

CITY OF BRIDGEPORT, CONNECTICUT

**FINANCIAL REPORT
JUNE 30, 2006**

CITY OF BRIDGEPORT, CONNECTICUT



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Fiscal Year
July 1, 2005 to June 30, 2006**

Prepared By:
DEPARTMENT OF FINANCE

MICHAEL LUPKAS, CPFO
Director of Finance

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Introductory Section

December 29, 2006

Honorable John M. Fabrizi, 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, 2006.

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.

McGladrey & Pullen, LLP has issued an unqualified (“clean”) opinion on the City of Bridgeport, Connecticut’s financial statements for the year ended June 30, 2006. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s 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 page 32 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, has started to slowly recover from the effects of the national and subsequent regional and statewide recession in 2003-2004. The City's unemployment rate has seen a decrease to a 7.38% annual average for the fiscal year ending June 30, 2006 from a 7.8% annual average for the fiscal year ending June 30, 2005. The State unemployment rate has remained unchanged for the fiscal year ending June 30, 2006 from an annual average of 4.7% in 2005. The City's taxable base continues to show growth; the October 1, 2004 grand list increased 0.95%, which represents the twelfth consecutive year that the grand list has increased. The increase in the Grand List over the last ten years (Grand List October 1, 1996) equates to 117.2%.

Bridgeport had historically been a manufacturing/industrial city that was, for a time, primarily oriented for manufacturing products used in war efforts and the defense of our Nation. During the 1970's and 1980's, the loss of manufacturing jobs on a national level impacted Bridgeport as well. The City, through an aggressive marketing and economic development plan, has refocused its efforts to retain and attract new businesses 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. The number of manufacturing firms is increasing again, many in the 50-75 employee range. The City's strategy of identifying and retaining firms with the best growth prospects is proving successful, and now there are approximately 300 manufacturers that call Bridgeport their home. 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, development within the City's three industrial corridors continues. Already in place are incentive packages associated with the Urban Enterprise and Foreign Trade Zones, as well as the City's own initiatives.

Examples of companies relocating to or remaining and expanding in Bridgeport are many.

In March of 2006, Sound State LLC paid the City \$580,000 for a long-term 98-year lease for approximately five-acres along State Street to develop a new 115,000 square foot commercial/light industrial warehouse, office and showroom to house the expanding operations of a Bridgeport-based company – **AKDO Intertrade, Inc.** AKDO imports fine hand-made mosaic tiles and stonework from throughout the world for sale in the United States. The company, which was established in Bridgeport in the late 1990's, has grown continuously to where it now employs 70 people in sales, marketing, warehousing, and administration. The new facility cost in excess of \$8.0 million to construct and was completed in October of 2006. The project is currently enrolled in the State's Urban Enterprise Zone Tax Deferral Program and will pay, at full value, approximately \$200,000 annually in real estate taxes to the City.

In November of 2006, **ASAP Bedliners, Inc.** broke ground for a new 17,000 square foot commercial industrial building to house a showroom, office, and assembly facility for this Bridgeport-based company. ASAP outfits private and commercial trucks with plows, sanders, and bedliners and has experienced significant growth since it initially started operations in Bridgeport in the early 1990's. The new \$1.5 million building is scheduled to be completed in the summer of 2007 and will employ 11 workers. The project is eligible for the State Urban Enterprise Zone Tax Deferral Program and will pay, at full value, approximately \$30,000 in annual real estate taxes to the City.

The redevelopment of the **former Bead Chain Building** on State Street is currently underway. Fischel Properties LLC is undertaking a full-scale renovation of this multi-story, former manufacturing facility into upper-floor commercial, and street-level retail uses. Fit-up and leasing will continue through 2007. The project is being privately financed with non-financial support from the City.

The former Evergreen Apartments off of Fairfield Avenue have been largely vacant for more than a decade. The City razed the entire complex, making way for a new **Stop & Shop** supermarket. The funding for the demolition and environmental cleanup was obtained from the State of Connecticut. In its role as project manager, the City served as a conduit for the funding from the State. The new store opened in November 2006 and is expected to pay more than \$200,000 per year in real property taxes.

In addition, **Bridgeport Fuel Cell Park LLC** currently holds an option on 2-acres of city-owned land off of Railroad Avenue in the City's West End. If approved by the Connecticut Clean Energy Fund, the project will begin construction on the 14-megawatt hydrogen fuel cell facility in the fall of 2007. The project represents a \$40 million investment in clean, green technology on a former Brownfield's site.

The **Middletown-to-Norwalk 345kV Power Line Project** jointly being developed by the Connecticut Light & Power (CL&P) and the United Illuminating Company (UI) will bring approximately \$100 million in new taxable infrastructure into the City. The underground power cable project, together with the new Singer Substation, is already under construction and is on schedule to be completed in late 2008 or early 2009. Southwestern Connecticut will greatly benefit from the increased power capacity. Commercial/industrial uses will now have the availability of adequate electrical power supplies to operate and expand their facilities.

Major Initiatives: Under the direction of the Mayor and the City Council, the City was able to undertake some major initiatives during fiscal year 2005-06:

- ◆ **West Side School** – This \$53.4 million project will open its doors for the first time in January 2007. This new 1,150 student Pre-K through 8 elementary school at the corner of State Street and Clinton Avenue is already becoming a landmark in its West Side neighborhood.
- ◆ **North End School** – This \$56.3 million project is currently under construction for a new 750-student Pre-K through 8 school. The new school occupies almost the entire city block bounded by North Avenue, Lexington Avenue, Chestnut Street and James Street. The school is scheduled to open in January 2008.
- ◆ **Barnum School** – The replacement facility for the combined Barnum and Waltersville Schools has broken ground and construction is well underway. The new \$58.3 million, dual-school campus will contain a 500-student facility replacing the current Barnum Elementary School and a 750-student facility replacing the current Waltersville Elementary School. The two schools will share common facilities such as administrative offices, playgrounds, a cafeteria and a gym, but will have separate teacher/visitor parking areas, bus drop-offs, front doors, and identities. The site is bounded by Hallett Street, Martin Luther King Jr. Drive, Waterview Avenue, and Goodwin Street. A fall 2008 date is planned for the opening of this elementary school campus.
- ◆ **East End School** – The construction of this new \$44.1 million 750-student Pre-K through 8 school is well underway at this time. This school replaces the former Newfield and McKinley Schools and will contain several acres of outdoor recreation space in the East End neighborhood. Occupancy is scheduled for the fall of 2008.
- ◆ **Swing Space School Project** – In addition to the City’s new school construction program, an aggressive school repair and modernization program is underway. Some of this work will require the temporary relocation of an entire school campus due to the nature of the work (i.e. demolition, environmental remediation, new construction, replacement of electrical, plumbing, and HVAC systems, etc.). The City has identified a former classroom building at the University of Bridgeport and has successfully negotiated a \$35.5 million design/build agreement for this property with the University. The site in the City’s South End neighborhood is on the corner of Iranistan and University Avenues.
- ◆ **State Street Retail Plaza** In the spring of 2007, construction will commence on this retail project being developed by Fischel Properties. The new 11,000 square foot retail building on State Street will contain six stores and a drive-thru at a cost of \$1.0 million.
- ◆ **St. Vincent’s Medical Center** is planning a \$150 million expansion that will include ten new emergency rooms; 30 new intensive care beds; upgrades to its emergency power system; and a new parking garage for doctors and visitors. The City is actively working with the St. Vincent’s Medical Center to obtain all of the required permits and approvals and construction is anticipated to begin in 2007/08.

- ◆ The **Village at Black Rock** project consists of 105 ranch-style, 2-bedroom and 2-bath condominiums, at 3250 Fairfield Avenue. The project was substantially completed in the summer of 2006, and more than 70% of the units are currently sold and occupied. Black Rock Village Development LLC privately financed the site, the former Mack Truck Property, and units are being sold in the \$270,000 – \$340,000 price range.
- ◆ The **Bijou Theatre** project in downtown Bridgeport is now the home of several restaurants and entertainment venues. The Bijou Theatre project is an example of the City’s long and short-term plans to invigorate and revitalize its downtown area.
- ◆ **State Juvenile Courthouse Complex** – The State of Connecticut has started construction on the new juvenile courthouse and detention complex that will be located in Bridgeport. This \$39.6 million, 94,000 square foot project is on schedule to be completed in the fall of 2008.
- ◆ **The Crescent Avenue Industrial Park** – The City is working to develop an industrial park around Syntec and Rotair Industries in the City's East End and is looking to attract a company to occupy the former MagnaTek facility. Two new sites are being developed in the industrial park for new companies through the acquisition of additional parcels and demolishing old and vacant industrial space. Currently one new company is constructing a new industrial building on this site and should be occupying the space in the spring of 2007.
- ◆ For more information on current development activity in the city of Bridgeport, please see the City’s web site at: www.ci.bridgeport.ct.us, scroll down on the left side to “Hot Topics” and click on “Bridgeport Development”.

Cash Management Policies and Practices: It is the policy of the City of Bridgeport 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. Idle cash was invested on a short-term basis, during the year, in temporary, legally permitted investments. Money market investments managed by TD Banknorth, US Bank and People’s Bank comprised the major share of the City's short-term investments as well as money invested in the Short-Term Investment Fund (STIF) operated by the Office of the State Treasurer.

Risk Management: The City is insured for building and contents in the amount of approximately \$393,050,000 with a \$250,000 deductible. The Sikorsky Memorial Airport is insured for a \$100,000,000 general liability policy with a hangers-keeper liability deductible of \$1,000 on any one occurrence. The City has theft and dishonesty bonds for \$250,000 each for the Police Department and City Hall employees. It also has a Tax Collector's bond in the amount of \$2,205,000.

The City is self-insured for general liability, professional liability, worker's compensation and heart and hypertension claims. The City has contracted with an outside company to oversee its workers' compensation and heart and hypertension claims.

The City provides comprehensive life, hospital, and major health benefits for its employees pursuant to various union contracts. The City is self insured for its employees' health and medical benefits and has contracted with HealthNet to act as a third party administrator of the plan.

The benefits officer and safety officer are pro-active in implementing programs to improve employee's health and prevent injuries. Blood pressure screening, flu shots and safety committees for all major departments of the City are examples of some of these programs.

Pension and Other Post-Employment Benefits: All full-time employees of the City, except for the Board of Education personnel, police, firefighters and janitors and engineers, participate in the Connecticut Municipal Employees' Retirement Fund B (CMERF). This is a cost sharing multiple employer public employee retirement system. The City's payroll for employees covered under this plan for the year ended June 30, 2006 was \$89.9 million, which represents 39.9 percent of the total City payroll of \$225.0 million.

In addition to CMERF, the Board of Education teachers and certified administrators participate in a contributory defined benefit plan that is a State-financed teachers' retirement system. For the year ended June 30, 2006, the City's payroll for employees covered under this plan was \$96.2 million, which represents 42.8 percent of the total City payroll.

All other full-time employees belong to one of the following single employer defined benefit plans:

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

Pension plans ii and iii above are funded on an actuarial basis. Pension plan iv 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. Plan i is a closed plan with no new enrollments having been allowed since January 1, 1984. During the year ended June 30, 2001, the City issued \$350,000,000 of taxable pension obligation bonds. These assets are invested and, along with the revenues produced, will be used to fund future benefit payments to members of Plan i.

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, 2005. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of a 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 nine 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, McGladrey & Pullen, LLP, conducted the audit.

The cover photograph is a shot of the Perry Memorial Arch. The arch stands at the Park Avenue entrance to the 340-acre Seaside Park, one of Bridgeport's "crown jewels." Built of Vermont granite, the arch was designed by Henry Bacon, designer of the Lincoln Memorial in Washington, D.C., as a memorial to William H. Perry, former superintendent of the Wheeler and Wilson Sewing Machine Company, who also served as president of the Parks Commission. In his will, William Perry money to "build a suitable gateway to the park." The arch was dedicated in October 1918.

P.T. Barnum, the great showman and a former mayor, made Bridgeport his home, and was closely connected with the life of the City until his death in 1891. The waterfront property, now known as Seaside Park, was, for many years, the winter quarters for Barnum's circus and was visible from passing railway trains. Sometimes an elephant would be plowing the fields, in full view of travelers. The last of Barnum's houses (12) in the Victorian style, faces Seaside Park, which he was instrumental in founding.

Seaside Park was planned out carefully by the foremost landscape architect of the day: Frederick Law Olmsted and Calvert Vaux, designers of Central Park in New York City. It was P.T. Barnum who inspired others residents, such as Capt. John Brooks, Capt. Burr Knapp and General William Noble to give land to make a marine rural park, the first of its kind in the United States.

Ms. Mary Witkowski, Bridgeport City Historian, and Ms. Ellen Gerrity of the City's Parks and Recreation Department, provided the historical information regarding the Perry Memorial Arch and Seaside Park.

The cover photograph was taken by Joseph S. Sopko, a programmer in the City's Information Technology Systems Department, assisted by Anthony Palumbo, Director of the In-Plant Print Shop.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael Lupkas". The signature is written in a cursive style with a large initial "M" and "L".

Michael Lupkas, CPFO
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, 2005

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.



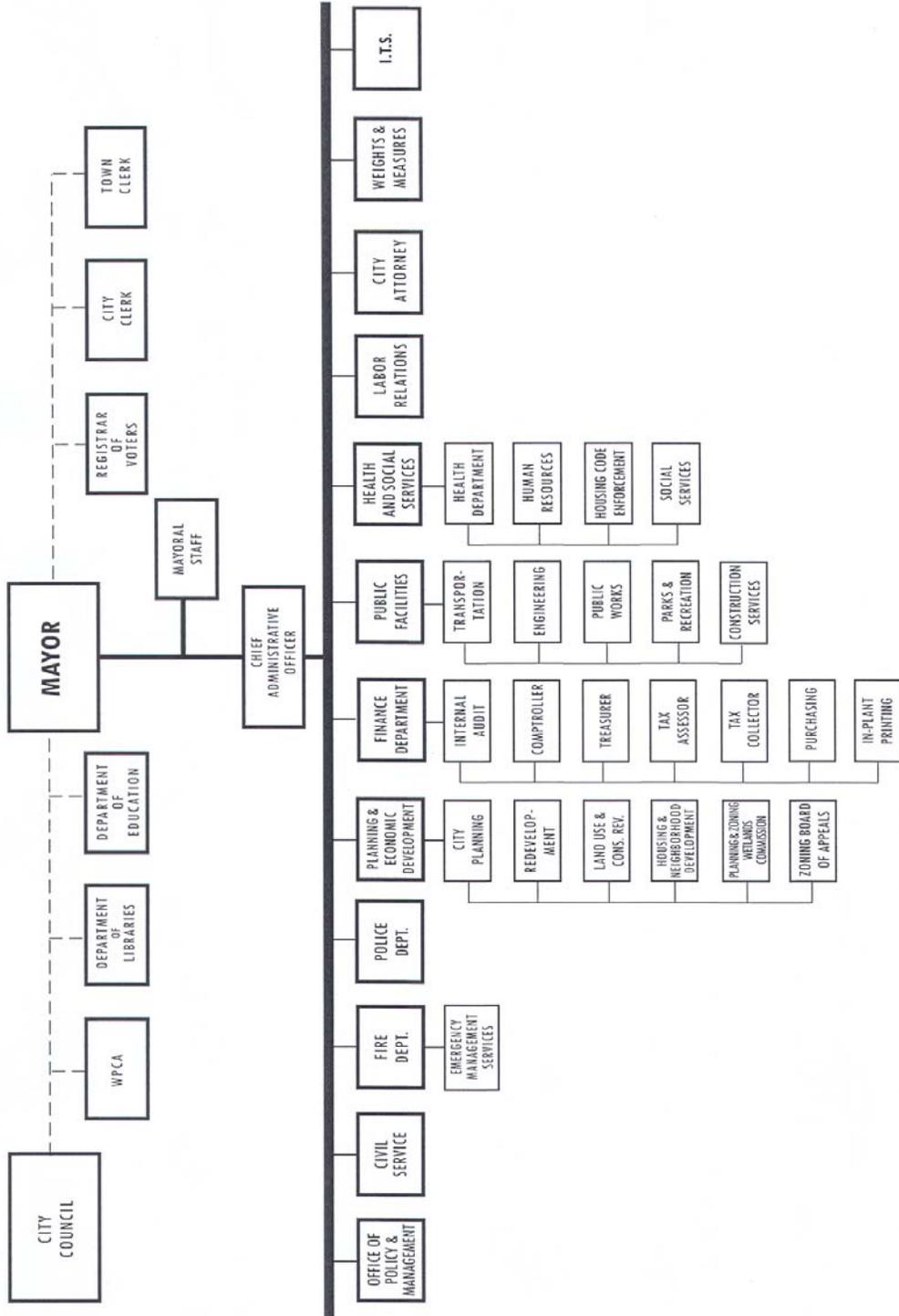
A handwritten signature in black ink, appearing to read "Thomas J. Hanrahan".

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, 2006

Office	Name	Manner of Selection and Term
Mayor	John M. Fabrizi	Elected – 4 Year Term
City Clerk	Fleeta C. Hudson	Elected – 4 Year Term
Town Clerk	Hector Diaz	Elected – 4 Year Term
Chief Administrative Officer	Michael Feeney	Appointed by Mayor
Director of Finance	Michael Lupkas	Appointed by Mayor
Deputy Director of Finance/Comptroller	Joseph Jambriska, Jr.	Appointed by Director of Finance
Treasurer	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

INDEPENDENT AUDITOR'S 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, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Bridgeport, Connecticut'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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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, 2006, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund, 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 November 28, 2006 on our consideration of the City of Bridgeport, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

The management discussion and analysis, on the pages listed on the table of contents, is not a required part of the basic financial statements, but is 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's basic financial statements. The introductory section, budgetary detail, combining and individual nonmajor fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary detail, combining and individual nonmajor fund 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 section 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.

McGladrey & Pullen, LLP

New Haven, Connecticut
November 28, 2006

City of Bridgeport, Connecticut
Management's Discussion and Analysis
June 30, 2006

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, 2006. 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 (deficits) at the close of the fiscal year of \$50,032,298. Total net assets (deficits) for Governmental Activities at fiscal year-end were (\$20,681,005) and total net assets for Business-Type Activities were \$70,713,303. The unrestricted net asset (deficit) at June 30, 2006 was (\$151,888,781).
- ◆ On a government-wide basis, during the year, the City's net assets (deficits) increased by \$45,153,264 from \$4,879,034 to \$50,032,298, due primarily to approximately \$36.5 million in capital grants received for school construction projects. Net deficit decreased by \$43,590,466 for Governmental Activities and net assets increased by \$1,562,798 for Business-Type Activities. Government-wide expenses were \$538.3 million, while revenues were \$583.5 million.
- ◆ At the close of the year, the City's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$128.1 million, an increase of \$22.2 million from the prior fiscal year. Of the total fund balance as of June 30, 2006, (\$8.7) million represents the combined unreserved fund balance (deficit) in the general fund, special revenue funds, board of education fund, capital projects fund and permanent fund. Of this deficit balance, only \$24.7 million, which represents the positive unreserved fund balance in the General Fund, is available for spending at the City's discretion.
- ◆ At the end of the current fiscal year, the total fund balance for the general fund alone was \$28.8 million, a decrease of \$3.5 million from the prior fiscal year. Included in the fiscal year 2006 budget was an appropriation of \$8 million of unreserved fund balance. As of June 30, 2006, the General Fund's unreserved fund balance was \$24.7 million. Unreserved general fund fund balance at year-end represents 5.36% of total general fund expenditures and transfers out (\$460.2 million).
- ◆ The City's total debt increased by \$36.5 million during the current fiscal year. The reason for the increase was the net effect of new debt issued in April 2006.

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 1997.

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 (deficits). Over time, increases or decreases in net assets (deficits) 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 (deficits) 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 (deficits) and statement of activities) can be found on pages 27-28 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 spend able resources, as well as on balances of spend able 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 27 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, 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 Other Governmental Funds. Non-major governmental funds for the City include the Education Grant Fund, the Health and Sanitation Fund, the Community Development Fund, the Other Programs Fund, the Social Services Fund, the Community Development Block Grant Fund, the Home Program Fund, the Section 108 Loan Guarantee Fund, the Development Administration State Grant Fund, the Library Fund, the Education Grants, the Parks and Recreation Fund, are all considered Special Revenue Funds. In addition, the Education and Library Fund, the Health and Sanitation Fund, the Highway and Parking Fund, the General Government Fund, the Parks and Recreation Fund, the Municipal Airport Fund, the Capital Reduction Fund, the Bond Issue Fund, the School Bond Issue Fund, and the 1997 Bond Issue Fund are all considered Capital Projects Funds. Permanent Trust Funds consist of the Library Fund and the Education Fund. Individual fund data for each of these non-major governmental funds is provided in the combining balance sheets on pages 92-96 and in the combining statement of revenues, expenditures and changes in fund balance on pages 98-102.

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 statement of revenues, expenditures and changes in fund balance on a budgetary basis can be found on page 32.

The basic governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balance) can be found on pages 29-30 of this report.

Proprietary funds. The City of Bridgeport maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Bridgeport uses an enterprise fund to account for its Water Pollution Control Authority.

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 pages 33-35 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 pages 36-37 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 38-81 of this report.

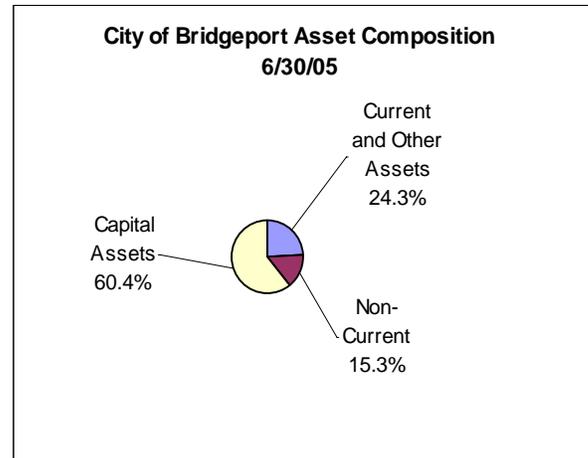
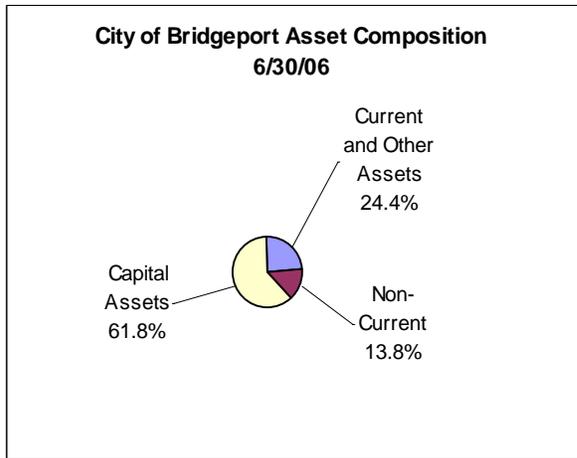
The notes to this report also contain certain information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

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 \$50,032,298 at June 30, 2006. This is an increase from last year's net assets (deficits) of \$45,153,264.

