to account for older miscellaneous projects bonded for prior to 1997 for miscellaneous construction and renovation projects

1997 Bond Issue Fund - is used to account for various construction projects that are funded out of proceeds from the 1997 bond issue.

Permanent Funds

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

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

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

CITY OF BRIDGEPORT, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010

Special Revenue Funds

	Health and Sanitation	Public Safety	Facility and Miscellaneous	Social Services	Community Development Block Grant	Housing Opportunities AIDS	HOME Program
ASSETS							
Cash and cash equivalents	\$	\$ 125,000	\$ 475,118	\$	\$ 476,320	\$ 301,231	\$ 384,777
Investments							
Receivables:							
Intergovernmental	958,874		979,721	241,845		856,875	
Other		4,538,749	2,689		3,805,519		706,534
Due from other funds	66,263		1,440,760	143,204		30,530	25,246
Total Assets	<u>\$ 1,025,137</u>	<u>\$ 4,663,749</u>	<u>\$ 2,898,288</u>	<u>\$ 385,049</u>	<u>\$ 4,281,839</u>	<u>\$ 1,188,636</u>	<u>\$ 1,116,557</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts payable	\$ 207,268	\$	\$ 464,204	\$ 112,180	\$ 2,342,224	\$	\$ 141,076
Accrued liabilities		502,228			339,433	187,841	3,793
Due to other funds		2,448,174	2,093,625	202,315	2,714,666	1,000,795	161,391
Unearned revenues	687,700	3,293,276	592,863	307,221			577,522
Total liabilities	<u>894,968</u>	<u>6,243,678</u>	<u>3,150,692</u>	<u>621,716</u>	<u>5,396,323</u>	<u>1,188,636</u>	<u>883,782</u>
Fund balance:							
Reserved for endowments - permanently restricted							
Reserved for encumbrances	135,343	1,449,787	157,474	20,426	1,216,530	216,834	449,882
Unreserved and undesignated	(5,174)	(3,029,716)	(409,878)	(257,093)	(2,331,014)	(216,834)	(217,107)
Total fund balance	<u>130,169</u>	<u>(1,579,929)</u>	<u>(252,404)</u>	<u>(236,667)</u>	<u>(1,114,484)</u>	<u>-</u>	<u>232,775</u>
Total Liabilities and Fund Balance	<u>\$ 1,025,137</u>	<u>\$ 4,663,749</u>	<u>\$ 2,898,288</u>	<u>\$ 385,049</u>	<u>\$ 4,281,839</u>	<u>\$ 1,188,636</u>	<u>\$ 1,116,557</u>

(Continued on next page)

CITY OF BRIDGEPORT, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010

Special Revenue Funds

	Section 108 Loan Guarantee	Development Administration State Grant	Library	Education	Miscellaneous Grants	General Government
ASSETS						
Cash and cash equivalents	\$ 119,077	\$ 3,590,822	\$ 372,719	\$ 248,405	\$ 1,776,886	\$
Investments			1,299,486			
Receivables:						
Intergovernmental	1,039,237	4,154,401				
Other					40,000	
Due from other funds					19,335	6,087
Total Assets	<u>\$ 1,158,314</u>	<u>\$ 7,745,223</u>	<u>\$ 1,672,205</u>	<u>\$ 248,405</u>	<u>\$ 1,836,221</u>	<u>\$ 6,087</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$ 32,179	\$ 927,976	\$	\$	\$ 1,772,766	\$ 1,380
Accrued liabilities						
Due to other funds	982,820	5,586,552				
Unearned revenues		276,094				
Total liabilities	<u>1,014,999</u>	<u>6,790,622</u>	<u>-</u>	<u>-</u>	<u>1,772,766</u>	<u>1,380</u>
Fund balance:						
Reserved for endowments - permanently restricted						
Reserved for encumbrances		1,955,233				600
Unreserved and undesignated	143,315	(1,000,632)	1,672,205	248,405	63,455	4,107
Total fund balance	<u>143,315</u>	<u>954,601</u>	<u>1,672,205</u>	<u>248,405</u>	<u>63,455</u>	<u>4,707</u>
Total Liabilities and Fund Balance	<u>\$ 1,158,314</u>	<u>\$ 7,745,223</u>	<u>\$ 1,672,205</u>	<u>\$ 248,405</u>	<u>\$ 1,836,221</u>	<u>\$ 6,087</u>

(Continued on next page)

CITY OF BRIDGEPORT, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010

	<u>Capital Projects</u>		<u>Permanent Trusts</u>		<u>Interfund Eliminations</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Conversion Capital Projects</u>	<u>1997 Bond Issue</u>	<u>Library</u>	<u>Education</u>		
ASSETS						
Cash and cash equivalents	\$ 1,069,078	\$ -	\$ 97,204	\$ 107,877	\$ -	\$ 9,144,514
Investments			515,097			1,814,583
Receivables:						-
Intergovernmental	284,466					8,515,419
Other						9,093,491
Due from other funds	<u>3,698,940</u>			<u>768</u>	<u>(2,095,525)</u>	<u>3,335,608</u>
Total Assets	<u>\$ 5,052,484</u>	<u>\$ -</u>	<u>\$ 612,301</u>	<u>\$ 108,645</u>	<u>\$ (2,095,525)</u>	<u>\$ 31,903,615</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$ 1,551	\$ -	\$ -	\$ -	\$ -	\$ 6,002,804
Accrued liabilities						1,033,295
Due to other funds					(2,095,525)	13,094,813
Unearned revenues	<u>751,415</u>					<u>6,486,091</u>
Total liabilities	<u>752,966</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,095,525)</u>	<u>26,617,003</u>
Fund balance:						
Reserved for endowments - permanently restricted			552,531	108,645		661,176
Reserved for encumbrances						5,602,109
Unreserved and undesignated	<u>4,299,518</u>		<u>59,770</u>			<u>(976,673)</u>
Total fund balance	<u>4,299,518</u>	<u>-</u>	<u>612,301</u>	<u>108,645</u>	<u>-</u>	<u>5,286,612</u>
Total Liabilities and Fund Balance	<u>\$ 5,052,484</u>	<u>\$ -</u>	<u>\$ 612,301</u>	<u>\$ 108,645</u>	<u>\$ (2,095,525)</u>	<u>\$ 31,903,615</u>