	City of Bridgeport Net Assets (\$000's)					
	June 30, 2006			June 30, 2005		
	Primary Government			Primary Government		
	Govern- mental Activities	Business Type Activities	Total*	Govern- mental Activities	Business Type Activities	Total*
Current and Other Assets	\$ 239,853	\$ 1,320	\$ 241,173	\$ 222,291	\$ (338)	\$ 221,953
Non- Current	135,355	1,005	136,360	137,601	2,514	140,115
Capital Assets	484,334	126,599	610,933	423,860	128,902	552,762
Total Assets	859,542	128,924	988,466	783,752	131,078	914,830
Other Liabilities	94,892	1,651	96,543	104,318	2,130	106,448
Long-term liabilities outstanding	785,331	56,559	841,890	743,706	59,797	803,503
Total Liabilities	880,223	58,210	938,433	848,024	61,927	909,951
Net Assets:						
Inv. In cap assets, net of related debt	127,515	70,240	197,755	108,363	69,307	177,670
Restricted	3,161	1,005	4,166	3,207	2,514	5,721
Unrestricted	(151,357)	(532)	(151,889)	(175,842)	(2,670)	(178,512)
Total Net Assets	\$ (20,681)	\$ 70,713	\$ 50,032	\$ (64,272)	\$ 69,151	\$ 4,879

* After internal receivables and payables have been eliminated.



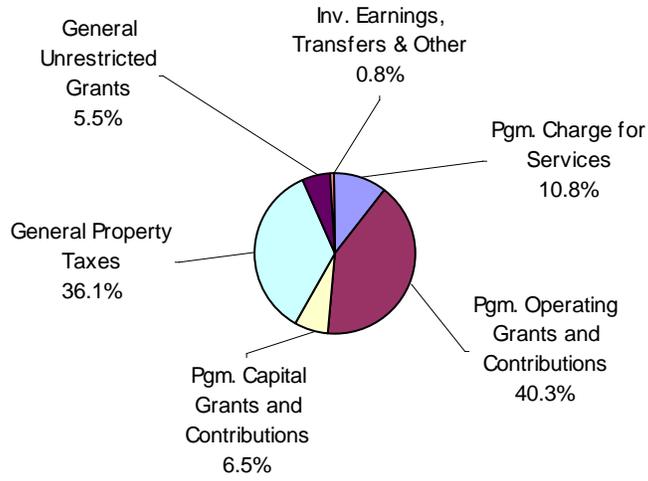
At the end of the current fiscal year, the City is able to report a positive balance only in its proprietary activities.

The portion of the City's net assets of \$197,754,630 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.

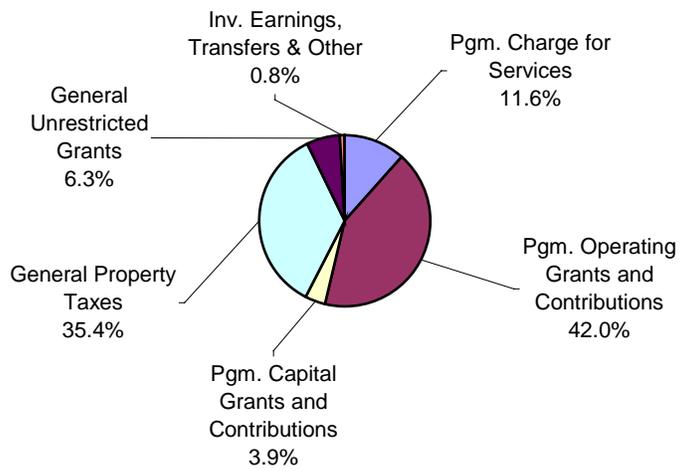
- ◆ The portion of the City's net assets that are restricted, \$4,166,449, represents resources that are subject to external restrictions on how they may be used. Unrestricted net assets (deficits) of (\$151,888,781) may not be used to meet the government's ongoing obligations to citizens and creditors, 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 \$333,535,000. On a government-wide basis, during the year, the City's net assets increased by \$45,153,264 from \$4,879,034 to \$50,032,298. Net assets increased by \$43,590,466 for Governmental Activities and net assets increased by \$1,562,798 for Business-Type Activities. Government-wide expenses were \$538.3 million, while revenues were \$583.5 million. The increase in net assets can primarily be explained by the increase in grant revenue associated with capital projects.

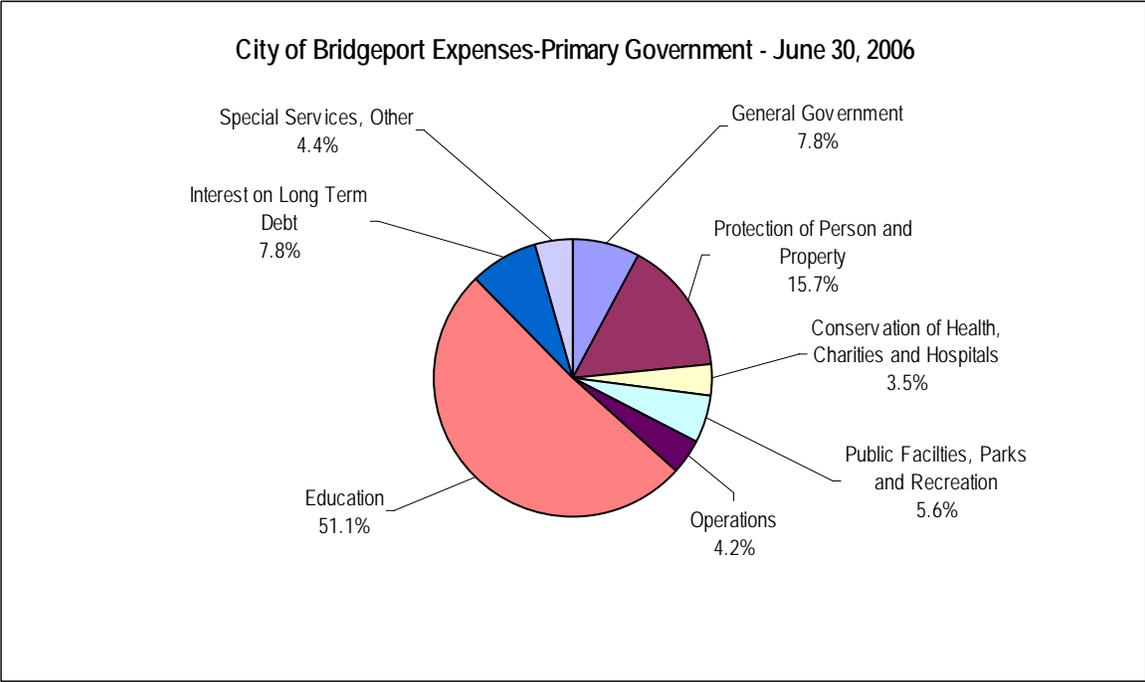
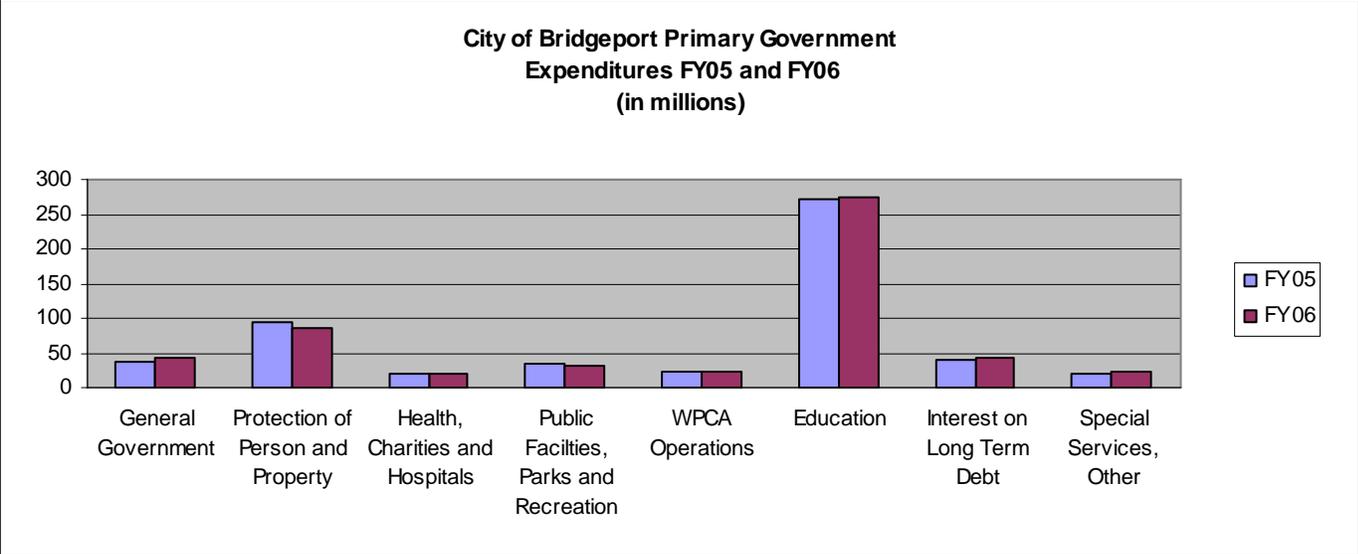
City of Bridgeport, Connecticut						
Changes in Net Assets (\$000's)						
	June 30, 2006			June 30, 2005		
	Primary Government			Primary Government		
	Govern- mental	Proprietary		Govern- mental	Proprietary	
	Activities	Activities	Total	Activities	Activities	Total
Revenues:						
Program Revenues:						
Charge for Services	\$ 40,483	\$ 22,715	\$ 63,198	\$ 37,119	\$ 27,856	\$ 64,975
Operating Grants and Contributions	235,653	-	235,653	234,571	-	234,571
Capital Grants and Contributions	36,551	1,557	38,108	20,974	938	21,912
General Revenues:						
Property Taxes	210,008	-	210,008	197,002	-	197,002
Grants Not Restricted to Specific Programs	32,127	-	32,127	35,361	-	35,361
Unrestricted Investment Earnings	4,235	159	4,394	2,963	109	3,072
Proceeds from sale of City -owned property	-	-	-	1,231	-	1,231
Total revenues	559,057	24,431	583,488	529,221	28,903	558,124
Expenses:						
General Government	41,722	-	41,722	38,158	-	38,158
Protection of Person and Property	84,410	-	84,410	94,462	-	94,462
Conservation of Health, Charities and Hospitals	18,690	-	18,690	19,301	-	19,301
Public Facilities, Parks and Recreation	30,150	-	30,150	35,403	-	35,403
Operations	-	22,869	22,869	-	22,115	22,115
Education	275,175	-	275,175	271,054	-	271,054
Interest on Long Term Debt	41,900	-	41,900	40,832	-	40,832
Special Services, Other	23,419	-	23,419	20,221	-	20,221
Total expenses	515,466	22,869	538,335	519,431	22,115	541,546
Change in net assets	43,591	1,562	45,153	9,790	6,788	16,578
Net Assets, beginning	(64,272)	69,151	4,879	(74,062)	62,363	(11,699)
Net Assets, ending	\$ (20,681)	\$ 70,713	\$ 50,032	\$ (64,272)	\$ 69,151	\$ 4,879

City of Bridgeport FY06 Revenues



City of Bridgeport FY05 Revenues





Bridgeport's net assets increased by \$45,153,264 during the fiscal year, with the net deficit of Governmental Activities decreasing by \$43,590,466 million, and net assets of Business-Type Activities increasing by \$1,562,798. The increase in net assets represents the degree to which increases in revenues have outpaced ongoing expenditures.

Governmental Activities

Program revenues represented 56% of total revenues, followed by property taxes at 37.7%, and other unrestricted grants and a combination of investment earnings, and proceeds from sales of capital assets at 6.3%.

Major revenue factors included:

- ◆ Property tax revenues recorded for fiscal year 2006 reflect the incremental increase in the grand list and increased collection efforts.
- ◆ Investment earnings increased in the general fund from \$1,187,000 in the prior fiscal year to \$1,551,000 million for the fiscal year ended June 30, 2006. The \$364,000 increase can be explained by the increase in interest rates and the realization of income when adjusting investments to market.

For Governmental Activities, 53.4% of the City's expenditures relate to education; 16.4% relate to public safety; 8.2% relate to interest payments on long-term debt; 8.1% relate to general government; 5.8% relate to public facilities, parks and recreation; 4.5% relate to special services; and 3.6% relate to health and welfare.

Major expenditure factors include:

- ◆ Employee benefit costs rose between 10% and 15% due to rising health insurance costs.
- ◆ The approved modified budget for fiscal year 2006 included the use of \$8,000,000 of the City's fund balance.
- ◆ During the 2005-2006 budget process, discretionary expenses held stable or reduced by up to 10%.
- ◆ Police Overtime increased due to national security alerts and public safety concerns.
- ◆ Business-Type activities increased the City's net assets by \$1,562,798.

Water Pollution Control Authority (WPCA) revenue for charges for services went from \$27.9 million in fiscal year 2005 to \$22.7 million in fiscal year 2006. The decrease in charges for services within Business-Type Activities represents a timing difference resulting from the resolution of pending litigation.

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 \$128.1 million, an increase of \$22.2 million from the prior year. Due to the deficit nature of the total combined unreserved fund balance, only 19.3% of this total amount (which is the \$24.7 million General Fund unreserved fund balance) constitutes unreserved fund balance that is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) \$133.6 million to liquidate contracts and purchase orders of the prior period; 2) \$2.5 million to self-insured claims reserve; and 3) \$661,000 for endowments.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$24.7 million while the total fund balance was \$28.8 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 and education operating transfers. Unreserved fund balance represents 5.36% of total general fund expenditures and transfers, while total fund balance represents 6.26% of that same amount.

As stated earlier, the fund balance of the City's general fund decreased by \$3.5 million during the current fiscal year. Key factors in this decline are as follows:

- ◆ The approved, modified budget for fiscal 2006 included a draw down of fund balance in the amount of \$8.0 million. This amount was necessary to cover the budget shortfall in the original budget of Additional State Aid, in the amount of \$4.5 million dollars and the amount of \$3.5 million of under budgeted police overtime.
- ◆ General fund encumbrances increased from \$0 in fiscal 2005 to \$1,627,588 in fiscal 2006.

The Capital Bond Issue Fund has a total fund balance of \$91.2 million up from \$64.0 million in the prior year. The change in fund balance can be explained by the timing of resources into and out of this fund for Capital projects.

The Other Governmental Funds have a total fund balance of \$8.0 million, down from \$9.7 million in the prior year. The \$1.7 million decrease was primarily due to transfers from the Other Programs Fund to the General Fund.

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 \$70.7 million, as compared to \$69.2 million in the prior year.

The Unrestricted net asset (deficit) of the Water Pollution Control Authority was (\$532,000). The Water Pollution Control Authority experienced operating revenues of \$21.9 million from user fees. There was a total net gain for the WPCA of \$5,000 before capital contributions of \$1,558,000. The change in nets assets for the fiscal year ended June 30, 2006 was \$1,562,798.

General Fund Budgetary Highlights

The difference between the original budget and final amended budget for revenues and other financing sources was \$4,240,094. The additional appropriation approved during the year is summarized below.

- ◆ The Education Department's budget was increased by \$3,186,864 because of additional State revenue that the City received in fiscal year 2006 and also increased by \$1,053,230 due to budgeting requirements of the State of Connecticut.
- ◆ This additional appropriation was offset by revenue budget modifications that were also adopted.
- ◆ Intergovernmental revenue decreased by \$2,775,644 due to the decreases in the Education Cost Sharing revenue and other grants from the State of Connecticut.

During the year, actual revenues and other financing sources on a budgetary basis were \$456 million. This was approximately \$8.7 million over the budgetary estimate. Actual tax revenues were \$10.7 million over budget because current tax collections were greater than anticipated. Actual intergovernmental revenue was \$1,388,000 under budgetary estimates primarily due to less than anticipated revenues granted to the City through various state programs. Investment income was approximately \$751,000 more than the \$800,000 that had been budgeted. These overages in revenues were offset by revenue categories that fell short of budget. Actual Other Revenue was \$430,000 lower than budget, which was primarily due to less than anticipated sales of City-owned property. Also, fees, permits and licenses were \$1,453,000 over budget and transfers in was \$2.4 million under budget.

Actual expenditures on a budgetary basis and other financing uses totaled \$453.1 million, which were less than actual revenues and other financing sources on a budgetary basis by \$2,869,329. The fiscal year 2006 modified budget included a planned appropriation of fund balance of \$8,000,000.

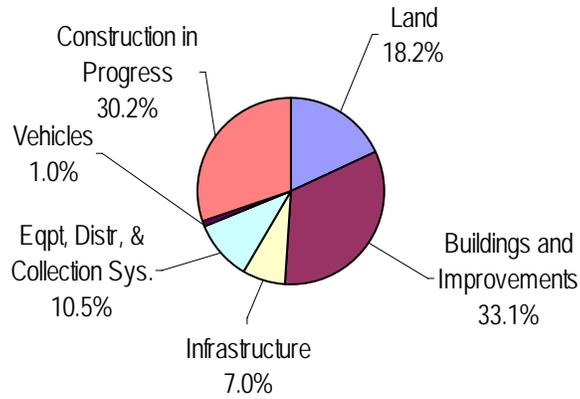
Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities, as of June 30, 2006, amounted to \$610.9 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 \$58.1 million.

City of Bridgeport, Connecticut
Capital Assets (net of depreciation)
(000's)

	June 30, 2006			June 30, 2005		
	Primary Government			Primary Government		
	Governmental Activities	Proprietary Activities	Total	Governmental Activities	Proprietary Activities	Total
Land	\$ 111,020	\$ -	\$ 111,020	\$ 103,331	\$ -	\$ 103,331
Buildings and Improvements	133,520	68,588	202,108	137,732	72,410	210,142
Infrastructure	43,057	-	43,057	41,754	-	41,754
Eqpt, Distr, & Collection Sys.	8,110	56,017	64,127	6,212	50,451	56,663
Vehicles	5,877	87	5,964	6,063	182	6,245
Construction in Progress	182,751	1,907	184,658	128,768	5,859	134,627
Total	\$ 484,335	\$ 126,599	\$ 610,934	\$ 423,860	\$ 128,902	\$ 552,762

**City of Bridgeport Capital Assets - Primary Government
June 30, 2006**



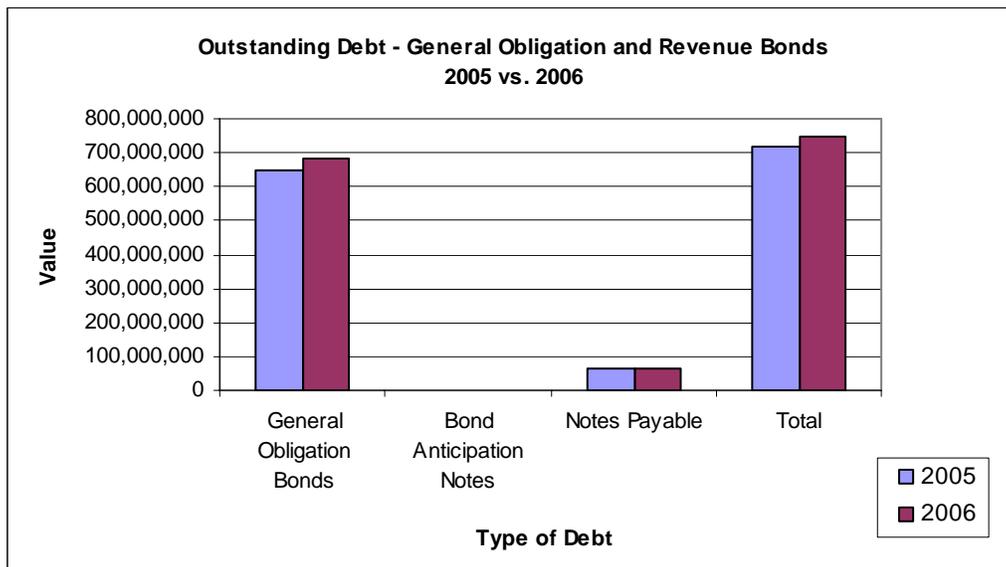
Major capital asset events during the current fiscal year included the following:

- ◆ 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 8 on pages 56-57 of this report.

**City of Bridgeport, Connecticut
Outstanding Debt
General Obligation Bonds and Notes**

	June 30, 2006			June 30, 2005		
	Government Activities	Business-Type Activities	Total	Government Activities	Business-Type Activities	Total
General Obligation Bonds	\$ 685,480,000	\$ -	\$ 685,480,000	\$ 649,033,000	\$ 652,000	\$ 649,685,000
Bond Anticipation Notes	-	-	-	-	-	-
Notes Payable	6,668,000	56,559,000	63,227,000	7,402,000	59,144,000	66,546,000
Totals	\$ 692,148,000	\$ 56,559,000	\$ 748,707,000	\$ 656,435,000	\$ 59,796,000	\$ 716,231,000



Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$685,480,000. 100% of this debt is backed by the full faith and credit of the City government.

The City's total debt increased by \$36.5 million during fiscal 2006.

Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Rating Group ("Standard & Poor's") and Fitch, Inc ("Fitch") have each assigned their municipal bond ratings of "Aaa", "AAA", and "AAA" respectively to the City with the understanding that there is an insurance policy insuring the payment when due of the principal and interest of the bonds. Moody's, Standard & Poor's and Fitch have assigned the underlying ratings for the City's uninsured general obligation debt as "Baa1", "A-" and "A-", respectively.

The overall statutory debt limit for the City is equal to seven times annual receipts from taxation or \$1.51 billion. As of June 30, 2006, the City recorded long-term debt of \$692.1 million related to Governmental Activities and \$56.6 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 10 on pages 59-63 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 2006, the unemployment rate for the Bridgeport Labor Market Area was 7.38%, down from 7.8% in the prior year. Connecticut's overall unemployment rate remains unchanged at 4.7%, compared with the same period for the previous year.

Requests for Information

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

Basic Financial Statements

CITY OF BRIDGEPORT, CONNECTICUT

STATEMENT OF NET ASSETS (DEFICITS)

June 30, 2006

	Governmental Activities	Proprietary Activities	Total*
Assets			
Current Assets:			
Cash and cash equivalents	\$ 139,778,789	\$ 1,912,595	\$ 141,691,384
Temporarily restricted cash and cash equivalents	2,500,000	-	2,500,000
Investments	1,968,722	-	1,968,722
Receivables, net of allowances for collection losses:			
Property taxes	38,300,557	-	38,300,557
Sewer user fees and liens	-	4,782,460	4,782,460
Federal and state governments	43,589,061	-	43,589,061
Other	7,927,447	412,778	8,340,225
Internal balances	5,788,036	(5,788,036)	-
Total current assets	239,852,612	1,319,797	241,172,409
Noncurrent:			
Temporarily restricted cash and cash equivalents	-	1,005,237	1,005,237
Deferred charges, net of accumulated amortization	18,660,717	-	18,660,717
Capital assets, not being depreciated	293,771,110	1,906,694	295,677,804
Capital assets, being depreciated, net of depreciation	190,563,662	124,692,011	315,255,673
Federal and state governments receivable	17,862,922	-	17,862,922
Pension assets	97,581,336	-	97,581,336
Other	1,250,000	-	1,250,000
Total noncurrent assets	619,689,747	127,603,942	747,293,689
Total assets	859,542,359	128,923,739	988,466,098
Liabilities			
Current Liabilities:			
Accounts payable and accrued expenses	49,427,195	1,650,949	51,078,144
Current maturities of long-term obligations	34,952,943	4,781,062	39,734,005
Claims incurred but not reported	6,408,788	-	6,408,788
Unearned revenues	20,415,170	-	20,415,170
Accrued interest payable	17,390,712	-	17,390,712
Deferred premium charges, net of accumulated amortization	1,250,858	-	1,250,858
Total current liabilities	129,845,666	6,432,011	136,277,677
Noncurrent liabilities:			
Due in more than one year	750,377,698	51,778,425	802,156,123
Total liabilities	880,223,364	58,210,436	938,433,800
Net assets (deficits)			
Investment in capital assets, net of related debt	127,514,772	70,239,858	197,754,630
Restricted for:			
Debt service and capital improvements	-	1,005,237	1,005,237
Permanent funds, expendable	108,681	-	108,681
Permanent funds, non-expendable	552,531	-	552,531
Self-insured claims	2,500,000	-	2,500,000
Unrestricted	(151,356,989)	(531,792)	(151,888,781)
Total net assets (deficits)	\$ (20,681,005)	\$ 70,713,303	\$ 50,032,298

The notes to the financial statements are an integral part of this statement.

* After internal receivables and payables have been eliminated.

CITY OF BRIDGEPORT, CONNECTICUT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2006

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating</u>	<u>Capital</u>	<u>Primary Government</u>		
			<u>Grants and Contributions</u>	<u>Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Primary government:							
Governmental activities:							
General government	\$ (41,722,180)	\$ 23,874,846	\$ 14,992	\$ -	\$ (17,832,342)	-	\$ (17,832,342)
Protection of person and property	(84,409,628)	4,476,760	4,380,797	-	(75,552,071)	-	(75,552,071)
Conservation of health	(18,690,534)	2,155,194	-	-	(16,535,340)	-	(16,535,340)
Public facilities	(23,565,756)	6,647,338	-	-	(16,918,418)	-	(16,918,418)
Education	(275,174,924)	1,423,341	210,955,679	36,550,562	(26,245,342)	-	(26,245,342)
Parks and recreation	(6,583,851)	1,726,183	-	-	(4,857,668)	-	(4,857,668)
Special services	(23,419,505)	178,938	20,301,961	-	(2,938,606)	-	(2,938,606)
Interest on long-term debt	(41,900,200)	-	-	-	(41,900,200)	-	(41,900,200)
Total governmental activities	(515,466,578)	40,482,600	235,653,429	36,550,562	(202,779,987)	-	(202,779,987)
Business-type activities:							
Water Pollution Control Authority	(22,869,459)	22,715,548	-	1,557,806	\$ -	1,403,895	1,403,895
Total primary government	\$ (538,336,037)	\$ 63,198,148	\$ 235,653,429	\$ 38,108,368	(202,779,987)	1,403,895	(201,376,092)
General revenues:							
Property taxes					210,007,626	-	210,007,626
Grants and contributions not restricted to specific programs					32,127,837	-	32,127,837
Unrestricted investment earnings					4,234,990	158,903	4,393,893
Total general revenues					246,370,453	158,903	246,529,356
Change in net assets					43,590,466	1,562,798	45,153,264
Net assets (deficits) - beginning					(64,271,471)	69,150,505	4,879,034
Net assets (deficits) - ending					\$ (20,681,005)	\$ 70,713,303	\$ 50,032,298

The notes to the financial statements are an integral part of this statement.

CITY OF BRIDGEPORT, CONNECTICUT

BALANCE SHEET - GOVERNMENT FUNDS

June 30, 2006

	General	Board of Education	Capital Bond Issue	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 23,241,725	\$ -	\$ 103,347,117	\$ 13,189,947	\$ 139,778,789
Restricted cash and cash equivalents	2,500,000	-	-	-	2,500,000
Investments	-	-	-	1,968,722	1,968,722
Receivables, net of allowances for collection losses:					
Property taxes	38,300,557	-	-	-	38,300,557
Intergovernmental	38,985,471	-	40,787	22,425,723	61,451,981
Other	5,923,856	-	1,730,549	1,532,055	9,186,460
Due from other funds	32,505,966	-	8,807,458	5,961,304	47,274,728
Total assets	141,457,575	-	113,925,911	45,077,751	300,461,237
Liabilities					
Accounts payable	19,545,713	-	4,229,204	7,659,501	31,434,418
Accrued liabilities	23,253,108	-	95,466	1,052,991	24,401,565
Due to other funds	13,379,198	-	16,358,113	11,758,393	41,495,704
Deferred revenues	54,655,261	-	-	-	54,655,261
Unearned revenues	1,809,768	-	1,997,842	16,607,560	20,415,170
Total liabilities	112,643,048	-	22,680,625	37,078,445	172,402,118
Fund balances:					
Reserved for:					
Encumbrances	1,627,588	-	109,093,081	22,907,892	133,628,561
Self-insured claims	2,500,000	-	-	-	2,500,000
Reserve for endowments- permanently restricted	-	-	-	661,212	661,212
Unreserved (deficit), reported in:					
General fund	24,686,939	-	-	-	24,686,939
Special revenue funds	-	-	-	(19,480,868)	(19,480,868)
Capital projects funds	-	-	(17,847,795)	3,911,070	(13,936,725)
Total fund balances	28,814,527	-	91,245,286	7,999,306	128,059,119
Total liabilities and fund balances	\$ 141,457,575	\$ -	\$ 113,925,911	\$ 45,077,751	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets, net of accumulated depreciation of \$183,753,552, purchased in governmental funds are reported as expenditures, however, the statement of net assets includes those capital assets among the assets of the City as a whole.	484,334,771
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	54,655,263
Pension assets	97,581,336
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(785,311,494)

Net assets (deficits) of governmental activities \$ (20,681,005)

The notes to the financial statements are an integral part of this statement.

CITY OF BRIDGEPORT, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
Year Ended June 30, 2006

	General	Board of Education	Capital Bond Issue	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 208,642,176	\$ -	\$ -	\$ -	\$ 208,642,176
Property tax delinquency fees	9,371,171	-	-	-	9,371,171
Intergovernmental	197,410,257	8,878,671	29,417,217	71,005,772	306,711,917
Fees, permits and licenses	20,727,139	-	-	-	20,727,139
Interest	1,551,477	-	2,327,555	289,980	4,169,012
Other	16,392,385	-	665,565	3,768,715	20,826,665
Total revenues	454,094,605	8,878,671	32,410,337	75,064,467	570,448,080
EXPENDITURES					
Current:					
General government	108,474,550	-	-	388,008	108,862,558
Protection of person and property	63,669,135	-	-	-	63,669,135
Conservation of health	11,213,885	-	-	4,873,978	16,087,863
Public facilities	24,471,281	-	-	8,550	24,479,831
Charities and hospitals	90,833	-	-	-	90,833
Education	-	175,808,309	-	49,068,715	224,877,024
Parks and recreation	5,818,319	-	-	-	5,818,319
Special services	1,581,508	-	-	21,310,995	22,892,503
Debt service:					
Principal retirements	25,044,218	-	-	647,000	25,691,218
Interest and other charges	43,428,693	-	3,186,560	406,317	47,021,570
Capital outlay	1,593,752	7,902,232	61,597,087	48,856	71,141,927
Total expenditures	285,386,174	183,710,541	64,783,647	76,752,419	610,632,781
Revenues over (under) expenditures	168,708,431	(174,831,870)	(32,373,310)	(1,687,952)	(40,184,701)
OTHER FINANCING SOURCES (USES)					
Transfers in	500,000	174,831,870	-	-	175,331,870
Transfers out	(174,831,870)	-	(500,000)	-	(175,331,870)
Payments to escrow agent	(34,330,000)	-	-	-	(34,330,000)
Bonds issued	36,525,000	-	59,210,000	-	95,735,000
Premiums (discounts) on bond issuance	(57,919)	-	953,158	-	895,239
Total other financing sources (uses)	(172,194,789)	174,831,870	59,663,158	-	62,300,239
Net change in fund balances	(3,486,358)	-	27,289,848	(1,687,952)	22,115,538
FUND BALANCES, beginning	32,300,885	-	63,955,438	9,687,258	105,943,581
FUND BALANCES, ending	\$ 28,814,527	\$ -	\$ 91,245,286	\$ 7,999,306	\$ 128,059,119

The notes to the financial statements are an integral part of this statement.

CITY OF BRIDGEPORT, CONNECTICUT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2006**

Amounts reported for governmental activities in the statement of activities are different because:

	Net change in fund balances – total governmental funds	\$ 22,115,538
	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	60,474,375
	Change in pension assets.	(4,544,898)
	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(10,539,522)
	The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(31,397,403)
	Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	7,482,376
	Change in net assets of governmental activities	\$ 43,590,466

The notes to the financial statements are an integral part of this statement.

CITY OF BRIDGEPORT, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN UNRESERVED FUND BALANCE -
 BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND
 Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Property taxes	\$ 208,364,907	\$ 207,314,907	\$ 218,013,348	\$ 10,698,441
Intergovernmental	195,012,643	192,236,999	190,849,413	(1,387,586)
Fees, permits and licenses	19,274,126	19,274,126	20,727,142	1,453,016
Interest	800,000	800,000	1,551,477	751,477
Other	16,756,848	16,822,586	16,392,384	(430,202)
Transfers in	2,864,450	2,864,450	500,000	(2,364,450)
Appropriation of fund balance - Revaluation	-	8,000,000	8,000,000	-
Total revenue and other financing sources	443,072,974	447,313,068	456,033,764	8,720,696
EXPENDITURES AND ENCUMBRANCES				
General government	108,040,834	106,278,326	110,239,359	(3,961,033)
Protection of person and property	57,452,197	60,952,197	63,676,681	(2,724,484)
Conservation of health	4,808,326	4,808,326	4,653,401	154,925
Public facilities	24,993,461	24,993,461	24,935,794	57,667
Charities and hospitals	171,383	171,383	90,832	80,551
Education	172,639,058	175,825,922	175,808,309	17,613
Parks and recreation	5,391,104	5,391,104	5,825,996	(434,892)
Special services	1,660,619	1,660,619	1,581,508	79,111
Debt service	67,899,267	67,215,005	66,335,830	879,175
Total expenditures and encumbrances	443,056,249	447,296,343	453,147,710	(5,851,367)
Revenue and other financing sources over expenditures and encumbrances	\$ 16,725	\$ 16,725	2,886,054	\$ 2,869,329
UNRESERVED FUND BALANCE, beginning			29,800,885	
Less appropriation of fund balance for budgetary presentation			(8,000,000)	
UNRESERVED FUND BALANCE, ending			\$ 24,686,939	

The notes to the financial statements are an integral part of this statement.

CITY OF BRIDGEPORT, CONNECTICUT

STATEMENT OF NET ASSETS - PROPRIETARY FUND

June 30, 2006

	Business Type Activity
	Enterprise Fund
	<u> </u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,912,595
Receivables, net of allowances for collection losses:	
Sewer user fees and liens	4,782,460
Other	412,778
Due from other funds	125,654
Total current assets	<u>7,233,487</u>
Noncurrent assets:	
Restricted cash and cash equivalents	1,005,237
Capital assets, net of accumulated depreciation	126,598,705
Total noncurrent assets	<u>127,603,942</u>
Total assets	<u>134,837,429</u>
LIABILITIES	
Current liabilities:	
Accrued liabilities	1,513,460
Due to other funds	5,913,690
Bond payable - current	137,489
Notes payable - current	4,781,062
Total current liabilities	<u>12,345,701</u>
Noncurrent liabilities:	
Notes payable	51,778,425
Total noncurrent liabilities	<u>51,778,425</u>
Total liabilities	<u>64,124,126</u>
NET ASSETS	
Invested in capital assets, net of related debt	70,239,858
Restricted for debt service and capital improvements	1,005,237
Unrestricted	(531,792)
Total net assets	<u>\$ 70,713,303</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BRIDGEPORT, CONNECTICUT

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

Year Ended June 30, 2006

	Business Type Activity
	Enterprise Fund
OPERATING REVENUES	
Sewer user fees	\$ 21,888,516
Recovery of doubtful accounts	43,350
Total operating revenues	<u>21,931,866</u>
OPERATING EXPENSES	
Operation and maintenance	16,080,834
Depreciation	5,688,066
Total operating expenses	<u>21,768,900</u>
Operating income	<u>162,966</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	158,903
Interest expense	(1,143,909)
Other income	827,032
Total nonoperating revenues (expenses)	<u>(157,974)</u>
Income before capital contributions	4,992
Capital contributions	<u>1,557,806</u>
Change in net assets	1,562,798
FUND NET ASSETS, beginning	<u>69,150,505</u>
FUND NET ASSETS, ending	<u><u>\$ 70,713,303</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BRIDGEPORT, CONNECTICUT

STATEMENT OF CASH FLOWS - PROPRIETARY FUND
Year Ended June 30, 2006

	Business Type Activity
	Enterprise Fund
Cash Flows From Operating Activities	
Receipts from customers and users	\$ 22,852,562
Payments to suppliers	(16,002,204)
Payments to employees	(910,181)
Net cash provided by operating activities	5,940,177
Cash Flows From Capital and Related Financing Activities	
Principal payments on debt	(5,316,857)
Interest paid on debt	(1,180,880)
Proceeds from notes payable	2,079,615
Proceeds received on capital grants	1,557,806
Purchase of capital assets	(3,781,410)
Net cash used in capital and related financing activities	(6,641,726)
Cash Flows from Non-Capital Activities	
Other income	827,032
Cash Flows From Investing Activities	
Interest received on investments	158,903
Net increase in cash and cash equivalents	284,386
Cash and Cash Equivalents	
Beginning	2,633,446
Ending	<u>\$ 2,917,832</u>
Reconciliation to Statement of Net Assets	
Cash and cash equivalents	\$ 1,912,595
Restricted cash and cash equivalents	1,005,237
	<u>\$ 2,917,832</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 162,966
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	5,688,066
Provision for collection losses	(43,350)
Changes in assets and liabilities:	
Increase in sewer user fees and liens	(211,668)
Decrease in other receivables	1,173,364
Decrease in due from other funds	12,197
Decrease in accrued expenses	(46,182)
Increase in due to other funds	(795,216)
Net cash provided by operating activities	\$ 5,940,177

The notes to the financial statements are an integral part of this statement.

CITY OF BRIDGEPORT, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

June 30, 2006

	<u>Pension Trust Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 8,164,160</u>
Investments, at fair value	
U.S. Government Agency Bonds	5,769,093
U.S. Government Security Bonds	9,094,727
Corporate Bonds	49,230,603
Common Stocks	222,577,149
Private Hedge Fund	26,473,860
Mutual Funds - Equities	49,830,972
International Bonds	237,171
Total investments	<u>363,213,575</u>
Due from City	9,012
Contributions receivable	<u>3,800,418</u>
Total assets	375,187,165
LIABILITIES	
Other liabilities	<u>426,900</u>
Net Assets Held in Trust for Pension Benefits	<u><u>\$ 374,760,265</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BRIDGEPORT, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
Year Ended June 30, 2006

	<u>Pension Trust Funds</u>
Additions	
Contributions	
Employer	\$ 5,651,835
Plan members	2,574,755
Annuity proceeds	<u>3,924,643</u>
Total contributions	<u>12,151,233</u>
Investment Income	
Net appreciation in fair value of investments	26,544,436
Interest and dividends	<u>6,862,364</u>
	33,406,800
Less investment expenses:	
Investment management fees	<u>(829,499)</u>
Net investment income	<u>32,577,301</u>
Total additions	44,728,534
Deductions	
Benefits	<u>36,156,955</u>
Change in net assets	8,571,579
Net Assets Held in Trust for Pension Benefits	
Beginning of year	<u>366,188,686</u>
End of year	<u><u>\$374,760,265</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

Note 1. Summary of Significant Accounting Policies

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, has 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.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets (deficits) 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.

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2006

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 and claims and judgments 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 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.

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2006

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.

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.

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2006

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. The majority of the City's investments are in the General Fund and Pension Trust Funds. The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

The balance of the pooled fixed income investments were invested in a pool similar to a 2a-7. The fair value of the position in the pool is the same as the value of the pool shares. These investments are stated at amortized cost.

The City also invests in hedge funds, commonly known as alternative investments. The City's investment policy allows for such investments. All assets are carried at fair value based upon the underlying assets of the funds. Losses are incurred only up to the assets invested.

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

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2006

incurred by the WPCA during the current fiscal year was approximately \$1,149,000. Of this amount, \$43,000 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:

Assets	Years
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. In the government-wide and proprietary fund financial statements, 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. A liability and an expenditure is recognized in the governmental fund financial statements only when payment is due. The liability is typically paid out of the general 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

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2006

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 reduces 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 (Deficit) – 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.

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

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 (deficit) - 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.

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

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets (deficits). One element of that reconciliation explains that “Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(785,311,494) difference are as follows:

Bonds and notes payable	\$ (692,148,000)
Deferred charges and premiums related to refunding	3,945,421
Accrued interest payable	(17,390,712)
Capital leases payable	(58,614)
Workers compensation, medical and litigation claims	(43,661,212)
Compensated absences	(33,254,305)
Net pension obligation	(2,465,872)
Landfill closure costs	(278,200)
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	\$ (785,311,494)

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$60,474,375 difference are as follows:

Capital outlay	\$ 70,210,174
Depreciation expense	(9,735,799)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$ 60,474,375

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$(31,397,403) difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds and notes	\$ (95,735,000)
Premiums, discounts, loss on refunding and issue costs	4,266,012
Principal repayments:	
General obligation debt and notes	25,691,218
Capital leases	50,367
Payment to escrow agent for refunding	34,330,000
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$ (31,397,403)

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.” The details of this \$7,482,376 difference are as follows:

Compensated absences	\$ 3,098,880
Workers compensation, medical and litigation claims	4,255,377
Accrued interest on bonds payable	549,537
Net change in other payables and accruals	148,423
Amortization of premiums, issue costs and gain on refunding	(569,841)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$ 7,482,376

Note 3. 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 have 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. Supplemental appropriations totaling \$4,240,094 were adopted during the year ended

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

June 30, 2006. 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, encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order or other commitment is issued and, accordingly, encumbrances outstanding at year-end are recognized in budgetary reports as expenditures of the current year. Generally, all unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the next year.

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

A reconciliation of General Fund operations and fund balance presented in the statement of revenues, expenditures and changes in fund balance and the amounts presented on the budgetary basis is as follows:

	Revenues and Transfers In	Expenditures and Transfers Out
Balance, GAAP basis fund financial statements	\$ 454,694,605	\$ 458,080,963
On-behalf payments, paid directly by the Department of Public Health to WIC recipients, not recognized for budgetary purposes	(6,560,841)	(6,560,841)
Appropriations of fund balance recognized as other financial source for budgetary purposes	8,000,000	-
Encumbrances		
June 30, 2005	-	-
June 30, 2006	-	1,627,588
Balance, budgetary basis	\$ 456,133,764	\$ 453,147,710

Classifications of certain revenues, expenditures and transfers in (out) under GAAP differ from classifications used for budgetary purposes.

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

During the year ended June 30, 2006, the following line items overexpended their appropriations:

	Final	Expenditures	Balance
	Appropriations	and	Overexpended
		Encumbrances	
Ash and garbage collection	\$ 6,317,211	\$ 6,552,000	\$ (234,789)
Beardsley Zoo	930,898	957,514	(26,616)
Board of Recreation	717,383	734,561	(17,178)
Building department	568,082	570,008	(1,926)
Chief administrative officer	224,804	229,254	(4,450)
City attorney	2,323,098	3,219,770	(896,672)
Civil service commission	556,953	581,192	(24,239)
Construction Division	-	309,467	(309,467)
Dental hygiene	295,650	307,559	(11,909)
Fire Department	21,430,087	22,313,703	(883,616)
Harbor master	58,550	58,775	(225)
Housing code enforcement	177,932	179,392	(1,460)
Instruction	112,811,829	112,867,484	(55,655)
Internal Audit	66,680	66,712	(32)
Labor relations	526,983	533,190	(6,207)
Mayor's Office	564,333	585,587	(21,254)
Municipal garage	1,349,961	1,448,524	(98,563)
Office for disabilities	-	872	(872)
Parks Department	2,612,985	3,481,834	(868,849)
Pensions	4,674,053	9,364,782	(4,690,729)
Police Department	39,426,649	41,300,825	(1,874,176)
Private school busing	1,867,278	2,005,629	(138,351)
Public health nursing	1,814,022	1,845,505	(31,483)
Registrar of Voters	377,842	401,634	(23,792)
Required reserve	3,286,298	3,429,182	(142,884)
Support services	36,844,140	36,939,841	(95,701)
Tax Collector	939,050	1,014,043	(74,993)

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.

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

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.

Note 4. Cash, Cash Equivalents and Investments

Deposits: The City has a policy that deposits can include demand and savings accounts and certificates of deposits. The City's custodial credit risk policy follows the State of Connecticut requirement that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio.

Investments: The investment and credit risk policies of the City conform to the policies as set forth by the State 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, banker's 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.

The City and the pension funds do not have a custodial credit risk policy for investments.

* Investments in the governmental funds are restricted to the investment types marked with an asterisk.