CITY OF BRIDGEPORT, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Special Revenue						
	Health and Sanitation	Public Safety	Facility and Miscellaneous	Social Services	Community Development Block Grant	Housing Opportunities AIDS	HOME Program
Revenues:							
Intergovernmental	\$ 2,727,294	\$ 5,040,810	\$ 269,687	\$ 1,355,519	\$ 4,972,574	\$ 968,232	\$ 3,764,949
Interest							
Other	(75,560)	823,330	572,970		8,555		14,339
Total revenues	<u>2,651,734</u>	<u>5,864,140</u>	<u>842,657</u>	<u>1,355,519</u>	<u>4,981,129</u>	<u>968,232</u>	<u>3,779,288</u>
Expenditures:							
General government							
Health and social services	2,730,601					968,232	
Libraries							
Education							
Debt service:							
Principal retirements							
Special services		7,246,117	1,690,144	1,352,562	5,591,115		3,322,415
Capital outlay							
Total expenditures	<u>2,730,601</u>	<u>7,246,117</u>	<u>1,690,144</u>	<u>1,352,562</u>	<u>5,591,115</u>	<u>968,232</u>	<u>3,322,415</u>
Excess (deficiency) of revenues over expenditures	(78,867)	(1,381,977)	(847,487)	2,957	(609,986)	-	456,873
Other Financing Sources:							
Transfers in							
Transfers out							
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(78,867)	(1,381,977)	(847,487)	2,957	(609,986)	-	456,873
Fund Balance at Beginning of Year	<u>209,036</u>	<u>(197,952)</u>	<u>595,083</u>	<u>(239,624)</u>	<u>(504,498)</u>	<u>-</u>	<u>(224,098)</u>
Fund Balance at End of Year	<u>\$ 130,169</u>	<u>\$ (1,579,929)</u>	<u>\$ (252,404)</u>	<u>\$ (236,667)</u>	<u>\$ (1,114,484)</u>	<u>\$ -</u>	<u>\$ 232,775</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, 2010

78

	<u>Special Revenue</u>					
	<u>Section 108 Loan Guarantee</u>	<u>Development Administration State Grant</u>	<u>Library</u>	<u>Education</u>	<u>Miscellaneous Grants</u>	<u>General Government</u>
Revenues:						
Intergovernmental	\$	\$ 8,833,513	\$	\$	\$	\$
Interest		752	384	141		
Other		75,787	259,666			16,050
Total revenues		<u>75,787</u>	<u>260,050</u>	<u>141</u>	<u>-</u>	<u>16,050</u>
Expenditures:						
General government	579,500					11,343
Health and social services						
Libraries			250,159			
Education				1,659		
Debt service:						
Principal retirements						
Special services		7,110,699				
Capital outlay						
Total expenditures		<u>579,500</u>	<u>250,159</u>	<u>1,659</u>	<u>-</u>	<u>11,343</u>
Excess (deficiency) of revenues over expenditures	(503,713)	2,063,624	9,891	(1,518)	-	4,707
Other Financing Sources:						
Transfers in						
Transfers out						
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(503,713)	2,063,624	9,891	(1,518)	-	4,707
Fund Balance at Beginning of Year	<u>647,028</u>	<u>(1,109,023)</u>	<u>1,662,314</u>	<u>249,923</u>	<u>63,455</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 143,315</u>	<u>\$ 954,601</u>	<u>\$ 1,672,205</u>	<u>\$ 248,405</u>	<u>\$ 63,455</u>	<u>\$ 4,707</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, 2010

	<u>Capital Projects</u>		<u>Permanent Trusts</u>			<u>Total Nonmajor</u>
	<u>Conversion</u>	<u>1997 Bond</u>	<u>Library</u>	<u>Education</u>	<u>Interfund</u>	<u>Governmental</u>
	<u>Capital</u>	<u>Issue</u>			<u>Eliminations</u>	<u>Funds</u>
	<u>Projects</u>					
Revenues:						
Intergovernmental	\$	\$	\$	\$	\$	\$ 27,932,578
Interest	482		29,082	60		30,901
Other						2,035,195
Total revenues	<u>482</u>	<u>-</u>	<u>29,082</u>	<u>60</u>	<u>-</u>	<u>29,998,674</u>
Expenditures:						
General government						590,843
Health and social services						3,698,833
Libraries			16,574			266,733
Education				16		1,675
Debt service:						
Principal retirements						-
Special services						26,313,052
Capital outlay						-
Total expenditures	<u>-</u>	<u>-</u>	<u>16,574</u>	<u>16</u>	<u>-</u>	<u>30,871,136</u>
Excess (deficiency) of revenues over expenditures	482	-	12,508	44	-	(872,462)
Other Financing Sources:						
Transfers in		18,820				18,820
Transfers out						-
Total other financing sources	<u>-</u>	<u>18,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,820</u>
Net Change in Fund Balance	482	18,820	12,508	44	-	(853,642)
Fund Balance at Beginning of Year	<u>4,299,036</u>	<u>(18,820)</u>	<u>599,793</u>	<u>108,601</u>	<u>-</u>	<u>6,140,254</u>
Fund Balance at End of Year	<u>\$ 4,299,518</u>	<u>\$ -</u>	<u>\$ 612,301</u>	<u>\$ 108,645</u>	<u>\$ -</u>	<u>\$ 5,286,612</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, 2010

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
Student Activities Fund				
Assets:				
Cash and cash equivalents	\$ 300,318	\$ 1,269,227	\$ 1,204,372	\$ 365,173
Liabilities:				
Due to student groups	\$ 300,318	\$ 1,269,227	\$ 1,204,372	\$ 365,173

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 ASSETS BY COMPONENT

LAST NINE YEARS

(Accrual Basis of Accounting)

	FISCAL YEAR								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Governmental Activities:									
Invested in capital assets, net of related debt	\$ 444,946,155	\$ 444,537,656	\$ 344,230,733	\$ 209,090,671	\$ 127,514,772	\$ 108,362,879	\$ 65,794,648	\$ 153,863,281	\$ 107,062,330
Restricted	3,161,176	3,161,212	3,161,212	3,161,212	3,161,212	3,207,234	3,155,609	49,347,524	59,043,555
Unrestricted	(297,902,514)	(302,776,953)	(226,824,933)	(168,193,991)	(151,356,989)	(175,841,584)	(143,011,902)	(262,854,254)	(230,487,265)
Total Governmental Activities Net Assets	<u>150,204,817</u>	<u>144,921,915</u>	<u>120,567,012</u>	<u>44,057,892</u>	<u>(20,681,005)</u>	<u>(64,271,471)</u>	<u>(74,061,645)</u>	<u>(59,643,449)</u>	<u>(64,381,380)</u>
Business-type activities:									
Invested in capital assets, net of related debt	73,751,510	74,449,447	73,809,271	71,647,808	70,239,858	69,306,606	66,678,436	66,006,733	63,259,238
Restricted	820,556	1,433,775	1,290,387	582,299	1,005,237	2,513,522	4,842,442	4,842,442	1,841,023
Unrestricted	6,079,946	4,424,261	566,363	196,996	(531,792)	(2,669,623)	(7,977,022)	(7,435,957)	(1,300,676)
Total Business-Type Activities Net Assets	<u>80,652,012</u>	<u>80,307,483</u>	<u>75,666,021</u>	<u>72,427,103</u>	<u>70,713,303</u>	<u>69,150,505</u>	<u>58,701,414</u>	<u>63,413,218</u>	<u>63,799,585</u>
Primary Government:									
Invested in capital assets, net of related debt	518,697,665	518,987,103	418,040,004	280,738,479	197,754,630	177,669,485	132,473,084	219,870,014	170,321,568
Restricted	3,981,732	4,594,987	4,451,599	3,743,511	4,166,449	5,720,756	3,155,609	54,189,966	60,884,578
Unrestricted	(291,822,568)	(298,352,692)	(226,258,570)	(167,996,995)	(151,888,781)	(178,511,207)	(150,988,924)	(270,290,211)	(231,787,941)
Total Primary Government Net Assets	<u>\$ 230,856,829</u>	<u>\$ 225,229,398</u>	<u>\$ 196,233,033</u>	<u>\$ 116,484,995</u>	<u>\$ 50,032,298</u>	<u>\$ 4,879,034</u>	<u>\$ (15,360,231)</u>	<u>\$ 3,769,769</u>	<u>\$ (581,795)</u>

NOTE: GASB Statement No. 34 Implemented in Fiscal Year 2002

CITY OF BRIDGEPORT, CONNECTICUT

CHANGES IN NET ASSETS

LAST NINE FISCAL YEARS

(Accrual Basis of Accounting)

	FISCAL YEAR								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Expenses:									
Governmental activities:									
General government	\$ 59,866,015	\$ 91,804,266	\$ 86,823,753	\$ 40,345,741	\$ 41,722,180	\$ 38,157,661	\$ 35,479,327	\$ 30,641,636	\$ 27,512,566
Public safety	113,047,552	74,990,792	83,787,624	84,118,885	84,409,628	94,461,547	91,839,086	85,261,728	88,264,899
Public facilities	35,788,530	31,183,603	23,239,850	33,603,711	23,565,756	28,882,305	35,646,905	22,352,835	26,229,738
Parks and recreation		5,898,866	6,024,774	6,716,385	6,583,851	6,521,261	6,616,402	7,090,252	8,719,146
Planning and economic development	3,441,668								
Health and social services	12,951,797	12,656,636	18,589,707	20,437,426	18,690,534	19,301,232	11,974,813	12,168,828	13,744,109
Education	331,514,612	319,481,793	364,900,855	316,003,326	275,174,924	271,053,265	280,498,182	262,749,224	254,740,628
Special services	26,640,656	19,319,483	30,381,114	41,536,847	23,419,505	20,221,443	18,290,399	22,939,155	22,332,660
Interest on long-term debt	38,620,545	46,224,302	40,053,878	40,704,065	41,900,200	40,832,426	41,527,846	42,750,722	45,717,491
Total governmental activities expenses	621,871,375	601,559,741	653,801,555	583,466,386	515,466,578	519,431,140	521,872,960	485,954,380	487,261,237
Business-type activities:									
Water Pollution Control Authority	27,836,743	24,894,883	25,457,947	23,879,708	22,869,459	22,115,101	20,959,181	22,069,606	20,971,961
Total primary government expenses	649,708,118	626,454,624	679,259,502	607,346,094	538,336,037	541,546,241	542,832,141	508,023,986	508,233,198
Program revenue:									
Governmental activities:									
Charges for services:									
General government	3,728,748	3,330,184	8,914,116	11,067,469	23,874,846	20,788,251	32,370,459	5,534,014	5,116,886
Public safety	5,281,305	7,713,796	9,856,899	4,905,692	4,476,760	4,533,724	5,163,250	4,891,789	5,416,334
Public facilities	4,350,689	2,792,042	2,985,124	10,182,342	6,647,338	6,697,358	6,266,939	1,635,128	1,202,511
Parks and recreation		2,514,238	2,318,393	1,518,799	1,726,183	1,902,781	1,945,085	2,211,008	1,265,191
Planning and economic development	2,749,419								
Health and social services	924,169	570,541	817,350	1,991,980	2,155,194	1,529,848	1,570,304	352,820	390,527
Education	817,448	900,591	1,018,406	1,276,551	1,423,341	654,426	1,297,255	9,005,655	8,652,594
Special services				1,061,769	178,938	1,012,749	1,918,834		
Operating grants and contributions:									
General government	773,282	3,152	11,467		14,992	5,093	2,525,000		2,515
Public safety	4,148,209			5,698,748	4,380,797	4,302,286	2,679,253		358,333
Public facilities	738,415	816,659	1,528,445						
Parks and recreation								35,340	30,000
Planning and economic development	20,985,448								
Health and social services	9,402,270	11,890,493	14,951,983					5,628,931	6,053,843
Education	255,015,046	251,852,265	309,252,770	215,343,447	210,955,679	217,758,757	212,719,622	196,715,334	188,222,213
Special services	1,627,623	25,798,114	25,282,869	41,522,707	20,301,961	12,504,646	12,584,405	20,091,274	17,723,462
Interest on long-term debt	798,503	1,350,146							
Capital grants and contributions:									
General government	849,366							12,447,083	23,178,878
Conservation of health									15,721
Education	24,941,420	35,296,564	87,193,304	64,067,911	36,550,562	20,973,871	13,108,097	216,414	1,774,295
Public facilities			8,343,237	16,809,428					
Public safety				2,500,000					
Total governmental activities program revenue	337,131,360	344,828,785	472,474,363	377,946,843	312,686,591	292,663,790	294,148,503	258,764,790	259,403,303

(Continued on next page)

CITY OF BRIDGEPORT, CONNECTICUT
CHANGES IN NET ASSETS (CONTINUED)

LAST NINE FISCAL YEARS

(Accrual Basis of Accounting)