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

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 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:

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2006, \$81,981,978 of the City's bank balance of \$82,791,035 was uninsured and uncollateralized.

Investments: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

Cash and investments of the City consist of the following at June 30, 2006:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 83,600,419
State of Connecticut Short-Term Investment Fund	60,827,831
Tax Exempt Proceeds Fund	8,932,531
Total cash and cash equivalents	<u>153,360,781</u>
Investments	
Permanent Trust Fund	
Mutual Funds	88,217
U.S. Government Securities	464,314 *
	<u>552,531</u>
Special Revenue Fund	
U.S. Government Securities	1,416,191 *
	<u>1,416,191</u>
Pension Trust Funds:	
Private Hedge Fund	26,473,860
U.S. Government Agencies	5,769,093 *
Corporate Bonds	49,230,603 *
U.S. Government Securities	9,094,727 *
International Bonds	237,171 *
Common and Preferred Stocks	222,577,149 *
Mutual Funds	49,830,972
Total pension investments	<u>363,213,575</u>
Total investments	<u>365,182,297</u>
Total cash and investments	<u>\$ 518,543,078</u>

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

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

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

Statement of Net Assets	
Cash and cash equivalents	\$ 141,691,384
Restricted cash and cash equivalents	3,505,237
Investments	1,968,722
	<u>147,165,343</u>
 Fiduciary Funds:	
Cash and cash equivalents	8,164,160
Investments	363,213,575
	<u>371,377,735</u>
 Total cash and investments	 <u><u>\$ 518,543,078</u></u>

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the City's debt type investments to this risk using the segmented time distribution model is as follows:

Type of Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
U.S. Government Agencies	\$ 5,769,093	\$ 854,582	\$ 2,897,678	\$ 1,995,205	\$ 21,628
International Bonds	237,171	-	-	-	237,171
Pooled Fixed Income	69,760,362	69,760,362	-	-	-
Corporate Bonds	49,230,603	3,255,546	13,388,313	11,385,921	21,200,823
U.S. Government Securities	10,975,232	430,717	3,106,023	1,572,870	5,865,622
TOTAL	<u><u>\$ 135,972,461</u></u>	<u><u>\$ 74,301,207</u></u>	<u><u>\$ 19,392,014</u></u>	<u><u>\$ 14,953,996</u></u>	<u><u>\$ 27,325,244</u></u>

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

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.

Average Rating	Corporate Bonds	U.S. Government Agency Obligation	Pooled Fixed Income	International Bonds
AAA	\$ 16,090,803	\$ 2,580,150	\$ 60,827,831	\$ -
AA+	-	-	-	-
AA	894,466	-	-	-
AA-	1,604,931	-	-	-
A+	5,303,651	-	-	-
A	6,102,173	-	-	-
A-	2,147,760	-	-	-
BBB+	1,177,013	-	-	237,171
BB+	-	-	-	-
BB	-	-	-	-
BBB	880,621	-	-	-
BBB-	358,638	-	-	-
Unrated	14,670,547	3,188,943	8,932,531	-
	<u>\$ 49,230,603</u>	<u>\$ 5,769,093</u>	<u>\$ 69,760,362</u>	<u>\$ 237,171</u>

Cash and cash equivalents are restricted for the following uses at June 30, 2006:

General Fund

Self Insurance Programs \$ 2,500,000

Enterprise Fund

Debt Service and Capital Improvements 1,005,237

\$ 3,505,237

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

Note 5. Receivables – Fund Basis

Receivables at June 30, 2006 for the City’s individual major funds and nonmajor and fiduciary funds in aggregate, including the applicable allowances for collection losses, are as follows:

	General	Capital Bond Issue	Enterprise	Nonmajor and Other Funds	Totals
Property taxes	\$ 60,823,172	\$ -	\$ -	\$ -	\$ 60,823,172
Sewer user fees	-	-	8,167,722	-	8,167,722
Intergovernmental	38,985,471	40,787	-	22,425,723	61,451,981
Other	5,923,856	1,730,549	412,778	1,532,055	9,599,238
Total gross receivables	105,732,499	1,771,336	8,580,500	23,957,778	140,042,113
Allowance for collection losses	22,522,615	-	3,385,262	-	25,907,877
Total net receivables	\$ 83,209,884	\$ 1,771,336	\$ 5,195,238	\$ 23,957,778	\$ 114,134,236

Note 6. Interfund Accounts

As of June 30, 2006, amounts due from and to other funds were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 32,505,966	\$ 13,379,198
Capital Bond Issue	8,807,458	16,358,113
Special Revenue Funds		
Education Grants	1,358,746	-
Health and Sanitation	-	1,424,294
Community Development	250,155	-
Other Programs	2,602,930	653,035
Social Services	-	810,345
Community Development Block Grant	726,066	3,426,497
Home Program	155,580	1,597,734
Section 108 Loan Guarantee	35,477	1,501,392
Development Administration State Grant	-	1,315,139
Total Special Revenue Funds	5,128,954	10,728,436

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

	Due From Other Funds	Due To Other Funds
Capital Projects Funds		
Education and Library	-	199,025
Health and Sanitation	296,929	-
Parks and Recreation	17,674	-
Municipal Airport	125,020	-
Capital Reduction	392,635	-
Bond Issue	-	47,932
School Bond Issue	-	750,000
1997 Bond Issue	92	33,000
Total Capital Projects Funds	<u>832,350</u>	<u>1,029,957</u>
Enterprise Funds		
WPCA	<u>125,654</u>	<u>5,913,690</u>
Pension Trust Funds		
Public Safety Plan A	<u>9,012</u>	<u>-</u>
Total	<u>\$ 47,409,394</u>	<u>\$ 47,409,394</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, 2006 were as follows:

	Transfers in:		
	General Fund	Board of Education Fund	Totals
Transfers out:			
General Fund	\$ -	\$ 174,831,870	\$ 174,831,870
Capital Bond Issue Fund	500,000	-	500,000
	<u>\$ 500,000</u>	<u>\$ 174,831,870</u>	<u>\$ 175,331,870</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.

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

Note 7. Bulk Lien Sales

During the year ended June 30, 2006, the City executed a bulk sale of property tax liens and collected proceeds of \$5,513,236. 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.

Note 8. Capital Assets

Capital asset activity for the year ended June 30, 2006 was as follows:

	Beginning Balance	Additions/ Transfers	Disposals/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 103,330,867	\$ 9,814,330	\$ (2,124,877)	\$ 111,020,320
Construction in progress	128,767,731	53,983,059	-	182,750,790
Total capital assets, not being depreciated	<u>232,098,598</u>	<u>63,797,389</u>	<u>(2,124,877)</u>	<u>293,771,110</u>
Capital assets, being depreciated:				
Buildings and improvements	220,153,178	284,406	-	220,437,584
Machinery and equipment	15,651,709	3,032,200	(217,337)	18,466,572
Infrastructure	103,214,067	4,000,031	-	107,214,098
Vehicles	27,168,016	1,221,025	(190,081)	28,198,960
Total capital assets being depreciated	<u>366,186,970</u>	<u>8,537,662</u>	<u>(407,418)</u>	<u>374,317,214</u>
Less accumulated depreciation for:				
Buildings and improvements	82,420,913	4,496,508	-	86,917,421
Machinery and equipment	9,439,626	1,134,715	(217,337)	10,357,004
Vehicles	21,104,523	1,407,548	(190,081)	22,321,990
Infrastructure	61,460,109	2,697,028	-	64,157,137
Total accumulated depreciation	<u>174,425,171</u>	<u>9,735,799</u>	<u>(407,418)</u>	<u>183,753,552</u>
Total capital assets, being depreciated, net	<u>191,761,799</u>	<u>(1,198,137)</u>	<u>-</u>	<u>190,563,662</u>
Governmental activities capital assets, net	<u>\$ 423,860,397</u>	<u>\$ 62,599,252</u>	<u>\$ (2,124,877)</u>	<u>\$ 484,334,772</u>

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

	Beginning Balance	Additions/ Transfers	Disposal/ Transfers	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 5,859,441	\$ 2,855,930	\$ (6,808,677)	\$ 1,906,694
Capital assets, being depreciated:				
Buildings and improvements	97,835,231	62,718	(54,518)	97,843,431
Machinery and equipment	12,581,772	797,521	(51,455)	13,327,838
Distribution and collection systems	51,304,424	6,532,027	-	57,836,451
Vehicles	1,879,112	-	-	1,879,112
Total capital assets, being depreciated	163,600,539	7,392,266	(105,973)	170,886,832
Less accumulated depreciation for:				
Buildings and improvements	25,341,208	3,914,441	-	29,255,649
Machinery and equipment	5,721,282	741,824	(51,454)	6,411,652
Distribution and collection systems	7,798,200	937,151	-	8,735,351
Vehicles	1,697,519	94,650	-	1,792,169
Total accumulated depreciation	40,558,209	5,688,066	(51,454)	46,194,821
Total capital assets, being depreciated, net	123,042,330	1,704,200	(54,519)	124,692,011
Business-type activities capital assets, net	\$ 128,901,771	\$ 4,560,130	\$ (6,863,196)	\$ 126,598,705

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

Governmental Activities:	
General government	\$ 922,922
Protection of person and property	1,010,976
Conservation of health	10,565
Public facilities, including depreciation of general infrastructure assets	3,605,930
Education	3,705,571
Parks and recreation	479,835
Total depreciation expense – governmental activities	\$ 9,735,799
Business-type activities:	
WPCA	\$ 5,688,066

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
 June 30, 2006

Note 9. 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:

	Deferred Revenue	Unearned Revenue
General Fund:		
Taxes and accrued interest on delinquent property taxes	\$ 36,792,339	\$ 1,809,768
School construction receivable	17,862,922	-
Capital Bond Issue Fund:		
Grants	-	1,997,842
Nonmajor Funds:		
Grants	-	16,607,560
Total unavailable/unearned revenue for governmental funds	\$ 54,655,261	\$ 20,415,170

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

Note 10. Long-Term Debt and Subsequent Event

A summary of outstanding general long-term debt as of June 30, 2006 is as follows:

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 649,032,518	\$ 95,735,000	\$ 59,287,518	\$ 685,480,000	\$ 22,910,000
Notes payable	7,401,700	-	733,700	6,668,000	669,000
Deferred amounts:					
For issuance premium	15,043,655	1,085,650	1,414,009	14,715,296	1,250,858
Total bonds and notes payable	671,477,873	96,820,650	61,435,227	706,863,296	24,829,858
Capital leases	108,981	-	50,367	58,614	50,367
Claims and judgments	47,916,589	-	4,255,377	43,661,212	3,000,000
Compensated absences	36,353,185	877,690	3,976,570	33,254,305	8,313,576
Landfill closure costs	278,200	-	-	278,200	10,000
Net pension obligation	2,614,295	-	148,423	2,465,872	-
Governmental activity Long-term liabilities	\$ 758,749,123	\$ 97,698,340	\$ 69,865,964	\$ 786,581,499	\$ 36,203,801
Business-type activities:					
Bonds payable:					
General obligation bonds	\$ 652,475	\$ -	\$ 652,475	\$ -	\$ -
Notes payable	59,144,254	2,079,615	4,664,382	56,559,487	4,781,062
Business-type activity Long-Term liabilities	\$ 59,796,729	\$ 2,079,615	\$ 5,316,857	\$ 56,559,487	\$ 4,781,062

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

Notes payable

Notes payable as of June 30, 2006 include the following:

<i>Governmental Activities:</i>		
	Department of Housing and Urban Development Section 108 Loans, due in varying installments plus interest at 2.00% - 7.64%, through 2016	\$ 6,668,000
<i>Business-type Activities:</i>		
	Clean Water Program, due in varying installments, plus interest at 2%, through 2021	56,559,487
		\$ 63,227,487

General obligation bonds

As of June 30, 2006, the City had the following general obligation bonds outstanding:

General purpose, 4.0% to 8.6%	\$ 255,162,502
School, 4.0% to 9.5%	101,657,498
Pension, 6.9% to 7.6%	328,660,000
Total governmental activities	\$ 685,480,000

Prior Year's In-Substance Defeasance

In prior years, the City defeased various bond issues. As of June 30, 2006, the amount of defeased debt outstanding but removed from the governmental activities column of the statement of net assets amounted to \$177,265,000.

2006 General Obligation Bond - In-Substance Defeasance

On April 16, 2006, the City issued \$36,525,000 of general obligation refunding bonds with interest rates ranging from 5.5% to 6.0%, the proceeds of which were used to advance refund portions of the outstanding principal amounts of general obligation bonds of the City dated 1997, 2000, 2001, 2003 and 2004 (the "Refunding Bonds.") Of the net proceeds of \$36,467,081 (after payment of \$554,250 in underwriters fees and other costs), \$35,912,831 was placed in an irrevocable trust fund under an Escrow Agreement dated June 2006 between the City and the Escrow Holder. The Escrow Holder used the proceeds to purchase a portfolio of non-callable direct obligations of the United States of America ("Government Obligations.") The

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

Government Obligations will have maturities and interest rates sufficient to pay principal and interest payments and redemption premiums on the Refunding Bonds on the dates the payments are due.

This advance refunding was undertaken to reduce total debt service payments over the next 20 years by approximately \$465,000 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$909,000.

The balance in the escrow was approximately \$34,330,000 at June 30, 2006. The balance of the defeased bonds was approximately \$34,330,000 at June 30, 2006. As a result, the refunded bonds are considered defeased and the liability has been removed from the basic financial statements.

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

	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2007	\$ 23,579,000	\$ 42,474,277	\$ 66,053,277	\$ 4,781,062	\$ 1,120,667	\$ 5,901,729
2008	26,916,000	41,161,404	68,077,404	4,795,395	991,675	5,787,070
2009	29,604,000	39,583,048	69,187,048	4,795,395	895,767	5,691,162
2010	31,387,000	37,966,125	69,353,125	4,795,395	799,859	5,595,254
2011	31,338,000	37,872,558	69,210,558	4,783,966	703,952	5,487,918
2012	29,983,000	37,875,693	67,858,693	4,554,697	610,096	5,164,793
2013	29,931,000	36,191,828	66,122,828	4,447,531	520,100	4,967,631
2014	29,224,000	34,364,224	63,588,224	4,278,153	432,706	4,710,859
2015	29,933,000	32,275,639	62,208,639	4,243,023	347,728	4,590,751
2016	30,501,000	30,104,834	60,605,834	4,222,427	263,305	4,485,732
2017	32,222,000	27,831,770	60,053,770	2,621,276	192,162	2,813,438
2018	31,435,000	25,478,863	56,913,863	2,300,244	144,136	2,444,380
2019	33,380,000	23,034,350	56,414,350	2,145,416	98,777	2,244,193
2020	35,455,000	20,477,270	55,932,270	1,990,588	58,062	2,048,650
2021	28,590,000	18,269,727	46,859,727	522,407	30,485	552,892
2022	30,375,000	16,487,410	46,862,410	388,936	22,484	411,420
2023	26,695,000	14,716,318	41,411,318	383,842	13,734	397,576
2024	28,435,000	12,970,998	41,405,998	202,306	9,936	212,242
2025	26,430,000	11,190,576	37,620,576	187,460	4,461	191,921
2026	25,675,000	9,432,438	35,107,438	112,092	1,303	113,395
2027	22,545,000	7,720,984	30,265,984	7,876	13	7,889
2028	24,270,000	5,998,546	30,268,546	-	-	-
2029	26,125,000	4,144,318	30,269,318	-	-	-
2030	28,120,000	2,148,368	30,268,368	-	-	-
Total	\$ 692,148,000	\$ 569,771,566	\$ 1,261,919,566	\$ 56,559,487	\$ 7,261,408	\$ 63,820,895

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

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, 2006 was approximately \$3,292,000. Additional principal and interest reimbursements approximating \$25,300,000 are expected to be received through the bonds' maturity dates.

Capital lease obligations

Property and equipment, which is carried at approximately \$64,000 (net of accumulated amortization of approximately \$251,000) in the Governmental activities, are being acquired under capital lease arrangements.

Future minimum lease payments under capital leases are as follows:

	Governmental Funds
2007	\$ 53,229
2008	10,695
	63,924
Less amount representing interest	5,310
	\$ 58,614

Legal Debt Limit

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

Category	Debt Limit	Indebtedness	Balance
General purpose	\$ 486,771,325	\$ 307,870,349	\$ 178,900,976
Unfunded Pension Benefit Obligation	\$ 649,028,433	\$ 418,660,000	\$ 230,368,433
Schools	\$ 973,542,650	\$ 162,276,197	\$ 811,266,453
Sewers	\$ 811,285,541	\$ 56,559,487	\$ 754,726,054
Urban renewal	\$ 703,114,136	\$ -	\$ 703,114,136

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$1,514,399,677. All long-term debt obligations are retired through General Fund appropriations or user charges.

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

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

General purpose	\$ 52,707,847
Unfunded pension benefit obligation	90,000,000
Schools	60,618,699
	<u>\$ 203,326,546</u>

Subsequent Event

On July 10, 2006, the City issued a tax anticipation note in the amount of \$20,000,000 including a premium of \$20,400 to fund cash flows for operating expenses. The notes mature on September 15, 2006 with an interest rate of 3.9%.

Note 11. Commitments and Contingencies

The City is a defendant in various lawsuits including personal injury, wrongful death, property damage, civil rights violations and other miscellaneous claims. For certain of these cases, where it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated, a loss contingency of approximately \$981,000 has been accrued. For certain other cases, where there is a reasonable possibility that a loss has been incurred, the City estimates its possible exposure could be \$1.6 to \$7.9 million, however, a loss contingency has not been accrued. Based upon the advice of the City Attorney and other legal counsel, management believes that the ultimate resolution of these matters will not have a material adverse effect on the financial position of the City.

During the year ended June 30, 1993, several individual plaintiffs alleging Indian tribal status as the Golden Hill Paugussett Tribe of Indians ("Tribe") filed a civil action in the United States District Court against the State of Connecticut, the City and various other parties. The action sought to restore the alleged Tribe to possession of certain aboriginal and reservation lands in the City which were allegedly taken in violation of the common law. The plaintiffs demanded a declaration of right of possession, award for rents and profits, attorney's fees, costs and other appropriate relief. The Federal District Court dismissed the case for lack of standing to sue, because the plaintiffs had not received Federal Bureau of Indian Affairs ("BIA") tribal recognition. The plaintiffs appealed to the Second Circuit Court of Appeals, and in October 1994 the case was remanded to the District Court and action stayed on the land claims pending BIA determination of the Federal tribal status of the plaintiffs. On September 17, 1996 the BIA issued its final decision denying Federal recognition to the alleged Tribe. The alleged Tribe has appealed the decision of the BIA, which has reheard the matter and its decision is pending. In April 1998, the District Court dismissed the Tribe's claim based upon the BIA's decision. The Tribe filed a Request for Reconsideration alleging the dismissal was premature due to the pendency of its appeal of the BIA's decision. On or about September 17, 1999, the Deputy Assistant Secretary – Indian Affairs, issued a Reconsidered Final Determination, ordering full evaluation of the documented petition of the Golden Hill Paugussetts under all seven mandatory

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2006

criteria for Federal (tribal status) acknowledgement. Full evaluation by the BIA is not final, although initial indications are encouraging that the Tribe will not satisfy federal tribal status criteria. In the event that the Tribe is granted Federal recognition, it must in addition satisfy a significant number of other legal requirements in order to prevail on its land claim for a substantial number of acres of land in and around the downtown area of the City.

In December 2006, the U.S. District Court Honorable Judge Janet Arderton presiding, dismissed the case on the grounds of "lack of tribal status." The plaintiffs have threatened to appeal to the 2nd Circuit Court of Appeals. The likelihood of success on such an appeal, if filed, is judged remote.

In addition to the reasonably possible matters discussed in the first paragraph of this Note, the City and several elected and appointed officials were named in a suit brought by the former preferred developer of the Steel Point Project, Conroy Development Co. ("Conroy"), seeking damages of at least \$105 million in the summer of 2001. 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 pending federal investigation (See Note 18). Defendants filed a motion to dismiss which has been granted by the court. The time within which Conroy may attempt to file a legally sufficient amended complaint has not yet expired. Defendants' Motion to Dismiss was granted by the Court on September 23, 2003. Plaintiff did not timely file its amended complaint in Federal Court on or before October 23, 2003. Rather, the plaintiff filed a new lawsuit in State court seeking damages of \$105 million based upon similar state claims. The state lawsuit dropped the former City CAO and OPED Director as defendants and has been assigned to the complex litigation docket. Defendants anticipate filing appropriate motions to dismiss.

On or about January 14, 2004, Conroy filed a related complaint against the City of Bridgeport 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 or denied in part. The pleading and discovery phase of this case continues with trial presently scheduled for February 2008.

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 \$960,000 during the year ended June 30, 2006, 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.

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

A subsidy of \$300,000 was received for the year ended June 30, 2006. 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.

Lease Commitments

The City is committed under various operating leases for real estate, vehicles and office and data processing equipment. Lease expenditures for the year ended June 30, 2006 totaled approximately \$220,000. Future minimum lease payments under these agreements are due as follows:

	Year Ending		
	June 30,		
	2007		\$ 77,183
	2008		43,039
	2009		47,857
	2010		32,936
			\$ 201,015

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 \$160,000,000. Currently, the WPCA has signed contracts approximating \$149,000,000 relating to these consent decrees. As of June 30, 2006, approximately \$147,000,000 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 eight years. Funding for these improvements is being provided by the State of Connecticut's Clean Water Fund in the form of loans and

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2006

grants. As of June 30, 2006, the State is committed to providing the WPCA additional funding in the form of loans and grants of approximately \$8,000,000 and \$2,300,000, respectively.

Municipal Solid Waste Service Agreement

The City has entered into a municipal solid waste service agreement, as amended (the "service agreement") with the Connecticut Resources Recovery Service Authority (the "Authority") pursuant to which it participates with seventeen other Connecticut Municipalities (the eighteen constituting the "Contracting Municipalities"), in the Greater Bridgeport Resources Recovery System (the "System").

Under the service agreement, the City is required to deliver, or cause to be delivered, to the System solid waste generated within its boundaries up to its minimum commitment of 67,000 tons per year and to pay a uniform per ton disposal service payment (the "service payment"). The current fee is \$63 and \$58.90 per ton for commercial and residential, respectively, plus a fixed monthly charge of \$64,167. The aggregate minimum commitment of the eighteen Contracting Municipalities is 400,000 tons per year. The City's service payment commitment is a "put-or-pay" commitment, in that if the aggregate minimum commitment of the Contracting Municipalities is not met by the total deliveries of all the Contracting Municipalities in any year, the City must pay the service payment for its proportionate share of the shortfall of the aggregate minimum commitment (even if it did deliver its full portion).