	FISCAL YEAR								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Business-type activities:									
Charges for services:									
Water Pollution Control Authority	\$ 26,813,200	\$ 28,099,203	\$ 27,538,494	\$ 24,437,184	\$ 22,715,548	\$ 27,855,870	\$ 19,272,070	\$ 19,746,578	\$ 14,445,410
Capital grants and contributions:									
Water Pollution Control Authority	1,342,985.00	1,404,430.00	1,158,371	1,156,324	1,557,806	937,936	544,524	1,853,300	1,232,373
Total business-type activities program revenues	<u>28,156,185</u>	<u>29,503,633</u>	<u>28,696,865</u>	<u>25,593,508</u>	<u>24,273,354</u>	<u>28,793,806</u>	<u>19,816,594</u>	<u>21,599,878</u>	<u>15,677,783</u>
Total primary government program revenues	<u>365,287,545</u>	<u>374,332,418</u>	<u>501,171,228</u>	<u>403,540,351</u>	<u>336,959,945</u>	<u>321,457,596</u>	<u>313,965,097</u>	<u>280,364,668</u>	<u>275,081,086</u>
Net (expense) revenue:									
Governmental activities	(284,740,015)	(256,730,956)	(181,327,192)	(205,519,543)	(202,779,987)	(226,767,350)	(227,724,457)	(227,189,590)	(227,857,934)
Business-type activities	319,442	4,608,750	3,238,918	1,713,800	1,403,895	6,678,705	(1,142,587)	(469,728)	(5,294,178)
Total primary government net expense	<u>(284,420,573)</u>	<u>(252,122,206)</u>	<u>(178,088,274)</u>	<u>(203,805,743)</u>	<u>(201,376,092)</u>	<u>(220,088,645)</u>	<u>(228,867,044)</u>	<u>(227,659,318)</u>	<u>(233,152,112)</u>
General Revenues and Other Changes in Net Assets:									
Governmental activities:									
Property taxes	267,026,434	247,817,417	220,435,186	226,471,874	210,007,626	197,001,706	182,701,969	187,968,255	176,438,519
Grants and contributions not restricted to specific programs	22,625,844	32,403,834	32,440,856	35,588,659	32,127,837	35,361,300	31,099,591	41,457,415	49,285,043
Proceeds from sale of City-owned property						1,231,298	(800,638)	(308,932)	1,931,506
Unrestricted investment earnings	370,639	864,608	4,115,785	8,197,907	4,234,990	2,963,220	491,343	2,810,783	4,355,964
Transfers									(5,516,711)
Total governmental activities	<u>290,022,917</u>	<u>281,085,859</u>	<u>256,991,827</u>	<u>270,258,440</u>	<u>246,370,453</u>	<u>236,557,524</u>	<u>213,492,265</u>	<u>231,927,521</u>	<u>226,494,321</u>
Business-type activities:									
Investment earnings	25,087	32,712			158,903	108,940	92,229	83,361	143,637
Total primary government	<u>25,087</u>	<u>32,712</u>	<u>256,991,827</u>	<u>270,258,440</u>	<u>246,529,356</u>	<u>236,666,464</u>	<u>213,584,494</u>	<u>83,361</u>	<u>5,660,348</u>
Changes in Net Assets:									
Governmental activities	5,282,902	24,354,903	75,664,635	64,738,897	43,590,466	9,790,174	(14,232,192)	4,737,931	(1,363,613)
Business-type activities	344,529	4,641,462	3,238,918	1,713,800	1,562,798	6,787,645	(1,050,358)	(386,367)	366,170
Total Primary Government	<u>\$ 5,627,431</u>	<u>\$ 28,996,365</u>	<u>\$ 78,903,553</u>	<u>\$ 66,452,697</u>	<u>\$ 45,153,264</u>	<u>\$ 16,577,819</u>	<u>\$ (15,282,550)</u>	<u>\$ 4,351,564</u>	<u>\$ (997,443)</u>

CITY OF BRIDGEPORT, CONNECTICUT
PROGRAM REVENUES BY FUNCTION/PROGRAM

TABLE 3

LAST NINE FISCAL YEARS

(Accrual Basis of Accounting)

Function/Program	FISCAL YEAR								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Governmental activities:									
General government	\$ 5,351,396	\$ 3,333,336	\$ 8,925,583	\$ 11,067,469	\$ 23,889,838	\$ 20,793,344	\$ 34,895,459	\$ 17,981,097	\$ 28,298,279
Public safety	9,429,514	7,713,796	9,856,899	13,104,440	8,857,557	8,836,010	7,842,503	4,891,789	5,774,667
Public facilities	5,089,104	3,608,701	12,856,806	26,991,770	6,647,338	6,697,358	6,266,939	1,635,128	1,202,511
Parks and recreation		2,514,238	2,318,393	1,518,799	1,726,183	1,902,781	1,945,085	2,246,348	1,295,191
Planning and economic development	23,734,867								
Health and social services	10,326,439	12,461,034	15,769,333	1,991,980	2,155,194	1,529,848	1,570,304	5,981,751	6,460,091
Education	280,773,914	288,049,420	397,464,480	280,687,909	248,929,582	239,387,054	227,124,974	205,937,403	198,649,102
Special services	1,627,623	25,798,114	25,282,869	42,584,476	20,480,899	13,517,395	14,503,239	20,091,274	17,723,462
Interest on long-term debt	798,503	1,350,146							
Total governmental activities	<u>337,131,360</u>	<u>344,828,785</u>	<u>472,474,363</u>	<u>377,946,843</u>	<u>312,686,591</u>	<u>292,663,790</u>	<u>294,148,503</u>	<u>258,764,790</u>	<u>259,403,303</u>
Business-type activities:									
Water Pollution Control Authority	<u>28,156,185</u>	<u>29,503,633</u>	<u>28,696,865</u>	<u>25,593,508</u>	<u>24,273,354</u>	<u>27,855,870</u>	<u>19,272,070</u>	<u>19,746,578</u>	<u>14,445,410</u>
Total Government	<u>\$ 365,287,545</u>	<u>\$ 374,332,418</u>	<u>\$ 501,171,228</u>	<u>\$ 403,540,351</u>	<u>\$ 336,959,945</u>	<u>\$ 320,519,660</u>	<u>\$ 313,420,573</u>	<u>\$ 278,511,368</u>	<u>\$ 273,848,713</u>

CITY OF BRIDGEPORT, CONNECTICUT

TABLE 4

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	FISCAL YEAR									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund:										
Reserved	\$ 2,657,983	\$ 2,584,394	\$ 2,645,439	\$ 2,727,423	\$ 2,500,000	\$ 4,127,588	\$	\$	\$	\$ 30,876
Unreserved	<u>48,429,336</u>	<u>38,571,118</u>	<u>35,304,505</u>	<u>33,004,687</u>	<u>29,800,885</u>	<u>24,686,939</u>	<u>29,241,106</u>	<u>10,605,102</u>	<u>10,752,753</u>	<u>15,611,351</u>
Total General Fund	<u>\$ 51,087,319</u>	<u>\$ 41,155,512</u>	<u>\$ 37,949,944</u>	<u>\$ 35,732,110</u>	<u>\$ 32,300,885</u>	<u>\$ 28,814,527</u>	<u>\$ 29,241,106</u>	<u>\$ 10,605,102</u>	<u>\$ 10,752,753</u>	<u>\$ 15,642,227</u>
All Other Governmental Funds:										
Reserved	\$ 28,967,081	\$ 26,261,000	\$ 23,112,383	\$ 27,148,738	\$ 142,385,942	\$ 132,000,973	\$ 101,323,449	\$ 114,188,749	\$ 5,068,118	\$ 10,068,125
Unreserved, reported in:										
Special revenue funds	8,734,755	3,621,856	(2,830,148)	1,173,237	(8,817,211)	(19,480,868)	(8,379,055)	(14,537,239)	(1,854,831)	(5,968,762)
Capital projects funds	4,752,568	34,915,787	21,154,461	43,316,930	(60,633,269)	(13,936,725)	14,104,079	(12,518,325)	29,831,588	53,320,116
Permanent fund	<u> </u>	<u>1,543,518</u>	<u>651,434</u>	<u>655,609</u>	<u>707,234</u>	<u>661,212</u>	<u>3,126</u>	<u>35,573</u>	<u>47,182</u>	<u>59,770</u>
Total All Other Governmental Funds	<u>\$ 42,454,404</u>	<u>\$ 66,342,161</u>	<u>\$ 42,088,130</u>	<u>\$ 72,294,514</u>	<u>\$ 73,642,696</u>	<u>\$ 99,244,592</u>	<u>\$ 107,051,599</u>	<u>\$ 87,168,758</u>	<u>\$ 33,092,057</u>	<u>\$ 57,479,249</u>