Service payments shall be payable so long as the System is accepting solid waste delivered by or on behalf of the City, whether or not such solid waste is processed at the facility. The City has pledged its full faith and credit to the payment of service payments and has also agreed to enforce or levy and collect all taxes, cost sharing or other assessments or charges and take all such other action as may be necessary to provide for the payment of the service payments.

If any Contracting Municipality shall default in the payment of any service payments, the other Contracting Municipalities shall pay their share of the amounts unpaid by the nonpaying Contracting Municipality.

Note 12. 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

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2006

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 4.75% of covered payroll. The City's contributions for the years ending June 30, 2006, 2005 and 2004 were \$4,749,000, \$3,367,000 and \$2,544,000, respectively, equal to the required contributions for each year.

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

State Teachers' Retirement System

The faculty and professional personnel of the Board of Education participate in a multiple employer cost sharing contributory defined benefit plan, established under Chapter 167a 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 State of Connecticut Teachers' Retirement Board, 21 Grand Street, Hartford, CT 06105.

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

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2006

State of Connecticut. Such on-behalf payments were approximately \$13,407,000 for the year ended June 30, 2006.

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 excludes the plan assets and pension obligations covered by the above mentioned annuity contract. For the year ended June 30, 2006, approximately \$3,925,000 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 A Trust assets exceed the present value of accrued Plan benefits (\$353,022,000 based on the July 1, 2005 actuarial valuation) or 2) the amount of the Plan A Trust assets in excess of 110% of the present value of accrued Plan benefits.

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

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	962	66	29	56
Terminated employees entitled to future benefits	-	16	5	-
Current employees:				
Fully vested	73	321	264	1
Non-vested	-	78	-	-
Total number of participants	<u>1,035</u>	<u>481</u>	<u>298</u>	<u>57</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 compensation for each year of service, up to 33 years plus 1% 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

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

Provisions of Pension Plans	Public Safety Plan A	Police Plan B	Firefighters' Plan B	Janitors' and Engineers' Retirement Fund
Obligation to contribute in accordance with funding policy:				
Employee	8% of earnings	6% of earnings	6% of earnings	5% of earnings
Employer	\$68,094 (Normal Cost)	\$3,047,362	\$1,643,807	"Pay as you go"
Authority under which benefit provisions established	Contract negotiation	Contract negotiation	Contract negotiation	Contract negotiation
<u>Funding Status and Progress</u>				
Date of actuarial valuation	July 1, 2005	July 1, 2005	July 1, 2005	July 1, 2004
Significant actuarial assumptions				
• Investment rate of return	8.25%	8.25%	8.25%	8.25%
• Projected annual salary increases	3.5%	3.5%	3.5%	4.0%
• Post retirement benefit increases	3.0%	Adjusted in proportion to 50% of the change in compensation level	3.0%	3.5%
• including inflation of	3.0%	3.0%	3.0%	3.5%
• Disability Rate:				None
Age 20	.05%	.05%	.05%	
30	.05%	.05%	.05%	
40	.09%	.09%	.09%	
50	.40%	.40%	.40%	
60	1.74%	1.74%	1.74%	
Actuarial asset valuation method	Recognize 20% of income > 8.25% per yr. Asset smoothing plus/minus 20% of the difference between expected actuarial value and market value.	Asset smoothing plus/minus 20% of the difference between expected actuarial value and market value.	Asset smoothing plus/minus 20% of the difference between expected actuarial value and market value.	Fair value
Funding Policy	Actuarial, Normal Cost	Actuarial, based on valuation when available	Actuarial, based on valuation when available	"Pay as you go"

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

Provisions of Pension Plans	Public Safety Plan A	Police Plan B	Firefighters' Plan B	Janitors' and Engineers' Retirement Fund
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Projected unit credit cost
Amortization method	Level payments for unfunded liability	Level payments for unfunded liability	Payments for remaining unfunded/ (overfunded) liability	Level Dollar Amount Closed
Period for amortizing any unfunded actuarial liability	33 years	13 years	13 years	34 years
Authority under which contributions are established	City Council	City Council	City Council	City Council

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

	Public Safety Plan A	Janitors' and Engineers' Retirement Fund
Annual required contribution	\$ 6,472,954	\$ 938,872
Interest on net pension obligation	(8,141,771)	215,679
Adjustment to annual required contribution	8,843,022	(235,947)
Annual pension cost	7,174,205	918,604
Contributions made	68,094	1,067,027
Increase (decrease) in net pension obligation	7,106,111	(148,423)
NET PENSION OBLIGATION (ASSET)		
Beginning of year	(98,688,130)	2,614,295
End of year	\$ (91,582,019)	\$ 2,465,872

	Police Plan B	Firefighters' Plan B
Annual required contribution	\$ 3,047,362	\$ 1,643,807
Interest on net pension obligation	(332,862)	(204,361)
Adjustment to annual required contribution	542,297	332,944
Annual pension cost	3,256,797	1,772,390
Contributions made	2,986,877	1,529,837
Increase (decrease) in net pension obligation	269,920	242,553
NET PENSION OBLIGATION (ASSET)		
Beginning of year	(2,235,151)	(2,477,102)
End of year	\$ (1,965,231)	\$ (2,234,549)

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

TREND INFORMATION

Fiscal Year	Annual Pension Cost (APC) (\$000)	Percentage of APC Contributed	Net Pension Obligation (Asset) (\$000)
Public Safety Plan A			
Plan A:			
2006	\$ 7,174	0.9%	\$ (91,582)
2005	5,317	0.9%	(98,688)
2004	5,055	2.6%	(103,955)
Police Retirement			
Plan B:			
2006	\$ 3,257	91.7%	\$ (1,965)
2005	3,190	32.1%	(2,235)
2004	2,837	97.3%	(4,402)
Firefighters' Retirement			
Plan B:			
2006	\$ 1,772	86.3%	\$ (960)
2005	1,678	12.0%	(1,203)
2004	1,267	93.4%	(2,679)
Janitors' and Engineers' Retirement Plan:			
2006	\$ 918	116.2%	\$ 2,466
2005	919	114.8%	2,614
2004	1,015	99.8%	2,750

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

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
2006	\$ 6,473	1.1%	\$ 939	113.6%
2005	4,645	1.1%	939	112.4%
2004	4,402	3.0%	1,033	98.1%

Year Ended June 30,	Police Retirement Plan B		Firefighters' Retirement Plan B	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2006	\$ 3,047	98.0%	\$ 1,644	93.1%
2005	2,989	34.2%	1,556	13.0%
2004	2,655	104.0%	1,155	102.4%

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
 June 30, 2006

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL)	(Under)/Over Funded AAL (UAAL)/OAAL	Funded Ratio %	Covered Payroll	(UAAL)/OAAL as a Percentage of Covered Payroll
<i>Public Safety Plan A</i>						
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
July 1, 2003	303,816	351,964	(48,148)	86.3	5,538	869.5
<i>Police Retirement Plan B</i>						
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
July 1, 2003	60,903	67,191	(6,288)	90.7	20,733	30.3
<i>Firefighters' Retirement Plan B</i>						
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
July 1, 2003	39,637	39,717	(80)	99.8	12,872	0.6
<i>Janitors' and Engineers' Retirement Plan</i>						
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	-
July 1, 2001	3	*	*	*	*	*
July 1, 2000	3	9,895	(9,892)	0.1	160	6,182.5

* Information not available.

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

SCHEDULE OF PLAN NET ASSETS
JUNE 30, 2006

	Public Safety			Janitors' and	
	Investment and	Police	Firefighters'	Engineers'	
	Pension Trust	Retirement		Retirement	
	Plan A	Plan B	Plan B	Plan	Totals
ASSETS					
Cash and cash equivalents	\$ 1,422,436	\$ 4,157,969	\$ 2,580,322	\$ 3,433	\$ 8,164,160
Investments, at fair value					
U.S. Government Agency Bonds	-	2,929,125	2,839,968	-	5,769,093
U.S. Government Security Bonds	2,298,573	5,253,586	1,542,568	-	9,094,727
Corporate Bonds	26,166,941	15,889,997	7,173,665	-	49,230,603
Common Stocks	156,856,482	33,829,213	31,891,454	-	222,577,149
Private Hedge Fund	26,473,860	-	-	-	26,473,860
Mutual Funds - Equities	29,729,285	19,444,472	657,215	-	49,830,972
International Bonds	237,171	-	-	-	237,171
Total investments	241,762,312	77,346,393	44,104,870	-	363,213,575
Due from other funds	9,011	-	-	-	9,011
Contributions receivable	311,436	2,568,140	920,842	-	3,800,418
Total assets	243,505,195	84,072,502	47,606,034	3,433	375,187,164
LIABILITIES					
Other liabilities	426,899	-	-	-	426,899
Net Assets Held in Trust					
for Pension Benefits	\$ 243,078,296	\$ 84,072,502	\$ 47,606,034	\$ 3,433	\$ 374,760,265

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

SCHEDULE OF CHANGES IN
PLAN NET ASSETS
YEAR ENDED JUNE 30, 2006

	Public Safety			Janitors' and	
	Plan A	Police	Firefighters'	Engineers'	
	Investment and	Retirement		Retirement	
	Pension Trust	Plan B	Plan B	Plan	Totals
Additions					
Contributions					
Employer	\$ 68,094	\$ 2,986,877	\$ 1,529,837	\$ 1,067,027	\$ 5,651,835
Plan members	343,355	1,433,053	798,347	-	2,574,755
Annuity proceeds	3,924,643	-	-	-	3,924,643
Total contributions	4,336,092	4,419,930	2,328,184	1,067,027	12,151,233
Investment Income					
Net appreciation in fair value of investments	20,051,894	3,509,648	2,982,894	-	26,544,436
Interest and dividends	3,461,816	2,342,034	1,058,394	120	6,862,364
	23,513,710	5,851,682	4,041,288	120	33,406,800
Less Investment Expenses:					
Investment management fees	(829,499)	-	-	-	(829,499)
	22,684,211	5,851,682	4,041,288	120	32,577,301
Total additions	27,020,303	10,271,612	6,369,472	1,067,147	44,728,534
Deductions					
Benefits	31,930,627	2,109,926	1,049,255	1,067,147	36,156,955
Change in net assets	(4,910,324)	8,161,686	5,320,217	-	8,571,579
Net Assets Held in Trust for Pension Benefits					
Beginning of year	247,988,620	75,910,816	42,285,817	3,433	366,188,686
End of year	\$ 243,078,296	\$ 84,072,502	\$ 47,606,034	\$ 3,433	\$ 374,760,265

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

Note 13. Other Postemployment Benefits

In accordance with various collective bargaining agreements, the City also provides postretirement health care benefits, including supplemental Medicare benefits, to all employees who retire from the City, generally on or after attaining age 35 to 60 with at least 15 to 25 years of service, dependent upon the particular collective bargaining agreement. Currently, approximately 3,600 retirees meet these eligibility requirements. Expenditures for postretirement health care benefits are recognized and funded on a partially contributory basis as set forth in the collective bargaining agreements and approximated \$23,864,000 for the year ended June 30, 2006 (see Note 19).

Note 14. 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 \$278,200 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, 2006. 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 non-hazardous waste portion of the landfill is not subject to any federal, state or local laws and regulations requiring closure or postclosure care.

Note 15. 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 General Fund. The City estimates a liability for workers' compensation claims payable and for claims incurred but not reported based on an actuarial

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

valuation. This is accounted for in the governmental activities of the government-wide statements.

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 3,500 active employees and 3,500 retirees receive their health coverage through this plan. Payments related to these claims are made by an outside administrator under an administrative services contract and are accounted for in the General 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.

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:

			Current Year		
		Beginning of	Claims and		
		Fiscal Year	Changes in	Claim	End of Fiscal
		Liability	Estimates	Payments	Year Liability
	2005	\$ 62,045,079	\$ 66,036,204	\$ 74,004,664	\$ 54,076,619
	2006	\$ 54,076,619	\$ 71,379,804	\$ 75,386,423	\$ 50,070,000

The current portion of claims incurred but not reported is \$6,409,000 as of June 30, 2006. The remaining liability of \$43,661,212 is recorded as long-term obligations.

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

Note 16. Fund Deficits

The following funds have fund deficits as of June 30, 2006:

Special Revenue	
Home Program	\$ (1,103,882)
Development Administration State Grant	(460,925)
Health and Sanitation	(1,386,263)
Parks and Recreation	(29,191)
Social Services	(792,699)

The City anticipates eliminating the fund deficit through future grants and revenues.

Note 17. Conduit Debt

The City issued Senior Living Facility Revenue Bonds, pursuant to a Trust Indenture dated April 1, 2005, to finance various senior living facility projects. The bonds will be payable solely from certain funds and accounts of the facility and held by the Trustee and payments made by the Institution under the Loan Agreement. The City is not obligated in any manner for repayment of this debt and, accordingly, it is not reported as a liability in the accompanying financial statements. The aggregate amount of all outstanding conduit debt obligations at June 30, 2006 was \$43,500,000.

Note 18. Federal Investigations

During 2001, the City learned that certain persons and business entities were subjects of a federal criminal investigation. Nine individuals, including a former employee of the City, and a business entity pleaded guilty to various charges arising out of this investigation and the former mayor was convicted by a federal jury. These guilty pleas and convictions should not have a material adverse impact on the City's financial statements. The City Attorney understands that grand jury proceedings continue. However, because of the nature of grand jury activities, little is known about the focus and extent of its ongoing activities.

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006

Note 19. Pronouncements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have future effective dates that will impact future financial presentations.

Management has not currently determined the impact adoption of the following statements will have on the financial statements:

- ◆ GASB Statement No. 43, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,” issued April 2004, will be effective for the City beginning with the year ended June 30, 2007. This Statement establishes uniform financial reporting standards for OPEB (other postemployment benefits) and supersedes the interim guidance included in Statement No. 26, “Financial Reporting for Postemployment Healthcare Plans Administered by Defined Benefit Pension Plans.”
- ◆ GASB Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,” issued June 2004, will be effective for the City beginning with the year ending June 30, 2008. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits, expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports.
- ◆ Additionally, the Governmental Accounting Standards Board issued Statement Number 48, “Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues,” in September 2006, which will be effective for the City beginning with the year ending June 30, 2008. This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also provides disclosure requirements for a government that pledges or commits future cash flows from a specific revenue source. In addition, this Statement establishes accounting and financial reporting standards for intra-entity transfers of assets and future revenues.

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Supplementary Information

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED FUND BALANCE -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2006**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
PROPERTY TAXES				
Current taxes	\$ 194,334,907	\$ 194,334,907	\$ 202,659,104	\$ 8,324,197
Interest - current	1,800,000	1,500,000	1,929,058	429,058
Arrears - principal	9,450,000	8,700,000	9,371,171	671,171
Arrears - interest	2,700,000	2,700,000	3,810,726	1,110,726
Lien fees	80,000	80,000	243,289	163,289
Total property taxes	208,364,907	207,314,907	218,013,348	10,698,441
INTERGOVERNMENTAL				
Elderly exemption refund	685,592	685,592	792,760	107,168
Elderly freeze program	129,278	129,278	83,790	(45,488)
DCA tax abatement	139,000	139,000	117,479	(21,521)
Distressed municipalities	265,368	265,368	131,295	(134,073)
Education cost sharing	145,284,258	146,708,614	145,659,355	(1,049,259)
School construction refunds	3,292,086	3,292,086	3,302,635	10,549
Transportation - elementary	3,118,809	3,118,809	3,251,000	132,191
Aid to non-public schools	212,423	212,423	255,433	43,010
Town aid roads	649,192	649,192	747,657	98,465
Legally blind	150,000	150,000	332,742	182,742
PILOT	2,419,500	2,719,500	2,666,317	(53,183)
Miscellaneous PILOTs	197,000	197,000	498,278	301,278
PILOT/entitlements state aid	4,500,000	-	-	-
Tax exempt colleges and hospitals	9,534,477	9,534,477	9,988,123	453,646
Breakfast program				
State	203,804	203,804	170,125	(33,679)
Federal	1,772,104	1,772,104	1,788,024	15,920
Nutrition Center				
Federal	7,303,789	7,303,789	7,370,722	66,933
State	176,681	176,681	167,806	(8,875)
Mashantucket Pequot funds	9,704,904	9,704,904	9,515,973	(188,931)
Manufacturing Machinery & Equipment	1,117,092	1,117,092	857,397	(259,695)
Beardsley Zoo subsidy	400,000	400,000	300,000	(100,000)
State owned property	3,757,286	3,757,286	2,852,502	(904,784)
Total intergovernmental	195,012,643	192,236,999	190,849,413	(1,387,586)
FEEES, PERMITS AND LICENSES				
<u>Parks and Recreation</u>				
Golf course revenues	1,800,000	1,800,000	1,442,903	(357,097)
Wonderland of Ice	38,571	38,571	36,000	(2,571)
Parking in parks	165,000	165,000	134,343	(30,657)
Kennedy Stadium	5,200	5,200	-	(5,200)
Leases/W.I.C.C.	10,500	10,500	-	(10,500)

(Continued)

CITY OF BRIDGEPORT, CONNECTICUT

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED FUND BALANCE -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND, Continued
Year Ended June 30, 2006**

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
<u>Parks and Recreation, Continued</u>				
Flea market/ballfield	23,500	5,500	-	(5,500)
Miscellaneous		18,000	7,500	(10,500)
Wentfield park	2,000	2,000	-	(2,000)
Apartment rental	5,000	5,000	1,625	(3,375)
Fairchild Wheeler restaurant	50,000	50,000	50,000	-
City concessions	500	500	-	(500)
Total parks and recreation	2,100,271	2,100,271	1,672,371	(427,900)
<u>Building Department</u>				
Building permits	1,471,500	1,471,500	2,443,898	972,398
Sign permits	6,000	6,000	13,168	7,168
Certificate of occupancy fees	250	250	367	117
Total building department	1,477,750	1,477,750	2,457,433	979,683
<u>Police Department</u>				
Traffic violations	1,350,000	1,350,210	938,629	(411,581)
Photocopy fees	175,210	175,000	46,828	(128,172)
Outside overtime	2,093,770	2,093,770	1,832,226	(261,544)
Overtime surcharge	652,600	652,600	494,983	(157,617)
Housing authority	500,000	500,000	285,000	(215,000)
Reclaimed dog fees	2,410	1,700	2,539	839
Vendor annual registration fees	20,000	20,000	26,585	6,585
Towing fines	135,000	135,000	110,277	(24,723)
Alarms	42,500	42,500	63,648	21,148
Ordinance violations	5,000	5,000	702	(4,298)
Block party permits	1,500	1,500	8,926	7,426
Total police department	4,977,990	4,977,280	3,810,343	(1,166,937)
<u>Public Facilities</u>				
Dump license fees	25,000	25,000	20,800	(4,200)
Commercial dump fees	188,195	188,195	137,447	(50,748)
Street excavation license	39,850	39,850	41,024	1,174
Public facility enforcement	10,000	10,000	20,200	10,200
Sewer permits	13,100	13,100	860	(12,240)
CRRA host revenue	290,000	290,000	290,000	-
Sidewalk repairs	1,000	1,000	325	(675)
Public works road repair	4,020	4,020	-	(4,020)
Parking	146,000	146,710	194,341	47,631
Congress Plaza	42,000	42,000	(8,812)	(50,812)
Annual rent	450,000	450,000	454,029	4,029
PILOT	250,000	250,000	250,000	-
Parking meters	335,000	335,000	304,021	(30,979)

CITY OF BRIDGEPORT, CONNECTICUT

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED FUND BALANCE -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND, Continued
Year Ended June 30, 2006**

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
<u>Public Facilities, Continued</u>				
Engineering map sales	4,300	4,300	4,751	451
Contractors license	18,300	18,300	5,575	(12,725)
Vendor registration license	200,000	200,000	249,761	49,761
Payphone application	1,000	1,000	-	(1,000)
Bluefish parking	50,000	50,000	-	(50,000)
Zoning appeals fees	20,000	14,180	27,140	12,960
Tavern zoning permits	49,730	55,550	92,965	37,415
Total public facilities	2,137,495	2,138,205	2,084,427	(53,778)
<u>Finance</u>				
Comptroller Copies/Books/Miscellaneous	555,000	555,000	2,473,737	1,918,737
Comptroller Court Fine	5,500	5,500	5,946	446
Information Technology Services	2,525	2,525	219	(2,306)
Revenue initiative	600,000	600,000	-	(600,000)
Total finance	1,163,025	1,163,025	2,479,902	1,316,877
<u>Civil Service</u>				
Label/Admin fees	25,800	25,800	25,561	(239)
<u>Town Clerk</u>				
Dog licenses	20,000	20,000	22,300	2,300
Fishing licenses	24,000	24,000	20,153	(3,847)
Combination licenses	5,000	1,000	1,248	248
Hunting licenses	1,000	5,000	3,412	(1,588)
Liquor licenses	700	700	830	130
Town Fund	20,000	20,000	24,298	4,298
Notaries/late fees	3,000	3,000	4,055	1,055
Agreements	41,885	41,885	-	(41,885)
Assignments	3,575,000	3,575,000	4,404,472	829,472
Certified name change	4,000	4,000	-	(4,000)
Certification	1,047,522	1,047,522	1,257,589	210,067
Total town clerk	4,742,107	4,742,107	5,738,357	996,250
<u>Health Department</u>				
Vital statistics	206,000	210,500	207,391	(3,109)
Dental clinic	100,000	100,000	57,219	(42,781)
Dental program	29,000	29,000	47,891	18,891
Business license	280,100	269,800	203,451	(66,349)
Housing code	36,000	41,800	46,376	4,576
Total health department	651,100	651,100	562,328	(88,772)

CITY OF BRIDGEPORT, CONNECTICUT

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED FUND BALANCE -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND, Continued
Year Ended June 30, 2006**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<u>Education and Nutrition Center</u>				
Cafeteria	573,008	573,008	560,106	(12,902)
School based health	215,000	215,000	155,572	(59,428)
Total Education and Nutrition Center	788,008	788,008	715,678	(72,330)
<u>Sikorsky Airport</u>				
Airport fees	81,000	81,000	57,265	(23,735)
Shared revenue	130,000	130,000	148,134	18,134
Airport leases	784,600	784,600	810,861	26,261
Total Sikorsky Airport	995,600	995,600	1,016,260	20,660
<u>Fire Department</u>				
Firewatch reimbursement	153,500	153,500	104,674	(48,826)
Copies	1,250	1,250	550	(700)
Permit	57,300	57,300	56,888	(412)
Tank installation	2,930	2,930	2,370	(560)
Total Fire Department	214,980	214,980	164,482	(50,498)
Total fees, permits and licenses	19,274,126	19,274,126	20,727,142	1,453,016
INTEREST	800,000	800,000	1,551,477	751,477
OTHER				
Property rentals	160,000	160,000	80,911	(79,089)
Telephone access lines		750,000	760,548	10,548
Auditorium rentals	13,000	13,000	-	(13,000)
High school athletics	18,000	18,000	14,310	(3,690)
O.T.B. income	750,150	750,150	703,038	(47,112)
High school summer tuition	110,000	110,000	62,681	(47,319)
Comptrollers grant health	880,000	880,000	796,181	(83,819)
Comptrollers BOE health	4,747,000	4,747,000	4,700,430	(46,570)
Comptrollers BOE City	3,265,000	3,265,000	3,287,763	22,763
Comptrollers health copay	2,892,000	2,892,000	3,457,297	565,297
WPCA revenues	646,000	646,000	547,766	(98,234)
Weights and measures	65,000	65,000	70,245	5,245
State conservation	300	300	584	284
Sale of City-owned property	1,700,000	1,700,000	1,283,184	(416,816)
Health and social reimbursement	-	-	(191)	(191)

(Continued)

CITY OF BRIDGEPORT, CONNECTICUT

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED FUND BALANCE -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND, Continued
Year Ended June 30, 2006**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
OTHER, Continued				
Pari-Mutuel	150,000	150,000	55,313	(94,687)
Foreclosure cost recovery	10,000	10,000	50,391	40,391
Comptroller reimbursement	863,969	179,707	335,753	156,046
Percent of Profit	36,429	36,429	53,813	17,384
Comptroller Miscellaneous Revenue	450,000	450,000	132,367	(317,633)
Total other	16,756,848	16,822,586	16,392,384	(430,202)
Total revenues	440,208,524	436,448,618	447,533,764	11,085,146
OTHER FINANCING SOURCES				
Transfers in	2,864,450	2,864,450	500,000	(2,364,450)
Appropriation of fund balance	-	8,000,000	8,000,000	-
Total other financing sources	2,864,450	10,864,450	8,500,000	(2,364,450)
Total revenues and other financing sources	443,072,974	447,313,068	456,033,764	8,720,696
EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES				
GENERAL GOVERNMENT				
Central grants office	308,207	308,207	288,601	19,606
Mayor's office	564,333	564,333	585,587	(21,254)
Civil service commission	556,953	556,953	581,192	(24,239)
Grants personnel	77,141,064	76,178,256	75,424,858	753,398
City attorney	2,323,098	2,323,098	3,219,770	(896,672)
City clerk and city council	314,034	314,034	260,091	53,943
City Wide Membership	92,000	92,000	89,478	2,522
Registrar of voters	377,842	377,842	401,634	(23,792)
Legislative department	218,725	218,725	165,466	53,259
Libraries	3,612,351	3,612,351	3,557,279	55,072
Office of policy and management	410,091	410,091	386,416	23,675
Archives and records	88,231	88,231	82,227	6,004
Required reserve	4,086,298	3,286,298	3,429,182	(142,884)
Pensions	4,674,053	4,674,053	9,364,782	(4,690,729)
Fringe benefits	3,567,281	3,567,281	3,182,766	384,515
Town Clerk	561,189	561,189	503,321	57,868
Grant city contributions	3,500	3,500	886	2,614

(Continued)

CITY OF BRIDGEPORT, CONNECTICUT

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED FUND BALANCE -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND, Continued
Year Ended June 30, 2006**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
GENERAL GOVERNMENT, Continued				
Contingency account	513,217	513,217	496,392	16,825
Chief administrative officer	224,804	224,804	229,254	(4,450)
Finance department	335,340	335,340	320,956	14,384
Comptroller's office	1,007,954	1,007,954	927,713	80,241
Treasurer's office	198,603	198,603	165,453	33,150
Tax assessor	998,865	998,865	883,710	115,155
Information technology services	3,196,853	3,196,853	3,112,880	83,973
Tax collector	939,050	939,050	1,014,043	(74,993)
Purchasing	403,959	403,959	338,061	65,898
Print shop	709,276	709,276	607,949	101,327
Internal audit	66,680	66,680	66,712	(32)
Labor relations	526,983	526,983	533,190	(6,207)
Employee org. & development	20,000	20,300	19,510	790
Total general government	108,040,834	106,278,326	110,239,359	(3,961,033)
PROTECTION OF PERSON AND PROPERTY				
Police department	35,926,649	39,426,649	41,300,825	(1,874,176)
Fire department	21,430,087	21,430,087	22,313,703	(883,616)
Weights and measures	95,461	95,461	62,153	33,308
Total protection of person and property	57,452,197	60,952,197	63,676,681	(2,724,484)
CONSERVATION OF HEALTH				
Office and administrative	224,686	224,686	213,745	10,941
Registrar of vital statistics	164,903	164,903	159,453	5,450
Communicable diseases	234,362	234,362	215,431	18,931
Public health nursing	1,814,022	1,814,022	1,845,505	(31,483)
Dental hygiene	295,650	295,650	307,559	(11,909)
Environmental health	340,926	340,926	279,904	61,022
Health clinics	279,371	279,371	214,639	64,732
Housing code enforcement	177,932	177,932	179,392	(1,460)
Lead poisoning	8,000	8,000	2,853	5,147
School based health	1,268,474	1,268,474	1,234,920	33,554
Total conservation of health	4,808,326	4,808,326	4,653,401	154,925

(Continued)

CITY OF BRIDGEPORT, CONNECTICUT

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED FUND BALANCE -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND, Continued
Year Ended June 30, 2006**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
PUBLIC FACILITIES				
City Engineer	379,281	379,281	331,387	47,894
Zoning commission	367,539	367,539	314,375	53,164
Zoning Board of Appeals	49,604	49,604	44,749	4,855
Building Department	568,082	568,082	570,008	(1,926)
Harbor Master	58,550	58,550	58,775	(225)
Transfer station	1,699,918	1,769,918	1,723,452	46,466
Director of public works	818,129	818,129	813,786	4,343
Ash and garbage collection	6,387,211	6,317,211	6,552,000	(234,789)
Landfill operation	67,750	67,750	65,291	2,459
Roadway maintenance	2,316,032	2,316,032	2,129,897	186,135
Planning and Development	1,550,312	1,550,312	1,413,552	136,760
Sikorsky Airport	971,298	971,298	936,483	34,815
Municipal garage	1,349,961	1,349,961	1,448,524	(98,563)
Maintenance	8,409,794	8,409,794	8,224,048	185,746
Construction management services	-	-	309,467	(309,467)
Total public facilities	24,993,461	24,993,461	24,935,794	57,667
CHARITIES AND HOSPITALS				
Social Services	171,383	171,383	90,832	80,551
Total charities and hospitals	171,383	171,383	90,832	80,551
EDUCATION				
Instruction	114,134,891	112,811,829	112,867,484	(55,655)
Pupil services	10,745,923	11,024,597	10,817,290	207,307
BOE administration	1,909,568	2,243,692	2,157,640	86,052
Support services	32,659,537	36,844,140	36,939,841	(95,701)
School improvement initiatives	1,087,475	800,000	800,000	-
Nutrition center	10,234,386	10,234,386	10,220,425	13,961
Private school busing	1,867,278	1,867,278	2,005,629	(138,351)
Total education	172,639,058	175,825,922	175,808,309	17,613
PARKS AND RECREATION				
Board of recreation	717,383	717,383	734,561	(17,178)
Parks department	2,612,985	2,612,985	3,481,834	(868,849)
Fairchild Wheeler	1,061,218	1,061,218	592,616	468,602
Beardsley zoo	930,898	930,898	957,514	(26,616)
Carousel building	68,620	68,620	59,471	9,149
Total parks and recreation	5,391,104	5,391,104	5,825,996	(434,892)

(Continued)

CITY OF BRIDGEPORT, CONNECTICUT

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED FUND BALANCE -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND, Continued
Year Ended June 30, 2006**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
SPECIAL SERVICES				
Youth services	1,286,694	1,286,694	1,284,722	1,972
HRD administration	68,573	68,573	56,761	11,812
Department on aging	264,855	264,855	199,672	65,183
Office for disabilities	-	-	872	(872)
Veterans affairs	40,497	40,497	39,481	1,016
Total special services	1,660,619	1,660,619	1,581,508	79,111
DEBT SERVICE	67,899,267	67,215,005	66,335,830	879,175
Total expenditures and encumbrances	\$ 443,056,249	\$ 447,296,343	\$ 453,147,710	\$ (5,851,367)
Revenues and other financing sources over expenditures, encumbrances and other financing uses	\$ 16,725	\$ 16,725	2,886,054	\$ 2,869,329
UNRESERVED FUND BALANCE, beginning			29,800,885	
Less appropriation of fund balance for budgetary presentation			(8,000,000)	
UNRESERVED FUND BALANCE, ending			\$ 24,686,939	

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.

Education Grants Fund – is used to account for U.S. Department of Education grants as well as local grants relating to education.

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.

Community Development Fund - is used to account for state and local grants used for such programs as labor-management cooperation, harbor management planning and economic development.

Other Program Fund – is used to account for Connecticut Office of Policy and Management grants for such programs as Drug Enforcement and Local Capital Improvement (LOCIP) as well as other miscellaneous federal and state grants.

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.

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.

Parks and Recreation Fund – is used to account for donations and income from donations and endowments restricted for activities mainly related to parks and recreation.

Health Insurance Reserve – is used to accumulate funds for certain employee health plans, as specified by the Trust Agreement.

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.

Education and Library Fund - is used to account for certain education and library capital projects funded through state grants.

Health and Sanitation Fund - is used to account for the construction of the Bridgeport-Trumbull Intercept Sewer Project.

Highway and Parking Fund - is used to account for the undertaking of special street paving projects.

General Government Fund - is used to account for small construction projects funded out of local grants.

Parks and Recreation Fund - is used to account for acquisition and construction of recreational facilities located at the various city parks.

Municipal Airport Fund - is used to account for federal, state and local grants used for construction, renovation and other improvements at Sikorsky Airport.

Capital Reduction Fund - is used to account for the miscellaneous construction and renovation projects approved by the City Council not accounted for in other capital project funds.

Bond Issue Fund - is used to account for various school construction and capital equipment acquisition projects that are funded out of bond proceeds.

School Bond Issue Fund - is used to account for various school construction that is funded out of proceeds from the 1995 bond issue.

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.

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CITY OF BRIDGEPORT, CONNECTICUT

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2006**

	Special Revenue			
	Education Grants	Health and Sanitation	Community Develop- ment	Other Programs
ASSETS				
Cash and cash equivalents	\$ 42,337	\$ 174,424	\$ -	\$ 425,459
Investments	-	-	-	-
Receivables:				
Intergovernmental	7,453,636	1,171,334	46,684	2,478,053
Other	28,275	-	-	-
Due from other funds	1,358,746	-	250,155	2,602,930
Other assets	-	-	-	-
Total assets	\$ 8,882,994	\$ 1,345,758	\$ 296,839	\$ 5,506,442
LIABILITIES AND FUND BALANCES (DEFICITS)				
LIABILITIES				
Accounts payable	\$ 1,086,147	\$ 275,940	\$ 36,932	\$ 322,876
Accrued liabilities	410,115	85,561	-	30,387
Due to other funds	-	1,424,294	-	653,035
Unearned revenues	6,661,827	946,226	65,292	2,037,945
Total liabilities	8,158,089	2,732,021	102,224	3,044,243
FUND BALANCES (DEFICITS)				
Reserve for endowments-permanently restricted	-	-	-	-
Reserved for encumbrances	39,013	2,842,657	165,835	1,423,936
Unreserved and undesignated	685,892	(4,228,920)	28,780	1,038,263
Total fund balances (deficits)	724,905	(1,386,263)	194,615	2,462,199
Total liabilities and fund balances (deficits)	\$ 8,882,994	\$ 1,345,758	\$ 296,839	\$ 5,506,442

Special Revenue							
Social Services	Community Development Block Grant	Home Program	Section 108 Loan Guarantee	Development Administration State Grant	Library	Education	Parks and Recreation
\$ -	\$ 2,765,680	\$ 425,432	\$ 1,941,755	\$ 1,329,546	\$ 174,706	\$ 252,580	\$ 1,623,161
-	-	-	-	-	1,416,191	-	-
422,159	4,892,730	294,583	806,323	4,371,440	-	-	-
57,845	-	489,499	-	-	7,411	-	-
-	726,066	155,580	35,477	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 480,004</u>	<u>\$ 8,384,476</u>	<u>\$ 1,365,094</u>	<u>\$ 2,783,555</u>	<u>\$ 5,700,986</u>	<u>\$ 1,598,308</u>	<u>\$ 252,580</u>	<u>\$ 1,623,161</u>
\$ 83,578	\$ 373,641	\$ 82,250	\$ 353,731	\$ 3,314,930	\$ -	\$ -	\$ 1,652,352
30,982	438,071	53,401	1,008	3,466	-	-	-
810,345	3,426,497	1,597,734	1,501,392	1,315,139	-	-	-
347,798	3,527,380	735,591	-	1,528,376	-	-	-
<u>1,272,703</u>	<u>7,765,589</u>	<u>2,468,976</u>	<u>1,856,131</u>	<u>6,161,911</u>	<u>-</u>	<u>-</u>	<u>1,652,352</u>
-	-	-	-	-	-	-	-
364,461	672,082	2,362,188	642,401	13,974,253	-	-	-
(1,157,160)	(53,195)	(3,466,070)	285,023	(14,435,178)	1,598,308	252,580	(29,191)
<u>(792,699)</u>	<u>618,887</u>	<u>(1,103,882)</u>	<u>927,424</u>	<u>(460,925)</u>	<u>1,598,308</u>	<u>252,580</u>	<u>(29,191)</u>
<u>\$ 480,004</u>	<u>\$ 8,384,476</u>	<u>\$ 1,365,094</u>	<u>\$ 2,783,555</u>	<u>\$ 5,700,986</u>	<u>\$ 1,598,308</u>	<u>\$ 252,580</u>	<u>\$ 1,623,161</u>

(Continued)

CITY OF BRIDGEPORT, CONNECTICUT				
COMBINING BALANCE SHEET, Continued				
NONMAJOR GOVERNMENTAL FUNDS				
June 30, 2006				
	Capital Projects			
	Education and Library	Health and Sanitation	Highway and Parking	General Government
ASSETS				
Cash and cash equivalents	\$ (166,577)	\$ 648,844	\$ 91,186	\$ 1,890
Investments	-	-	-	-
Receivables:				
Intergovernmental	214,234	141,483	-	-
Other	199,025	-	-	-
Due from other funds	-	296,929	-	-
Other assets	-	-	-	-
Total assets	\$ 246,682	\$ 1,087,256	\$ 91,186	\$ 1,890
LIABILITIES AND FUND BALANCES (DEFICITS)				
LIABILITIES				
Accounts payable	\$ -	\$ 45,989	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	199,025	-	-	-
Unearned revenues	-	-	-	-
Total liabilities	199,025	45,989	-	-
FUND BALANCES (DEFICITS)				
Reserve for endowments-permanently restricted	-	-	-	-
Reserved for encumbrances	-	-	50,152	-
Unreserved and undesignated	47,657	1,041,267	41,034	1,890
Total fund balances (deficits)	47,657	1,041,267	91,186	1,890
Total liabilities and fund balances (deficits)	\$ 246,682	\$ 1,087,256	\$ 91,186	\$ 1,890

Capital Projects					
Parks and Recreation	Municipal Airport	Capital Reduction	Bond Issue	School Bond Issue	1997 Bond Issue
\$ 541,686	\$ 176,613	\$ 1,953,888	\$ 279,800	\$ 48,294	\$ 350,562
-	-	-	-	-	-
-	90,874	18,786	400	-	23,004
-	-	-	-	750,000	-
17,674	125,020	392,635	-	-	92
-	-	-	-	-	-
\$ 559,360	\$ 392,507	\$ 2,365,309	\$ 280,200	\$ 798,294	\$ 373,658
\$ -	\$ 23,136	\$ -	\$ -	\$ -	\$ 7,999
-	-	-	-	-	-
-	-	-	47,932	750,000	33,000
-	5,709	751,416	-	-	-
-	28,845	751,416	47,932	750,000	40,999
-	-	-	-	-	-
46,000	-	214,875	83,297	-	26,742
513,360	363,662	1,399,018	148,971	48,294	305,917
559,360	363,662	1,613,893	232,268	48,294	332,659
\$ 559,360	\$ 392,507	\$ 2,365,309	\$ 280,200	\$ 798,294	\$ 373,658
					(Continued)

CITY OF BRIDGEPORT, CONNECTICUT

**COMBINING BALANCE SHEET, Continued
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2006**

	Permanent Trusts		Total Nonmajor Governmental Funds
	Library	Education	
ASSETS			
Cash and cash equivalents	\$ -	\$ 108,681	\$ 13,189,947
Investments	552,531	-	1,968,722
Receivables:			
Intergovernmental	-	-	22,425,723
Other	-	-	1,532,055
Due from other funds	-	-	5,961,304
Other assets	-	-	-
Total assets	\$ 552,531	\$ 108,681	\$ 45,077,751
LIABILITIES AND FUND BALANCES (DEFICITS)			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 7,659,501
Accrued liabilities	-	-	1,052,991
Due to other funds	-	-	11,758,393
Unearned revenues	-	-	16,607,560
Total liabilities	-	-	37,078,445
FUND BALANCES (DEFICITS)			
Reserve for endowments-permanently restricted	552,531	108,681	661,212
Reserved for encumbrances	-	-	22,907,892
Unreserved and undesignated	-	-	(15,569,798)
Total fund balances (deficits)	552,531	108,681	7,999,306
Total liabilities and fund balances (deficits)	\$ 552,531	\$ 108,681	\$ 45,077,751

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CITY OF BRIDGEPORT, CONNECTICUT				
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)				
NONMAJOR GOVERNMENTAL FUNDS				
Year Ended June 30, 2006				
		Special Revenue		
	Education Grants	Health and Sanitation	Community Development	Other Programs
REVENUES				
Intergovernmental	\$ 49,065,936	\$ 3,350,668	\$ 131,113	\$ 6,943,692
Interest	-	-	-	19,591
Other	580,601	63,553	240,192	666,121
Total revenues	49,646,537	3,414,221	371,305	7,629,404
OTHER FINANCING SOURCES				
Proceeds from notes payable	-	-	-	-
Total other financing sources	-	-	-	-
Total revenues and other financing sources	49,646,537	3,414,221	371,305	7,629,404
EXPENDITURES				
Conservation of health	-	4,873,978	-	-
Education	49,062,465	6,250	-	-
Special services	40,000	-	265,264	6,661,983
Debt service:				
Principal retirements	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
General government	-	-	-	-
Public facilities	-	-	-	-
Total expenditures	49,102,465	4,880,228	265,264	6,661,983
OTHER FINANCING USES				
Transfers out	-	-	-	-
Total expenditures and other financing uses	49,102,465	4,880,228	265,264	6,661,983
Net change in fund balances	544,072	(1,466,007)	106,041	967,421
FUND BALANCES (DEFICITS), beginning	180,833	79,744	88,574	1,494,778
FUND BALANCES (DEFICITS), ending	\$ 724,905	\$ (1,386,263)	\$ 194,615	\$ 2,462,199

Special Revenue							
Social Services	Community Development Block Grant	Home Program	Section 108 Loan Guarantee	Development Administration State Grant	Library	Education	Parks and Recreation
\$ 988,850	\$ 3,136,183	\$ 101,228	\$ 92,510	\$ 6,267,581	\$ -	\$ 273	\$ -
-	6,157	24,213	49,420	-	55,607	9,696	26
850,196	727,228	104,000	-	344,220	188,580	-	700
1,839,046	3,869,568	229,441	141,930	6,611,801	244,187	9,969	726
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,839,046	3,869,568	229,441	141,930	6,611,801	244,187	9,969	726
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,243,199	2,185,042	1,531,808	735,403	6,733,827	-	-	-
-	647,000	-	-	-	-	-	-
-	406,347	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	345,603	6,978	35,427
-	-	-	-	-	-	-	-
2,243,199	3,238,389	1,531,808	735,403	6,733,827	345,603	6,978	35,427
-	-	-	-	-	-	-	-
2,243,199	3,238,389	1,531,808	735,403	6,733,827	345,603	6,978	35,427
(404,153)	631,179	(1,302,367)	(593,473)	(122,026)	(101,416)	2,991	(34,701)
(388,546)	(12,292)	198,485	1,520,897	(338,899)	1,699,724	249,589	5,510
\$ (792,699)	\$ 618,887	\$ (1,103,882)	\$ 927,424	\$ (460,925)	\$ 1,598,308	\$ 252,580	\$ (29,191)
							(Continued)

CITY OF BRIDGEPORT, CONNECTICUT				
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS), Continued				
NONMAJOR GOVERNMENTAL FUNDS				
Year Ended June 30, 2006				
	Capital Projects			
	Education and Library	Health and Sanitation	Highway and Parking	General Government
REVENUES				
Intergovernmental	\$ 914,469	\$ -	\$ -	\$ -
Interest	-	23,438	-	-
Other	-	-	3,324	-
Total revenues	914,469	23,438	3,324	-
OTHER FINANCING SOURCES				
Proceeds from notes payable	-	-	-	-
Total other financing sources	-	-	-	-
Total revenues and other financing sources	914,469	23,438	3,324	-
EXPENDITURES				
Conservation of health	-	-	-	-
Education	-	-	-	-
Special services	914,469	-	-	-
Debt service:				
Principal retirements	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
General government	-	-	-	-
Public facilities	-	-	-	-
Total expenditures	914,469	-	-	-
OTHER FINANCING USES				
Transfers out	-	-	-	-
Total expenditures and other financing uses	914,469	-	-	-
Net change in fund balances	-	23,438	3,324	-
FUND BALANCES (DEFICITS), beginning	47,657	1,017,829	87,862	1,890
FUND BALANCES (DEFICITS), ending	\$ 47,657	\$ 1,041,267	\$ 91,186	\$ 1,890