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

		FISCAL YEAR									
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues:											
Property taxes	\$	157,275,059	\$ 176,476,368	\$ 187,291,950	\$ 181,841,069	\$ 203,587,418	\$ 218,013,347	\$ 228,593,633	\$ 227,028,207	\$ 248,743,175	\$ 268,637,066
Intergovernmental		316,517,356	285,687,143	281,913,116	279,402,599	294,084,874	306,711,917	383,345,871	475,240,256	355,431,137	340,863,435
Fees, permits and licenses		10,904,938	11,464,973	12,648,745	16,598,258	19,037,466	20,727,139	20,844,855	19,942,980	16,100,329	15,454,092
Interest		7,833,778	4,347,622	2,810,783	520,946	2,972,578	4,169,012	8,184,000	4,115,785	864,608	370,639
Other		7,724,250	18,566,662	8,225,325	35,420,447	23,517,173	20,826,665	12,340,020	11,122,689	7,183,515	5,023,480
Total revenues		500,255,381	496,542,768	492,889,919	513,783,319	543,199,509	570,448,080	653,308,379	737,449,917	628,322,764	630,348,712
Expenditures:											
Governmental and community services:											
General government		79,994,831	93,363,879	88,209,395	99,660,481	104,564,452	108,862,558	78,130,009	77,150,939	84,165,283	39,461,942
Public safety		62,190,590	61,494,439	61,706,357	62,224,435	63,846,820	63,669,135	63,938,653	72,907,644	65,494,093	99,874,176
Excess Pension Contribution		343,523,865									
Public facilities		18,251,266	16,580,433	15,821,862	23,096,673	24,662,002	24,479,831	26,303,916	27,997,221	26,706,098	32,932,515
Parks and recreation		4,452,648	5,730,908	5,576,989	5,044,139	5,655,220	5,818,319	5,969,788	5,675,667	5,368,932	
Planning and economic development											3,441,668
Health and social services		10,971,897	11,613,075	10,475,853	16,324,964	16,627,932	16,087,863	18,206,936	18,483,802	13,378,869	12,954,954
Charities and hospitals		223,479	221,764	14,880	53,021	70,462	90,833		184,968	123,835	
Libraries											4,660,185
Education		196,116,242	212,886,352	222,785,775	225,514,687	233,091,242	232,779,256	279,762,589	357,577,107	302,812,667	306,601,910
Special services		24,983,022	20,277,255	22,737,145	18,040,700	19,660,655	22,892,503	40,966,303	30,945,946	27,925,851	27,006,901
Debt service:											
Principal retirements		14,881,280	19,157,839	20,603,428	20,965,572	23,526,717	26,435,988	23,579,000	26,232,000	30,961,925	32,375,000
Interest and other charges		33,998,267	45,061,979	42,633,563	41,109,530	43,567,518	46,276,800	41,852,539	41,521,922	41,594,667	40,933,701
Capital outlay		90,482,840	42,884,420	30,284,271	23,040,567	42,681,632	63,239,695	114,737,164	118,136,031	83,719,594	41,669,094
Total expenditures		880,070,227	529,272,343	520,849,518	535,074,769	577,954,652	610,632,781	693,446,897	776,813,247	682,251,814	641,912,046
Excess of revenues over (under) expenditures		(379,814,846)	(32,729,575)	(27,959,599)	(21,291,450)	(34,755,143)	(40,184,701)	(40,138,518)	(39,363,330)	(53,929,050)	(11,563,334)
Other financing sources (uses):											
Transfers in		172,786,340	168,024,318	169,405,906	175,814,614	179,817,106	175,331,870	212,264,417	219,222,813	224,867,074	205,649,402
Transfers out		(172,786,340)	(173,541,029)	(169,405,906)	(175,814,614)	(179,817,106)	(175,331,870)	(212,264,417)	(219,222,813)	(224,867,074)	(205,649,402)
Bonds issued		350,000,000	121,195,435		77,265,000	88,505,000	95,735,000	47,890,000			40,840,000
Premium (discount) on long-term debt			6,614,810		1,600,083	8,186,165	895,239	482,104			
Payments to escrow agent			(79,331,679)		(29,585,083)	(64,019,065)	(34,330,000)				
Proceeds from notes payable		24,168,565	1,000,000	500,000							
Capital lease			314,471								
Total other financing sources (uses)		374,168,565	44,276,326	500,000	49,280,000	32,672,100	62,300,239	48,372,104	-	-	40,840,000
Net Changes in Fund Balance	\$	(5,646,281)	\$ 11,546,751	\$ (27,459,599)	\$ 27,988,550	\$ (2,083,043)	\$ 22,115,538	\$ 8,233,586	\$ (39,363,330)	\$ (53,929,050)	\$ 29,276,666
Debt Service as a Percentage of Noncapital Expenditures		6.2%	13.2%	12.9%	12.1%	12.5%	13.3%	11.5%	10.5%	12.3%	12.4%

CITY OF BRIDGEPORT, CONNECTICUT
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

(Unaudited)

Fiscal Year	Real Estate	Personal Property	Motor Vehicle	Total
2001	\$ 110,734,894	\$ 26,109,476	\$ 16,740,781	\$ 153,585,151
2002	126,088,859	26,969,960	18,724,367	171,783,186
2003	137,294,734	25,856,568	18,937,205	182,088,507
2004	132,425,203	24,949,676	17,098,379	174,473,258
2005	164,534,675	18,108,550	12,072,367	194,715,592
2006	174,424,859	20,446,933	13,770,384	208,642,176
2007	183,690,496	22,352,699	15,270,656	221,313,851
2008	183,892,848	27,243,385	15,891,974	227,028,207
2009	230,926,963	24,496,725	14,343,553	269,767,241
2010	224,429,907	31,097,659	15,181,089	270,708,655
Change 2001-2010	102.67%	19.10%	-9.32%	76.26%

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

CITY OF BRIDGEPORT, CONNECTICUT

TABLE 7

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

(In Thousands)