Capital Projects					
Parks and Recreation	Municipal Airport	Capital Reduction	Bond Issue	School Bond Issue	1997 Bond Issue
\$ -	\$ -	\$ -	\$ 12,898	\$ -	\$ -
20,810	7,545	50,411	-	27,116	13,268
-	-	-	-	-	-
20,810	7,545	50,411	12,898	27,116	13,268
-	-	-	-	-	-
-	-	-	-	-	-
20,810	7,545	50,411	12,898	27,116	13,268
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(30)	-	-
-	-	-	-	-	19,781
-	-	-	-	-	-
-	-	5,975	2,575	-	-
-	-	5,975	2,545	-	19,781
-	-	-	-	-	-
-	-	5,975	2,545	-	19,781
20,810	7,545	44,436	10,353	27,116	(6,513)
538,550	356,117	1,569,457	221,915	21,178	339,172
\$ 559,360	\$ 363,662	\$ 1,613,893	\$ 232,268	\$ 48,294	\$ 332,659
					(Continued)

CITY OF BRIDGEPORT, CONNECTICUT			
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS), Continued			
NONMAJOR GOVERNMENTAL FUNDS			
Year Ended June 30, 2006			
	Permanent Trusts		Total Nonmajor Governmental Funds
	Library	Education	Funds
REVENUES			
Intergovernmental	\$ -	\$ 371	\$ 71,005,772
Interest	(17,342)	24	289,980
Other	-	-	3,768,715
Total revenues	(17,342)	395	75,064,467
OTHER FINANCING SOURCES			
Proceeds from notes payable	-	-	-
Total other financing sources	-	-	-
Total revenues and other financing sources	(17,342)	395	75,064,467
EXPENDITURES			
Conservation of health	-	-	4,873,978
Education	-	-	49,068,715
Special services	-	-	21,310,995
Debt service:			
Principal retirements	-	-	647,000
Interest and other charges	-	-	406,317
Capital outlay	29,075	-	48,856
General government	-	-	388,008
Public facilities	-	-	8,550
Total expenditures	29,075	-	76,752,419
OTHER FINANCING USES			
Transfers out	-	-	-
Total expenditures and other financing uses	29,075	-	76,752,419
Net change in fund balances	(46,417)	395	(1,687,952)
FUND BALANCES (DEFICITS), beginning	598,948	108,286	9,687,258
FUND BALANCES (DEFICITS), ending	\$ 552,531	\$ 108,681	\$ 7,999,306

**Capital Assets Used in the Operation
of Governmental Funds**

CITY OF BRIDGEPORT, CONNECTICUT

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS -
SCHEDULE BY SOURCE**

June 30, 2006

Governmental funds capital assets:

Land	\$ 111,020,320
Buildings and improvements	220,437,584
Machinery and equipment	18,466,572
Infrastructure	107,214,098
Vehicles	28,198,960
Construction in progress	182,750,790
Total governmental funds capital assets	\$ 668,088,324

Investments in governmental funds capital assets by source:

Capital Projects Funds	\$ 425,172,888
General Fund	178,218,242
Tax Foreclosed Property	4,850,936
Economic Development	3,058,210
Donated Property	2,773,300
Other Special Revenue Funds	54,014,748
Total governmental funds capital assets	\$ 668,088,324

CITY OF BRIDGEPORT, CONNECTICUT

**SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS -
BY FUNCTION AND ACTIVITY
June 30, 2006**

	Land	Buildings	Furniture and Equipment	Vehicles	Infrastructure	Totals
General Government						
City Clerk	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mayor	-	-	-	69,486	-	69,486
Chief Administrator	-	-	-	-	-	-
Office of Policy/Management	-	-	49,269	19,817	-	69,086
Registrar of Voters	-	-	-	-	-	-
Finance	-	-	-	22,373	-	22,373
Tax Assessor	-	-	-	37,488	-	37,488
Tax Collector	3,843,789	1,743,175	-	-	-	5,586,964
Treasurers	-	-	-	-	-	-
Information Technology Services	-	-	2,785,034	-	-	2,785,034
Print Shop	-	-	167,915	13,297	-	181,212
Labor Relations	-	-	-	-	-	-
Barnum Institute	-	448,869	-	-	-	448,869
Klein Memorial auditorium	55,415	2,995,245	-	-	-	3,050,660
Archives and Records	-	-	29,680	-	-	29,680
City Attorney	-	-	-	15,000	-	15,000
Sikorsky Memorial Airport	4,908,732	1,561,971	682,724	1,093,841	-	8,247,268
Harbor Master	-	-	178,706	42,591	-	221,297
Railroad Station	472,585	1,106,985	-	-	-	1,579,570
Offstreet Parking	517,816	-	-	-	-	517,816
Building Department	-	-	-	88,976	-	88,976
Planning and Development	57,166,126	7,801,316	4,701,726	65,322	-	69,734,490
Fair Housing	240,000	-	-	-	-	240,000
Zoning Commission	-	-	-	12,496	-	12,496
Employee & Organizational Development	-	-	-	-	-	-
Zoning Board of Appeals	-	-	-	-	-	-
Purchasing	-	-	-	-	-	-
City Hall Committee	-	-	-	-	-	-
Total general government	67,204,463	15,657,561	8,595,054	1,480,687	-	92,937,765
Protection of Person and Property						
Police	91,850	3,955,029	1,521,090	5,747,058	-	11,315,027
Dog Warden	-	-	-	-	-	-
Fire	599,819	5,394,223	678,768	7,029,649	-	13,702,459
Building Department	-	-	-	-	-	-
Weights and Measures	-	-	-	18,863	-	18,863
Total protection of person and property	691,669	9,349,252	2,199,858	12,795,570	-	25,036,349

(Continued)

CITY OF BRIDGEPORT, CONNECTICUT

**SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS -
BY FUNCTION AND ACTIVITY, Continued
June 30, 2006**

	Land	Buildings	Furniture and Equipment	Vehicles	Infrastructure	Totals
Conservation of Health						
Administration	-	-	46,000	25,793	-	71,793
Communicable diseases	-	-	-	12,496	-	12,496
Clinics	-	13,122	-	-	-	13,122
Laboratories	-	-	75,000	-	-	75,000
Environmental Health	-	-	-	90,082	-	90,082
Housing Code Enforcement	-	-	-	131,061	-	131,061
Women, Infants and Children	-	-	-	28,996	-	28,996
Social Services	-	-	250,000	12,496	-	262,496
Relief of Outside Poor	-	-	-	-	-	-
Human Resources	-	-	-	-	-	-
Youth Services	-	-	-	13,297	-	13,297
Mounted unit	-	-	-	-	-	-
School Based Health	-	-	-	-	-	-
Office for Persons with Disabilities	-	-	-	-	-	-
Community Dental Client	-	-	-	-	-	-
Department of Aging	-	-	-	-	-	-
Total conservation of health	-	13,122	371,000	314,221	-	698,343
Public Facilities						
Director of Public Facilities	3,775,000	-	-	91,142	-	3,866,142
Miscellaneous	14,284	-	-	412,711	-	426,995
City Yard	-	-	-	23,375	-	23,375
Municipal Garage	-	1,149,441	-	-	-	1,149,441
Maintenance Department	-	-	159,026	352,649	-	511,675
Roadways and Maintenance	-	34,995	2,100,387	3,239,896	107,214,098	112,589,376
Ash and Garbage	-	-	10,000	3,887,169	-	3,897,169
Recycling	-	-	-	1,127,554	-	1,127,554
City Hall	170,597	12,042,455	41,419	-	-	12,254,471
Humane Affairs Building	192,343	3,617,898	-	-	-	3,810,241
Senior Citizens Building	30,000	395,246	-	-	-	425,246
Hall of Records	600,000	579,998	-	-	-	1,179,998
Transfer Station	849,745	902,329	70,950	21,431	-	1,844,455
City Engineer	-	-	-	77,649	-	77,649
Construction Management Services	-	-	-	25,793	-	25,793
Total public facilities	5,631,969	18,722,362	2,381,782	9,259,369	107,214,098	143,209,580

(Continued)

CITY OF BRIDGEPORT, CONNECTICUT

**SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS -
BY FUNCTION AND ACTIVITY, Continued
June 30, 2006**

	Land	Buildings	Furniture and Equipment	Vehicles	Infrastructure	Totals
Education						
Administration	21,952,182	157,454,136	2,042,927	1,230,509	-	182,679,754
Instruction	-	-	-	795,138	-	795,138
Support Services	-	-	11,660	677,407	-	689,067
Pupil Services	-	-	-	19,444	-	19,444
Total education	21,952,182	157,454,136	2,054,587	2,722,498	-	184,183,403
Parks and Recreation						
Parks Administration	15,412,212	14,489,783	1,996,562	902,436	-	32,800,993
Fairchild Wheeler	-	-	211,325	30,348	-	241,673
Park Checkpoints	-	-	-	23,375	-	23,375
Total Parks and Recreation	15,412,212	14,489,783	2,207,887	956,159	-	33,066,041
Library	127,825	4,751,368	-	13,539	-	4,892,732
Nutrition Center	-	-	656,404	656,917	-	1,313,321
Total capital assets placed in use	111,020,320	220,437,584	18,466,572	28,198,960	107,214,098	485,337,534
Construction in Progress	-	182,750,790	-	-	-	182,750,790
Total capital assets	\$ 111,020,320	\$ 403,188,374	\$ 18,466,572	\$ 28,198,960	\$ 107,214,098	\$ 668,088,324

CITY OF BRIDGEPORT, CONNECTICUT

**SCHEDULE OF CHANGES IN CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS - SCHEDULE OF CHANGES BY FUNCTION
AND ACTIVITY**

Year Ended June 30, 2006

	Balance July 1, 2005	Additions	Disposals	Balance June 30, 2006
General Government				
City Clerk	\$ -	\$ -	\$ -	\$ -
Mayor	69,486	-	-	69,486
Chief Administrator	-	-	-	-
Office of Policy/Management	69,086	-	-	69,086
Registrar of Voters	-	-	-	-
Finance	22,373	-	-	22,373
Tax Assessor	37,488	-	-	37,488
Tax Collector	4,875,833	1,174,108	462,977	5,586,964
Treasurers	-	-	-	-
Information Technology Services	2,785,034	-	-	2,785,034
Print Shop	181,212	-	-	181,212
Labor Relations	-	-	-	-
Barnm Institute	448,869	-	-	448,869
Klein Memorial auditorium	3,050,660	-	-	3,050,660
Archives and Records	29,680	-	-	29,680
City Attorney	15,000	-	-	15,000
Sikorsky Memorial Airport	8,247,268	-	-	8,247,268
Harbor Master	195,286	26,011	-	221,297
Railroad Station	1,579,570	-	-	1,579,570
Offstreet Parking	517,816	-	-	517,816
Building Department	88,976	-	-	88,976
Planning and Development	66,220,561	5,157,579	1,643,650	69,734,490
Fair Housing	240,000	-	-	240,000
Zoning Commission	26,271	-	13,775	12,496
Employee & Organizational Development	-	-	-	-
Dog Warden	-	-	-	-
Purchasing	-	-	-	-
City Hall Committee	-	-	-	-
Total general government	88,700,469	6,357,698	2,120,402	92,937,765
Protection of Person and Property				
Police	10,654,912	836,421	176,306	11,315,027
Dog Warden	-	-	-	-
Fire	13,637,817	64,642	-	13,702,459
Building Department	-	-	-	-
Weights and Measures	18,863	-	-	18,863
Total protection of person and property	24,311,592	901,063	176,306	25,036,349

(Continued)

CITY OF BRIDGEPORT, CONNECTICUT

**SCHEDULE OF CHANGES IN CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS - SCHEDULE OF CHANGES BY FUNCTION
AND ACTIVITY, Continued**

Year Ended June 30, 2006

	Balance July 1, 2005	Additions	Disposals	Balance June 30, 2006
Conservation of Health				
Administration	71,793	-	-	71,793
Communicable diseases	12,496	-	-	12,496
Clinics	13,122	-	-	13,122
Laboratories	75,000	-	-	75,000
Environmental Health	90,082	-	-	90,082
Housing Code Enforcement	131,061	-	-	131,061
Women, Infants and Children	28,996	-	-	28,996
Social Services	262,496	-	-	262,496
Relief of Outside Poor	-	-	-	-
Human Resources	-	-	-	-
Youth Services	-	-	-	-
Mounted unit	13,297	-	-	13,297
School Based Health	-	-	-	-
Office for Persons with Disabilities	-	-	-	-
Community Dental Client	-	-	-	-
Department of Aging	-	-	-	-
Total conservation of health	698,343	-	-	698,343
Public Facilities				
Director of Public Facilities	91,142	3,775,000	-	3,866,142
Miscellaneous	426,995	-	-	426,995
City Yard	23,375	-	-	23,375
Municipal Garage	1,149,441	-	-	1,149,441
Maintenance Department	511,675	-	-	511,675
Roadways and Maintenance	108,396,575	4,192,801	-	112,589,376
Ash and Garbage	3,584,124	313,045	-	3,897,169
Recycling	1,127,554	-	-	1,127,554
City Hall	12,189,835	64,636	-	12,254,471
Humane Affairs Building	3,810,241	-	-	3,810,241
Senior Citizens Building	425,246	-	-	425,246
Hall of Records	1,179,998	-	-	1,179,998
Transfer Station	1,844,455	-	-	1,844,455
City Engineer	77,649	-	-	77,649
Construction Management Services	25,793	-	-	25,793
Total public facilities	134,864,098	8,345,482	-	143,209,580

(Continued)

CITY OF BRIDGEPORT, CONNECTICUT

**SCHEDULE OF CHANGES IN CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS - SCHEDULE OF CHANGES BY FUNCTION
AND ACTIVITY, Continued**

Year Ended June 30, 2006

	Balance July 1, 2005	Additions	Disposals	Balance June 30, 2006
Education				
Administration	180,499,292	2,180,462	-	182,679,754
Instruction	795,138	-	-	795,138
Support Services	689,067	-	-	689,067
Pupil Services	19,444	-	-	19,444
Total education	182,002,941	2,180,462	-	184,183,403
Parks and Recreation				
Parks Administration	32,251,955	567,287	18,250	32,800,992
Fairchild Wheeler	79,314	-	-	79,314
Park Checkpoints	185,735	-	-	185,735
Total Parks and Recreation	32,517,004	567,287	18,250	33,066,041
Library	5,110,069	-	217,337	4,892,732
Nutrition Center	1,313,321	-	-	1,313,321
Total capital assets placed in use	469,517,837	18,351,992	2,532,295	485,337,534
Construction in Progress	128,767,731	53,983,059	-	182,750,790
Total capital assets	\$ 598,285,568	\$ 72,335,051	\$ 2,532,295	\$ 668,088,324

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Other Schedules

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CITY OF BRIDGEPORT, CONNECTICUT

**SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
Year Ended June 30, 2006**

Grand List Year	Balance Uncollected July 1, 2005	Current Levy	Net Adjustments	Transfers to Suspense	Adjusted Taxes Collectible
1990	\$ 1,418,169	\$ -	\$ (1,383,280)	\$ (2,673)	\$ 32,216
1991	1,630,706	-	(160,023)	(2,206)	1,468,477
1992	1,426,787	-	(159,973)	(2,683)	1,264,131
1993	1,471,462	-	(160,127)	(6,531)	1,304,804
1994	1,735,180	-	(203,944)	(7,879)	1,523,357
1995	2,616,983	-	(304,879)	(8,682)	2,303,422
1996	2,842,656	-	(320,651)	(12,394)	2,509,611
1997	3,104,196	-	(259,765)	(28,188)	2,816,243
1998	3,490,261	-	(285,470)	(61,459)	3,143,332
1999	4,017,855	-	(310,132)	(30,515)	3,677,208
2000	4,241,501	-	(311,788)	(57,452)	3,872,261
2001	5,373,842	-	(310,773)	(177,623)	4,885,446
2002	6,847,892	-	30,031	(58,367)	6,819,556
2003	8,169,393	-	37,498	(51,928)	8,154,963
2004	-	213,855,841	(3,284,243)	(195,696)	210,375,902
	<u>\$ 48,386,883</u>	<u>\$ 213,855,841</u>	<u>\$ (7,387,519)</u>	<u>\$ (704,276)</u>	<u>\$ 254,150,929</u>

Collections					Balance
Taxes	Interest	Lien Fees	Total	Uncollected June 30, 2006	
\$ 32,216	\$ 40,863	\$ 537	\$ 73,616	\$	-
13,325	31,605	384	45,314		1,455,152
14,565	27,104	353	42,022		1,249,566
22,922	39,939	419	63,280		1,281,882
39,764	72,186	614	112,564		1,483,593
205,359	321,983	1,544	528,886		2,098,063
222,102	343,611	1,675	567,388		2,287,509
265,262	361,383	2,679	629,324		2,550,981
278,646	283,295	3,842	565,783		2,864,686
313,411	279,139	10,734	603,284		3,363,797
433,310	312,231	5,540	751,081		3,438,951
719,532	409,985	8,963	1,138,480		4,165,914
1,413,240	546,029	19,752	1,979,021		5,406,316
3,643,157	741,371	58,802	4,443,330		4,511,806
202,659,104	1,929,058	127,484	204,715,646		7,716,798
\$ 210,275,915	\$ 5,739,782	\$ 243,322	\$ 216,259,019	\$	43,875,014

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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.

Contents

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. 115

Revenue Capacity

These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax. 124

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. 132

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. 140

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. 142

CITY OF BRIDGEPORT, CONNECTICUT

Net Assets By Component
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2002	2003	2004	2005	2006
Governmental activities:					
Invested in capital assets, net of related debt	\$ 107,062,330	\$ 153,863,281	\$ 65,794,648	\$ 108,362,879	\$ 127,514,772
Restricted	59,043,555	49,347,524	3,155,609	3,207,234	3,161,212
Unrestricted	(230,487,265)	(262,854,254)	(143,011,902)	(175,841,584)	(151,356,989)
Total governmental activities net assets	\$ (64,381,380)	\$ (59,643,449)	\$ (74,061,645)	\$ (64,271,471)	\$ (20,681,005)
Business-type activities:					
Invested in capital assets, net of related debt	\$ 63,259,238	\$ 66,006,733	\$ 66,678,436	\$ 69,306,606	\$ 70,239,858
Restricted	1,841,023	4,842,442	-	2,513,522	\$ 1,005,237
Unrestricted	(1,300,676)	(7,435,957)	(7,977,022)	(2,669,623)	(531,792)
Total business-type activities net assets	\$ 63,799,585	\$ 63,413,218	\$ 58,701,414	\$ 69,150,505	\$ 70,713,303
Primary government:					
Invested in capital assets, net of related debt	\$ 170,321,568	\$ 219,870,014	\$ 132,473,084	\$ 177,669,485	\$ 197,754,630
Restricted	59,043,555	49,347,524	3,155,609	5,720,756	4,166,449
Unrestricted	(231,787,941)	(270,290,211)	(150,988,924)	(178,511,207)	(151,888,781)
Total primary government net assets	\$ (2,422,818)	\$ (1,072,673)	\$ (15,360,231)	\$ 4,879,034	\$ 50,032,298

GASB Statement No. 34 Implemented in Fiscal Year 2002

CITY OF BRIDGEPORT, CONNECTICUT

Changes In Net Assets
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2002	2003	2004	2005	2006
Expenses:					
Governmental activities:					
General government	\$ 27,512,566	\$ 30,641,636	\$ 35,479,327	\$ 38,157,661	\$ 41,722,180
Protection of person and property	88,264,899	85,261,728	91,839,086	94,461,547	84,409,628
Conservation of health	13,744,109	12,168,828	11,974,813	19,301,232	18,690,534
Public facilities	26,229,738	22,352,835	35,646,905	28,882,305	23,565,756
Education	254,740,628	262,749,224	280,498,182	271,053,265	275,174,924
Parks and recreation	8,719,146	7,090,252	6,616,402	6,521,261	6,583,851
Special services	22,332,660	22,939,155	18,290,399	20,221,443	23,419,505
Interest on long-term debt	45,717,491	42,750,722	41,527,846	40,832,426	41,900,200
Total governmental activities expenses	487,261,237	485,954,380	521,872,960	519,431,140	515,466,578
Business-type activities:					
Water Pollution Control Authority	20,971,961	22,069,606	20,959,181	22,115,101	22,869,459
Total business-type activities expenses	20,971,961	22,069,606	20,959,181	22,115,101	22,869,459
Total primary government expenses	508,233,198	508,023,986	542,832,141	541,546,241	538,336,037
Program revenue:					
Governmental activities:					
Charges for services:					
General government	5,116,886	5,534,014	32,370,459	20,788,251	23,874,846
Protection of person and property	5,416,334	4,891,789	5,163,250	4,533,724	4,476,760
Conservation of health	390,527	352,820	1,570,304	1,529,848	2,155,194
Public facilities	1,202,511	1,635,128	6,266,939	6,697,358	6,647,338
Education	8,652,594	9,005,655	1,297,255	654,426	1,423,341
Parks and recreation	1,265,191	2,211,008	1,945,085	1,902,781	1,726,183
Special services	-	-	1,918,834	1,012,749	178,938
Operating grants and contributions:					
General government	2,515	-	2,525,000	5,093	14,992
Protection of person and property	358,333	-	2,679,253	4,302,286	4,380,797
Conservation of health	6,053,843	5,628,931	-	-	-
Education	188,222,213	196,715,334	212,719,622	217,758,757	210,955,679
Parks and recreation	30,000	35,340	-	-	-
Special services	17,723,462	20,091,274	12,584,405	12,504,646	20,301,961
Capital grants and contributions:					
General government	23,178,878	12,447,083	-	-	-
Conservation of health	15,721	-	-	-	-
Education	1,774,295	216,414	13,108,097	20,973,871	36,550,562
Total governmental activities program revenue	259,403,303	258,764,790	294,148,503	292,663,790	312,686,591

CITY OF BRIDGEPORT, CONNECTICUT

Changes In Net Assets, Continued
 Last Five Fiscal Years
 (accrual basis of accounting)

	Fiscal Year				
	2002	2003	2004	2005	2006
Business-type activities:					
Charges for services:					
Water Pollution Control Authority	14,445,410	19,746,578	19,272,070	27,855,870	22,715,548
Operating grants and contributions:					
Water Pollution Control Authority	-	-	-	-	-
Capital grants and contributions:					
Water Pollution Control Authority	1,232,373	1,853,300	544,524	937,936	1,557,806
Total business-type activities					
program revenues	15,677,783	21,599,878	19,816,594	28,793,806	24,273,354
Total primary government program revenues	275,081,086	280,364,668	313,965,097	321,457,596	336,959,945
Net (expense) revenue:					
Governmental activities	(227,857,934)	(227,189,590)	(227,724,457)	(226,767,350)	(202,779,987)
Business-type activities	(5,294,178)	(469,728)	(1,142,587)	6,678,705	1,403,895
Total primary government net expense	(233,152,112)	(227,659,318)	(228,867,044)	(220,088,645)	(201,376,092)
General revenues and other changes in net assets:					
Governmental activities:					
Property taxes	176,438,519	187,968,255	182,701,969	197,001,706	210,007,626
Grants and contributions not restricted to specific programs	49,285,043	41,457,415	31,099,591	35,361,300	32,127,837
Proceeds from sale of City-owned property	1,931,506	(308,932)	(800,638)	1,231,298	-
Unrestricted investment earnings	4,355,964	2,810,783	491,343	2,963,220	4,234,990
Transfers	(5,516,711)	-	-	-	-
Total governmental activities	226,494,321	231,927,521	213,492,265	236,557,524	246,370,453
Business-type activities:					
Investment earnings	143,637	83,361	92,229	108,940	158,903
Transfers	5,516,711	-	-	-	-
Total business-type activities	5,660,348	83,361	92,229	108,940	158,903
Total primary government	232,154,669	232,010,882	213,584,494	236,666,464	246,529,356
Changes in net assets:					
Governmental activities	(1,363,613)	4,737,931	(14,232,192)	9,790,174	43,590,466
Business-type activities	366,170	16,292,633	(1,050,358)	6,787,645	1,562,798

CITY OF BRIDGEPORT, CONNECTICUT

Program Revenues by Function/Program
Last Five Fiscal Years*
(accrual basis of accounting)

Function / Program	Fiscal Year				
	2002	2003	2004	2005	2006
Governmental activities:					
General government	\$ 28,298,279	\$ 17,981,097	\$ 34,895,459	\$ 20,793,344	\$ 23,889,838
Protection of person and property	5,774,667	4,891,789	7,842,503	8,836,010	8,857,557
Conservation of health	6,460,091	5,981,751	1,570,304	1,529,848	2,155,194
Public facilities	1,202,511	1,635,128	6,266,939	6,697,358	6,647,338
Education	198,649,102	205,937,403	227,124,974	239,387,054	248,929,582
Parks and recreation	1,295,191	2,246,348	1,945,085	1,902,781	1,726,183
Special services	17,723,462	20,091,274	14,503,239	13,517,395	20,480,899
Total governmental activities	259,403,303	258,764,790	294,148,503	292,663,790	312,686,591
Business-type activities:					
Water Pollution Control Authority	14,445,410	19,746,578	19,272,070	27,855,870	24,273,354
Total business-type activities	14,445,410	19,746,578	19,272,070	27,855,870	24,273,354
Total government	\$ 273,848,713	\$ 278,511,368	\$ 313,420,573	\$ 320,519,660	\$ 336,959,945

* GASB Statement No. 34 implemented in fiscal year 2002.