(Unaudited)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Miscellaneous Land	Personal Property	Motor Vehicle	Total Taxable			Percent Growth	Total Direct Tax Rate	Estimated Actual Taxable Value	Value as a Percentage of Actual Value
							Assessed Value						
2001	\$ 1,218,829	\$ 496,302	\$ 126,073	\$ 18,370	\$ 525,162	\$ 285,838	\$ 2,670,574		3.75%	65.00	\$ 3,815,106	70.00%	
2002	1,376,877	527,328	126,404	22,873	513,383	310,875	2,877,740		7.76%	65.00	4,111,057	70.00%	
2003	1,577,935	591,635	137,263	30,266	508,476	330,502	3,176,077		10.37%	62.40	4,537,253	70.00%	
2004	1,795,669	663,605	146,558	34,857	497,521	340,958	3,479,168		9.54%	55.20	4,970,240	70.00%	
2005	3,172,156	977,737	187,791	42,391	517,774	321,204	5,219,053		50.01%	38.99	7,455,790	70.00%	
2006	3,182,882	996,112	188,513	41,072	543,985	348,997	5,301,561		1.58%	40.32	7,573,659	70.00%	
2007	3,199,609	998,510	188,631	41,104	588,791	372,428	5,389,073		1.65%	42.28	7,698,676	70.00%	
2008	3,258,061	1,026,195	171,007	35,280	718,127	397,042	5,605,712		4.02%	41.28	8,008,160	70.00%	
2009	4,087,787	1,256,373	291,075	79,212	703,831	379,451	6,797,729		21.30%	38.74	9,711,041	70.00%	
2010	4,084,631	922,699	578,540	75,833	784,502	382,974	6,829,179		0.4%	39.64	9,755,970	70.00%	

Source: City of Bridgeport Tax Assessor's Office

CITY OF BRIDGEPORT, CONNECTICUT

PRINCIPAL PROPERTY TAXPAYERS

2010 and 2001

(Unaudited)

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Wheelabrator BPT LP	\$ 319,870,777	1	4.68%			
United Illuminating Co. Inc.	208,500,417	2	3.05%	40,435,603	4	1.51%
PSEG Power Connecticut LLC	168,148,829	3	2.46%			
People's United Bank	55,808,151	4	0.82%	75,016,328	2	2.81%
Connecticut Light & Power	54,594,967	5	0.80%			
Bridgeport Energy LLC	48,984,247	6	0.72%	99,185,866	1	3.71%
Southern CT Gas Co.-Energy EA	47,700,246	7	0.70%	19,089,147	6	0.71%
Watermark 3030 Park LLC*	29,736,500	8	0.44%			
AT&T Mobility LLC	26,121,292	9	0.38%			
Success Village Apts Inc.	24,269,140	10	0.36%			
Aquarian Water Co. of CT				21,977,256	5	0.82%
WISVEST				58,859,905	3	2.20%
United Technologies (Sikorsky)				9,406,592	10	0.35%
Inter-church Residence				15,815,171	7	0.59%
Shoreline Star Greyhound				12,916,447	8	0.48%
Bridgeport Health Care				12,120,793	9	0.45%
TOTAL	\$ 983,734,566		14.41%	\$ 364,823,108		13.63%

* 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	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2001	1999	\$ 159,152,733	\$ 145,819,379	91.62%	\$ 10,531,323	\$ 156,350,702	98.24%
2002	2000	173,831,595	161,502,431	92.91%	9,566,798	171,069,229	98.41%
2003	2001	185,623,997	173,420,270	93.43%	8,873,657	182,293,927	98.21%
2004	2002	181,481,765	169,411,397	93.35%	8,659,510	178,070,907	98.12%
2005	2003	197,205,819	189,036,426	95.86%	5,133,573	194,169,999	98.46%
2006	2004	210,375,902	202,659,104	96.33%	3,291,241	205,950,345	97.90%
2007	2005	224,126,241	215,656,891	96.22%	4,489,860	215,656,891	96.22%
2008	2006	222,282,166	215,712,695	97.04%	385,291	215,712,695	97.04%
2009	2007	250,083,276	243,126,091	97.22%	1,634,940	243,126,091	97.22%
2010	2008	267,703,716	260,055,196	97.14%	n/a	262,654,440	98.11%

Source: City of Bridgeport - Tax Collector's Office

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	Notes Payable	Less Amount Available in Debt Services	Net General Bonded Debt			Loan Payable	General Obligation Bonds	Revenue Bonds			
2001	* \$ 603,355	6,563	\$ -	\$ 606,220	16.37%	\$ 4,345	\$ 71,094	\$ 2,865	\$ -	\$ 680,179	21.80%	\$ 4,425
2002	635,295	6,819	-	635,295	15.91%	4,553	67,091	2,364	-	704,750	23.30%	4,730
2003	615,254	6,757	-	633,270	14.28%	4,539	65,797	1,831	-	700,898	28.13%	4,587
2004	643,609	7,997	-	644,870	13.23%	4,622	62,168	1,261	-	708,299	28.63%	4,668
2005	649,033	7,402	-	649,685	8.80%	4,656	59,144	652	-	709,481	28.88%	4,709
2006	685,480	6,668	-	719,810	9.50%	5,159	51,778	-	-	771,588	33.92%	5,530
2007	684,228	6,335	-	772,389	10.01%	5,536	49,552	490	-	822,431	29.03%	5,894
2008	684,228	5,649	-	684,228	8.54%	4,904	51,713	490	-	736,431	26.00%	5,278
2009	654,200	4,500	-	658,700	6.74%	4,689	49,486	450	-	708,636	24.86%	5,046
2010	662,665	4,137	-	666,802	6.86%	4,796	44,509	2,255	-	713,566	29.23%	5,131

* Note: Includes \$350,000,000 Taxable Pension Bond Issue of August 28, 2000, Series B

CITY OF BRIDGEPORT, CONNECTICUT

DIRECT GOVERNMENTAL ACTIVITIES DEBT

FOR THE YEAR ENDED JUNE 30, 2010

(Unaudited)

Governmental Unit	Debt Outstanding
General obligation debt	\$ 669,140,000
Less school construction grants receivable - principal portion only	<u>(11,476,038)</u>
Total Direct Debt	<u>\$ 657,663,962</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.

CITY OF BRIDGEPORT, CONNECTICUT

TABLE 12

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

(In Thousands)

(Unaudited)

	FISCAL YEAR									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 1,098,125	\$ 1,221,948	\$ 1,310,722	\$ 1,277,556	\$ 1,421,441	\$ 1,514,400	\$ 1,575,702	\$ 1,595,640	\$ 1,741,261	\$ 1,867,139
Total net debt applicable to limit	<u>859,553</u>	<u>835,663</u>	<u>820,848</u>	<u>825,160</u>	<u>892,013</u>	<u>945,365</u>	<u>934,990</u>	<u>957,601</u>	<u>925,639</u>	<u>920,535</u>
Legal debt margin	<u>\$ 238,572</u>	<u>\$ 386,285</u>	<u>\$ 489,874</u>	<u>\$ 452,396</u>	<u>\$ 529,428</u>	<u>\$ 569,035</u>	<u>\$ 640,712</u>	<u>\$ 638,039</u>	<u>\$ 2,666,900</u>	<u>\$ 2,787,674</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>76.80%</u>	<u>78.27%</u>	<u>68.39%</u>	<u>62.63%</u>	<u>64.59%</u>	<u>62.75%</u>	<u>62.43%</u>	<u>59.34%</u>	<u>60.01%</u>	<u>49.30%</u>

CITY OF BRIDGEPORT, CONNECTICUT
COMPUTATION OF LEGAL DEBT LIMITATION
JUNE 30, 2010

Total tax collections (including interest and lien fees) for the year ended June 30, 2010	\$ 266,690,414
Reimbursement for revenue loss:	
Tax relief for the elderly	<u>43,771</u>
Base	<u>\$ 266,734,185</u>
Debt Limit	<u>\$ 1,867,139,295</u>

	General Purpose	Schools	Sewer	Urban Renewal	Unfunded Past Benefit Obligation
Debt Limitation					
2-1/4 times base	\$ 600,151,916	\$	\$	\$	\$
4-1/2 times base		1,200,303,833			
3-3/4 times base			1,000,253,194		
3-1/4 times base				866,886,101	
3 times base					800,202,555
Total debt limitation	<u>600,151,916</u>	<u>1,200,303,833</u>	<u>1,000,253,194</u>	<u>866,886,101</u>	<u>800,202,555</u>
Debt as Defined by Statute:					
Bonds and Notes Payable	224,154,908	133,180,092	49,843,683	4,137,000	305,330,000
Tax Anticipation Notes	23,500,000				
Bonds authorized but unissued ¹	64,198,902	37,666,303			90,000,000
Less: school construction grants receivable		<u>(11,476,038)</u>			
Total indebtedness	<u>311,853,810</u>	<u>159,370,357</u>	<u>49,843,683</u>	<u>4,137,000</u>	<u>395,330,000</u>
Debt Limitation in Excess of Indebtedness	<u>\$ 288,298,106</u>	<u>\$ 1,040,933,475</u>	<u>\$ 950,409,511</u>	<u>\$ 862,749,101</u>	<u>\$ 404,872,555</u>

1. Includes all bonds currently authorized

CITY OF BRIDGEPORT, CONNECTICUT

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

(Unaudited)

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment(*) Rate</u>
2001	139,529	\$ 54,313	\$ 20,302	31.4	22,434	4.1%
2002	139,529	54,313	20,302	31.4	22,796	6.5%
2003	139,529	54,313	20,302	31.4	22,757	9.1%
2004	139,529	54,313	20,302	31.4	22,713	8.9%
2005	139,529	54,313	20,302	31.4	22,391	7.8%
2006	139,529	54,313	20,302	31.4	21,934	6.7%
2007	139,529	54,313	20,302	31.4	21,312	6.6%
2008	139,529	54,313	20,302	31.4	20,677	8.6%
2009	139,529	54,313	20,302	31.4	20,235	10.7%
2010	139,529	54,313	20,302	31.4	20,407	12.9%

CITY OF BRIDGEPORT, CONNECTICUT

PRINCIPAL EMPLOYERS

2010 AND 1999

(Unaudited)

Employer	2010			1999*		
	Employees	Rank *	Percentage of Total City Employment *	Employees	Rank	Percentage of Total City Employment
People's United Bank	1,116	3		1,400	3	2.45%
Bridgeport Hospital, Inc.	1,515 FTE 427 PT	1		2,029	1	3.56%
St. Vincent's Medical Center	1,500 FTE 1,118 PT	2		1,875	2	3.29%
University of Bridgeport	FTE 425 (Subs out)	6				
Prime Resources	266	7				
Lacey Manufacturing Company	262 FTE 52 Temps	8		360	9	0.63%
Bridgeport Health Care Center	500 (approx)	5		375	7	0.66%
Watermark	218	9				
Housatonic Community College	197 FTE 51 PT	10				
Derecktor Shipyards	150	11				
Sikorsky Aircraft (United Technologies)	600	4		500	4	0.88%
Bridgeport Machines, Inc.	Relocated			425	5	0.75%
Casco Products	Relocated			420	6	0.74%
Southern New England Telephone	Relocated			375	7	0.66%
Remington Products Inc.	Relocated			275	10	0.48%

Sources: City of Bridgeport - Office of Planning and Economic Development and the Bridgeport Chamber of Commerce

* Information regarding Employers for 2000 is not available. 1999 information is being used instead.

CITY OF BRIDGEPORT, CONNECTICUT

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

(Unaudited)

Function/Program	FISCAL YEAR									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General government:										
Central grants office	6	6	6	6	6	6	4	4	4	4
Mayor's office	8	9	9	8	8	8	6	5	5	6
Constituent Services	-	-	-	-	-	-	-	2	4	5
Civil service commission	8	8	9	8	7	8	8	8	9	9
Grants personnel	9	7	7	7	7	10	10	9	12	13
City attorney	21	21	21	21	22	24	23	21	22	22
City clerk and city council	6	6	6	6	7	6	6	6	6	7
Registrar of voters	5	6	6	6	6	6	6	6	6	6
Legislative department	2	2	2	2	1	2	1	1	1	1
Libraries	52	60	68	68	68	68	68	79	79	72
Office of policy and management	5.5	5.5	6	6	6	7	8	8	8	9
Archives and records	0.5	0.5	1	1	1	1	1	1	1	1
Town Clerk	7	8	8	8	8	8	8	8	8	7
Chief administrative officer	7	3	3	3	3	3	1	-	4	5
Finance department	4	4	5	4	5	5	4	4	7	7
Comptroller's office	14.5	15	15	15	15	17	17	17	19	18
Treasurer's office	2	2	3	3	3	3	3	3	4	4
Tax assessor	13	14	15	15	15	15	14	14	19	19
Information technology services	15	19	21	20	21	24	25	25	27	27
Tax collector	18	18	19	18	16	15	15	15	16	16
Purchasing	6	7	8	8	8	8	7	7	7	6
Print shop	7.5	7.5	8	7	7	7	6	6	6	6
Labor relations	6	6	7	8	8	8	8	8	7	7
Barnum Institute	-	-	-	-	-	-	-	-	-	-
Employee org. & development	-	-	-	-	-	2	2	2	2	3
Protection of person and property:										
Police department	454	486	574	537	544	574	548	571	579	591
Fire department	296	310	337	326	326	370	375	407	399	402
Weights and measures	2	2	2	2	2	2	2	2	2	2
Conservation of health:										
Office and administrative	2	3	3	3	4	5	4	4	7	8
Registrar of vital statistics	5	5	4	4	4	4	4	4	6	6
Communicable diseases	5	4	5	4	4	5	5	5	6	6
Public health nursing	-	-	37	37	37	39	39	41	36	36
Dental hygiene	-	7	7	7	7	8	8	8	8	7
Environmental health	7	7	7	7	8	9	8	8	8	8
Health clinics	-	-	6	6	6	4	2	2	8	8
Dental Clinic	-	-	-	-	-	-	-	-	3	3
Housing code enforcement	1	3	3	3	3	4	3	3	4	4
Laboratory	-	-	-	-	-	-	1	1	4	3
Lead poisoning	-	-	-	-	-	3	3	3	3	3
School based health	-	-	25	25	26	26	26	25	25	25
Parent Aide Program	-	1	1	-	-	-	-	-	-	-

(Continued on next page)

CITY OF BRIDGEPORT, CONNECTICUT

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM (CONTINUED)

LAST TEN FISCAL YEARS

(Unaudited)

Function/Program	FISCAL YEAR									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Public facilities:										
City Engineer	6	6	6	6	6	6	6	7	9	9
Zoning commission	4	7	7	6	6	6	5	5	5	5
Zoning Board of Appeals	1	1	1	1	1	1	1	1	1	1
Building Department	13	14	14	10	-	10	10	10	10	10
Harbor Master	1	1	1	1	1	1	1	2	3	3
Transfer station	1	1	1	1	1	1	1	1	1	1
Director of public works	15.5	17	15	15	15	16	13	12	13	13
Ash and garbage collection	34	36	36	36	36	36	36	26	26	26
Landfill operation	-	-	-	-	-	-	-	-	-	-
Recycling	-	-	-	-	-	-	-	10	10	10
Roadway maintenance	45	43	43	43	46	48	48	48	51	47
Clean & Green	-	-	-	-	-	-	-	-	-	5
Planning and Development	20	22	18	16	16	20	19	19	22	21
Sikorsky Airport	14	15	15	15	15	15	15	15	21	21
Municipal garage	10	10	10	10	10	11	8	8	8	10
Maintenance	31	37	34	34	34	37	38	39	41	44
Construction Division	-	-	-	-	-	-	-	-	9	9
86 Charities and hospitals:										
Social Services	2	2	2	2	2	1	1	-	5	5
Parks and recreation:										
Board of recreation	3	3	3	3	3	3	3	4	4	4
Parks department	23	25	32	31	31	30	28	29	32	28
Park Mounted Unit / Stable	-	-	-	-	-	-	2	2	2	3
Beardsley zoo	13	13	13	13	13	13	13	13	13	13
Special services:										
Youth services	4	4	4	4	3	2	2	2	3	3
HRD administration	2	2	2	2	2	3	4	4	4	3
Department on aging	6	6	6	6	6	6	6	5	6	6
Office for disabilities	1	1	1	1	-	1	1	1	2	2
Veterans Affairs	1	1	1	1	-	-	-	-	-	-
Affirmative Action	-	-	-	-	-	-	-	-	4	4
Total	<u>3,255.5</u>	<u>1,330</u>	<u>1,532</u>	<u>1,466</u>	<u>1,465</u>	<u>1,580</u>	<u>1,539</u>	<u>1,605</u>	<u>1,686</u>	<u>1,698</u>

**CITY OF BRIDGEPORT, CONNECTICUT
OPERATING INDICATORS BY FUNCTION/PROGRAM**

LAST TEN FISCAL YEARS

(Unaudited)

Function/Program	FISCAL YEAR									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police:										
Calls for service	123,407	120,822	129,649	127,347	118,047	123,901	120,655	116,640	111,765	109,523
Adult arrest	n/a	7,245	7,057	6,959	5,927	5,295	7,751	6,505	5,317	4,397
Juvenile arrest	n/a	1,017	1,179	1,353	1,413	1,114	1,406	1,081	1,013	740
Fire:										
Total fire runs	13,488	11,399	11,005	10,619	10,507	10,094	10,064	9,239	10,263	11,260
Total rescue runs	575	n/a	1,484	918	1,049	931	831	868	1,456	1,217
Property loss	\$ 6,012,088	n/a	\$ 4,647,647	\$ 3,092,865	\$ 6,509,323	\$ 6,963,375	\$ 5,936,590	\$ 3,302,875	3,724,050	4,506,600
Building safety:										
Total building permits	2,197	2,293	2,359	2,466	2,381	2,724	2,386	2,454	2,683	2,522
Total value all permits	\$ 64,670,979	\$ 59,184,661	\$ 67,212,183	\$ 75,542,022	\$ 108,551,386	\$ 183,273,790	\$ 195,631,366	\$ 131,211,499	173,761,110	80,959,002.82
Library, volumes in collection	525,000	525,000	525,000	525,000	525,000	525,000	499,662	395,561	530,000	550,851
Public service:										
Garbage collected (ton)	68,248	64,614	63,197	66,841	69,171	65,055	67,093	59,533	58,543	59,756
Recycle collected (ton)	3,835	4,571	4,124	4,110	3,864	3,496	2,992	3,055	3,128	3,194
Parks and recreation:										
Recreation program attendance	n/a	n/a	1,235	1,897	2,100	2,375	2,575	2,550	1,850	1,850
Aquatics program attendance	n/a	n/a	706	750	900	600	600	800	600	600
Golf rounds played	n/a	n/a	n/a	60,249	53,375	23,436***	45,007***	49,708	53,706	60,059
Street trees maintained	656	694	666	675	405	490	540	650	568	1,430

66

Source: City Records
Note: n/a - Indicator not available
 *** - Construction limited rounds available to be played.

CITY OF BRIDGEPORT, CONNECTICUT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

Function/Program	FISCAL YEAR									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police:										
Stations	3	3	3	3	3	3	3	3	2	2
Police Officer Sector Terminals (POST)	5	5	5	5	5	5	5	3	3	3
Number of personnel and officers	574	574	574	574	574	574	574	574	574	557
Number of Divisions	11	11	11	11	11	11	11	11	11	11
Fire:										
Stations	8	8	8	8	8	8	8	8	8	8
Number of personnel and officers	399	399	399	399	399	399	315	337	366	366
Equipment (pieces)	21	21	21	23	24	25	28	28	28	28
Refuse collection:										
Collection Trucks	15	15	15	15	15	15	15	15	15	15
Public facilities:										
Streets (Miles)	829	829	829	829	829	829	829	829	829	829
Traffic Signals	1,552	1,552	1,552	1,552	1,552	1,552	1,552	1,552	1,552	1,552
Parks and recreation:										
Playgrounds	19	19	19	19	19	19	19	19	19	19
Parks	47	47	47	47	47	47	47	44	45	45
Park Acreage	1,330	1,330	1,330	1,330	1,330	1,330	1,330	1,330	1,330	1,330
Golf Courses	2	2	2	2	2	2	2	2	2	2
Swimming Pools	3	3	3	3	3	3	3	-	2	2
Tennis Courts	24	24	24	24	24	24	24	22	24	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	25	25	25	25	25	25	25	25	31
Ice Skating Rinks	1	1	1	1	1	2	2	2	1	1
Soccer/Football Fields	20	24	18	18	17	17	17	17	17	19
Library:										
Facilities	5	5	5	5	5	5	4	4	5	5
Volumes	525,000	525,000	525,000	525,000	525,000	525,000	499,662	395,561	530,000	550,851
Water:										
Average Daily Consumption (MGPD)	14,560	14,323	14,306	13,446	13,382	13,286	12,821	12,800	12,359	12,021
Wastewater:										
Sanitary Sewers (miles)	151	151	152	152	154	154	157	160	160	160
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)	132	132	131	131	129	129	126	123	123	123
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