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CITY OF BRIDGEPORT, CONNECTICUT

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year			
	1997	1998	1999	2000
General Fund:				
Reserved	\$ 7,142,821	\$ 8,118,172	\$ 4,965,927	\$ 2,568,476
Unreserved	39,723,666	41,850,834	46,015,882	48,428,443
Total General Fund	\$ 46,866,487	\$ 49,969,006	\$ 50,981,809	\$ 50,996,919
All Other Governmental Funds:				
Reserved	\$ 47,224,236	\$ 24,586,354	\$ 28,322,595	\$ 67,927,913
Unreserved, reported in:				
Special revenue funds	8,347,043	3,174,298	(1,110,487)	(9,008,316)
Capital projects funds	3,272,970	(2,927,753)	(24,051,542)	(10,728,512)
Permanent fund	-	-	-	-
Total all other government funds	\$ 58,844,249	\$ 24,832,899	\$ 3,160,566	\$ 48,191,085

Fiscal Year					
2001	2002	2003	2004	2005	2006
\$ 2,657,983	\$ 2,584,394	\$ 2,645,439	\$ 2,727,423	\$ 2,500,000	\$ 4,127,588
48,429,336	38,571,118	35,304,505	33,004,687	29,800,885	24,686,939
<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>
\$ 28,967,081	\$ 26,261,000	\$ 23,112,383	\$ 27,148,738	\$ 142,385,942	\$ 132,000,973
8,734,755	3,621,856	(2,830,148)	1,173,237	(8,817,211)	(19,480,868)
4,752,568	34,915,787	21,154,461	43,316,930	(60,633,269)	(13,936,725)
-	1,543,518	651,434	655,609	707,234	661,212
<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>

CITY OF BRIDGEPORT, CONNECTICUT

Changes In Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	1997	1998	1999	2000
Revenues:				
Property taxes	\$ 158,315,548	\$ 154,135,491	\$ 149,716,422	\$ 150,662,443
Property tax delinquency fees	4,234,757	4,620,634	3,593,192	3,481,285
Intergovernmental	194,180,865	207,203,337	234,933,973	279,419,020
Fees, permits and licenses	11,970,788	13,960,575	12,005,861	12,030,977
Interest	5,594,882	7,185,126	7,295,911	10,161,216
Other	5,782,993	16,102,381	7,110,498	11,539,709
Total revenues	380,079,833	403,207,544	414,655,857	467,294,650
Expenditures:				
Governmental and community services				
General government	91,716,314	98,274,783	95,387,728	99,860,361
Protection of person and property	52,402,856	53,893,437	57,340,176	59,421,508
Excess Pension Contribution	-	-	-	-
Conservation of health	8,699,871	9,125,118	9,255,934	10,131,608
Public facilities	16,220,495	19,330,365	20,323,215	19,431,610
Charities and hospitals	8,794,510	1,790,660	221,450	173,757
Education	151,537,889	159,468,547	175,696,345	190,115,805
Parks and recreation	3,192,530	3,523,214	4,827,311	4,774,541
Special services	21,904,759	20,582,364	26,017,378	22,504,312
Debt service:				
Principal retirements	11,396,286	12,496,389	12,547,008	14,567,195
Interest and other charges	10,440,650	12,382,589	12,283,969	12,283,646
Capital outlay	12,795,337	43,248,909	23,294,873	92,084,678
Total expenditures	389,101,497	434,116,375	437,195,387	525,349,021
Excess of revenues (under) expenditures	(9,021,664)	(30,908,831)	(22,539,530)	(58,054,371)
Other financing sources (uses):				
Transfers in	48,255	3,400,000	3,000,000	149,255,380
Transfers out	(48,255)	(3,400,000)	(3,000,000)	(149,255,380)
Bonds issued	38,172,168	-	-	101,600,000
Premium (discount) on long-term debt	-	-	-	-
Payments to escrow agent	-	-	-	-
Proceeds from notes payable	366,000	-	1,880,000	1,500,000
Capital lease	-	-	-	-
Sale of property	9,889,358	-	-	-
Total other financing sources (uses)	48,427,526	-	1,880,000	103,100,000
Net changes in fund balance	\$ 39,405,862	\$ (30,908,831)	\$ (20,659,530)	\$ 45,045,629
Debt service as a percentage of noncapital expenditures	5.8%	6.4%	6.0%	6.2%

Fiscal Year					
2001	2002	2003	2004	2005	2006
153,585,151	\$ 171,783,186	\$ 182,088,506	\$ 174,473,258	\$ 194,715,592	\$ 208,642,176
3,689,908	4,693,182	5,203,444	7,367,811	8,871,826	9,371,171
316,517,356	285,687,143	281,913,116	279,402,599	294,084,874	306,711,917
10,904,938	11,464,973	12,648,745	16,598,258	19,037,466	20,727,139
7,833,778	4,347,622	2,810,783	520,946	2,972,578	4,169,012
7,724,250	18,566,662	8,225,325	35,420,447	23,517,173	20,826,665
500,255,381	496,542,768	492,889,919	513,783,319	543,199,509	570,448,080
79,994,831	93,363,879	88,209,395	99,660,481	104,564,452	108,862,558
62,190,590	61,494,439	61,706,357	62,224,435	63,846,820	63,669,135
343,523,865	-	-	-	-	-
10,971,897	11,613,075	10,475,853	16,324,964	16,627,932	16,087,863
18,251,266	16,580,433	15,821,862	23,096,673	24,662,002	24,479,831
223,479	221,764	14,880	53,021	70,462	90,833
196,116,242	212,886,352	222,785,775	225,514,687	233,091,242	232,779,256
4,452,648	5,730,908	5,576,989	5,044,139	5,655,220	5,818,319
24,983,022	20,277,255	22,737,145	18,040,700	19,660,655	22,892,503
14,881,280	19,157,839	20,603,428	20,965,572	23,526,717	26,435,988
33,998,267	45,061,979	42,633,563	41,109,530	43,567,518	46,276,800
90,482,840	42,884,420	30,284,271	23,040,567	42,681,632	63,239,695
880,070,227	529,272,343	520,849,518	535,074,769	577,954,652	610,632,781
(379,814,846)	(32,729,575)	(27,959,599)	(21,291,450)	(34,755,143)	(40,184,701)
172,786,340	168,024,318	169,405,906	175,814,614	179,817,106	175,331,870
(172,786,340)	(173,541,029)	(169,405,906)	(175,814,614)	(179,817,106)	(175,331,870)
350,000,000	121,195,435	-	77,265,000	88,505,000	95,735,000
-	6,614,810	-	1,600,083	8,186,165	895,239
-	(79,331,679)	-	(29,585,083)	(64,019,065)	(34,330,000)
24,168,565	1,000,000	500,000	-	-	-
-	314,471	-	-	-	-
-	-	-	-	-	-
374,168,565	44,276,326	500,000	49,280,000	32,672,100	62,300,239
(5,646,281)	\$ 11,546,751	\$ (27,459,599)	\$ 27,988,550	\$ (2,083,043)	\$ 22,115,538
6.2%	13.2%	12.9%	12.1%	12.5%	13.3%

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
1997	\$ 120,636,448	\$ 22,005,861	\$ 15,673,239	\$ 158,315,548
1998	116,372,296	22,041,375	15,721,820	154,135,491
1999	112,736,466	21,708,881	15,271,075	149,716,422
2000	112,996,832	21,996,717	15,668,894	150,662,443
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
Change 1997-2006	44.59%	-7.08%	-12.14%	31.79%

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

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CITY OF BRIDGEPORT, CONNECTICUT

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

(dollars in thousands)

(Unaudited)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Miscellaneous Land	Personal Property	Motor Vehicle
1996	\$ 1,219,447	\$ 463,813	\$ 142,658	\$ 16,017	\$ 344,589	\$ 210,699
1997	1,208,096	454,806	142,188	16,232	365,148	241,242
1998	1,217,030	476,888	139,682	17,493	370,110	250,817
1999	1,218,207	488,413	137,841	18,335	379,095	255,535
2000	1,218,738	502,271	135,142	18,115	434,976	264,687
2001	1,218,829	496,302	126,073	18,370	525,162	285,838
2002	1,376,877	527,328	126,404	22,873	513,383	310,875
2003	1,577,935	591,635	137,263	30,266	508,476	330,502
2004	1,795,669	663,605	146,558	34,857	497,521	340,958
2005	3,172,156	977,737	187,791	42,391	517,774	321,204
2006	3,182,882	996,112	188,513	41,072	543,985	348,997

Source: City of Bridgeport Tax Assessor's Office

Total Taxable Assessed Value	Percent Growth	Total Direct Tax Rate	Estimated Actual Taxable Value	Value as a Percentage of Actual Value
\$ 2,397,223	-	67.80	\$ 3,424,604	70.00%
2,427,712	1.27%	67.50	3,468,160	70.00%
2,472,020	1.83%	66.50	3,531,457	70.00%
2,497,426	1.03%	65.50	3,567,751	70.00%
2,573,929	3.06%	65.00	3,677,041	70.00%
2,670,574	3.75%	65.00	3,815,106	70.00%
2,877,740	7.76%	65.00	4,111,057	70.00%
3,176,077	10.37%	62.40	4,537,253	70.00%
3,479,168	9.54%	55.20	4,970,240	70.00%
5,219,053	50.01%	38.99	7,455,790	70.00%
5,301,561	1.58%	40.32	7,573,659	70.00%

CITY OF BRIDGEPORT, CONNECTICUT

**Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)**

Taxpayer	2006			1997		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
PSEG Power Connecticut	\$ 83,752,150	1	1.59%			
Cingular Wireless LLC	80,663,062	2	1.53%			
Peoples Bank	62,199,063	3	1.18%	54,544,570	2	2.31%
United Illuminating Co. Inc.	54,812,359	4	1.04%	98,266,093	1	4.16%
Bridgeport Energy LLC - Duke Energy	54,564,491	5	1.03%			
Southern Connecticut Gas Co. - Energy EA	32,196,075	6	0.61%	14,284,465	7	0.60%
3030 Park Health Center	24,585,924	7	0.47%			
Aquarion Water Co. of CT **	23,302,683	8	0.44%	18,135,836	4	0.77%
Bridgeport Lafayette 2005 LLC	15,400,000	9	0.29%			
Success Village Apts Inc.	14,641,200	10	0.28%			
SNET				20,759,487	3	0.88%
United Technologies (Sikorsky)				14,756,185	5	0.62%
Shoreline Star				14,687,381	6	0.62%
General Electric Co.				12,419,300	8	0.52%
Harvey Hubbell, Inc				8,042,208	9	0.34%
American Telephone & Telegraph				8,039,701	10	0.34%
Total	\$ 446,117,007		8.46%	\$ 263,935,226		11.16%

** Note: Name change occurred during period.

Source: City of Bridgeport - Assessor's Office

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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	
			Amount	Percentage of Levy
1997	1995	\$ 159,505,855	\$ 145,152,211	91.00%
1998	1996	156,732,111	145,511,141	92.84%
1999	1997	155,539,711	143,757,575	92.42%
2000	1998	156,976,007	143,034,101	91.12%
2001	1999	159,152,733	145,819,379	91.62%
2002	2000	173,831,595	161,502,431	92.91%
2003	2001	185,623,997	173,420,270	93.43%
2004	2002	181,481,765	169,411,397	93.35%
2005	2003	197,205,819	189,036,426	95.86%
2006	2004	210,375,902	202,659,104	96.33%

Source: City of Bridgeport - Tax Collector's Office

Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
\$ 12,255,582	\$ 157,407,793	98.68%
8,933,460	154,444,601	98.54%
9,231,155	152,988,730	98.36%
11,077,219	154,111,320	98.18%
9,969,559	155,788,938	97.89%
8,890,210	170,392,641	98.02%
8,037,813	181,458,083	97.76%
6,664,053	176,075,450	97.02%
3,657,586	192,694,012	97.71%
n/a	202,659,104	96.33%

CITY OF BRIDGEPORT, CONNECTICUT					
Ratios of Net General Bonded Debt Outstanding by Type					
Last Ten Fiscal Years					
(Unaudited)					
Governmental Activities					
Fiscal Year	General Obligation Bonds	Less Amount Available in Debt Service	Net General Bonded Debt	Percentage of Actual Property Value	Debt Per Capita
1997	\$ 186,025	\$ -	\$ 186,025	5.50%	1,313
1998	195,905	-	195,905	5.71%	1,383
1999	203,660	-	203,660	5.89%	1,437
2000	261,190	-	261,190	7.32%	1,901
2001 *	606,220	-	606,220	16.37%	4,345
2002	635,295	-	635,295	15.91%	4,553
2003	633,270	-	633,270	14.28%	4,539
2004	644,870	-	644,870	13.23%	4,622
2005	649,685	-	649,685	8.80%	4,656
2006	719,810	-	719,810	9.50%	5,159
* 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, 2006
(Unaudited)**

Governmental Unit	Debt Outstanding
General obligation debt	\$ 719,810,000
Less school construction grants receivable - principal portion only	<u>(17,862,922)</u>
Total direct debt	<u><u>\$ 701,947,078</u></u>

Source: City records.

Note: The City is not subject to the debt of overlapping governments.

Note: 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.

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CITY OF BRIDGEPORT, CONNECTICUT

Legal Debt Margin Information

Last Ten Fiscal Years

(dollars in thousands)

(Unaudited)

	1997	1998	1999	2000 *
Debt limit	\$ 1,140,643	\$ 1,113,441	\$ 1,073,366	\$ 1,076,495
Total net debt applicable to limit	236,630	224,060	203,097	826,706
Legal debt margin	\$ 904,013	\$ 889,381	\$ 870,269	\$ 249,789
Total net debt applicable to the limit as a percentage of debt limit	20.75%	20.12%	18.92%	76.80%

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

2001	2002	2003	2004	2005	2006
\$ 1,098,125	\$ 1,221,948	\$ 1,310,722	\$ 1,277,556	\$ 1,421,441	\$ 1,514,400
859,553	835,663	820,848	825,160	892,013	945,365
\$ 238,572	\$ 386,285	\$ 489,874	\$ 452,396	\$ 529,428	\$ 569,035
78.27%	68.39%	62.63%	64.59%	62.75%	62.43%

CITY OF BRIDGEPORT, CONNECTICUT

COMPUTATION OF LEGAL DEBT LIMITATION

June 30, 2006

Total tax collections (including interest and lien fees) for the year ended June 30, 2006 \$ 216,259,021

Reimbursement for revenue loss:
Tax relief for elderly 83,790

Base \$ 216,342,811

Debt limit \$ 1,514,399,677

Debt Limitation	General Purpose	Schools	Sewer	Urban Renewal	Unfunded Pension Benefit Obligation
2-1/4 times base	\$ 486,771,325	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	973,542,650	-	-	-
3-3/4 times base	-	-	811,285,541	-	-
3-1/4 times base	-	-	-	703,114,136	-
3 times base	-	-	-	-	649,028,433
Total debt limitation	<u>486,771,325</u>	<u>973,542,650</u>	<u>811,285,541</u>	<u>703,114,136</u>	<u>649,028,433</u>
Debt as defined by statute:					
Bond anticipation notes payable	255,162,502	101,657,498	56,559,487	-	328,660,000
Bonds authorized but not issued, issue dates not yet established	<u>52,707,847</u>	<u>60,618,699</u>	<u>-</u>	<u>-</u>	<u>90,000,000</u>
Total indebtedness	<u>307,870,349</u>	<u>162,276,197</u>	<u>56,559,487</u>	<u>-</u>	<u>418,660,000</u>
Debt Limitation in excess of indebtedness	<u>\$ 178,900,976</u>	<u>\$ 811,266,453</u>	<u>\$ 754,726,054</u>	<u>\$ 703,114,136</u>	<u>\$ 230,368,433</u>

CITY OF BRIDGEPORT, CONNECTICUT						
Pledged-Revenue Coverage						
Last Ten Fiscal Years						
<i>(dollars in thousands)</i>						
(Unaudited)						
Water Pollution Control Authority Revenue Bonds						
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2003	n/a	n/a	n/a	n/a	n/a	n/a
2004	n/a	n/a	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a	n/a	n/a
n/a: The City does not have any revenue bonds.						

CITY OF BRIDGEPORT, CONNECTICUT

Demographic and Economic Statistics

Last Ten Fiscal Years

(Unaudited)

Fiscal Year Ended June 30	Population	Personal Income	Per Capita Income	Median Age	School Enrollment	Unemployment(*) Rate
1997	141,686	28,704	14,534	31.1	21,928	9.2%
1998	141,686	28,704	14,534	31.1	22,153	7.1%
1999	141,686	45,535	16,161	31.1	22,225	5.7%
2000	139,529	45,535	16,161	31.4	22,321	4.8%
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%

CITY OF BRIDGEPORT, CONNECTICUT

Principal Employers Current Year and Nine Years Ago (Unaudited)

Employer	2006			1997		
	Employees	Rank	Percentage of Total City Employment	Employees*	Rank	Percentage of Total City Employment
Bridgeport Hospital, Inc.	2,700	1	4.67%	1,500	1	2.63%
People's Bank	2,400	2	4.15%	1,350	3	2.36%
St. Vincent's Medical Center	2,200	3	3.81%	1,500	2	2.63%
Bridgeport Health Care Center	1,100	4	1.90%	600	9	1.05%
Sikorsky Aircraft (United Technologies)	600	5	1.04%	1,250	4	2.19%
AT & T Inc.	450	6	0.78%			
RBS National Bank	425	7	0.74%			
Lacey Manufacturing Company	350	8	0.61%			
Bodine Assembly & Test Systems	275	9	0.48%			
Pitney Bowes	220	10	0.38%			
SNET				1,100	5	1.93%
Harvey Hubbell, Inc				750	6	1.31%
Chase Manhattan Bank of CT				700	7	1.23%
Remington Products Inc.				650	8	1.14%
Connecticut Post				500	10	0.88%

* Note: Estimate

Sources: City of Bridgeport - Office of Planning and Economic Development

CITY OF BRIDGEPORT, CONNECTICUT				
Full-Time Equivalent City Government Employees By Functions/Programs				
Last Ten Fiscal Years				
(Unaudited)				
Full-Time Equivalent Employees as of June 30				
	2006	2005	2004	2003
<u>Functions/Program</u>				
GENERAL GOVERNMENT				
Central grants office	6	6	4	4
Mayor's office	8	8	6	5
Constituent Services	-	-	-	2
Civil service commission	7	8	8	8
Grants personnel	7	10	10	9
City attorney	22	24	23	21
City clerk and city council	7	6	6	6
Registrar of voters	6	6	6	6
Legislative department	1	2	1	1
Libraries	68	68	68	79
Office of policy and management	6	7	8	8
Archives and records	1	1	1	1
Town Clerk	8	8	8	8
Chief administrative officer	3	3	1	-
Finance department	5	5	4	4
Comptroller's office	15	17	17	17
Treasurer's office	3	3	3	3
Tax assessor	15	15	14	14
Information technology services	21	24	25	25
Tax collector	16	15	15	15
Purchasing	8	8	7	7
Print shop	7	7	6	6
Labor relations	8	8	8	8
Barnum Institute	-	-	-	-
Employee org. & development	-	2	2	2
PROTECTION OF PERSON AND PROPERTY				
Police department	544	574	548	571
Fire department	326	370	375	407
Weights and measures	2	2	2	2
CONSERVATION OF HEALTH				
Office and administrative	4	5	4	4
Registrar of vital statistics	4	4	4	4
Communicable diseases	4	5	5	5
Public health nursing	37	39	39	41
Dental hygiene	7	8	8	8
Environmental health	8	9	9	8
Health clinics	6	4	2	2
Dental Clinic	-	-	-	-
Housing code enforcement	3	4	3	3
Laboratory	-	-	1	1
Lead poisoning	-	3	3	3
School based health	26	26	26	25

CITY OF BRIDGEPORT, CONNECTICUT				
Full-Time Equivalent City Government Employees By Functions/Programs				
Last Ten Fiscal Years				
(Unaudited)				
	Full-Time Equivalent Employees as of June 30			
	2006	2005	2004	2003
<u>Functions/Program</u>				
PUBLIC FACILITIES				
City Engineer	6	6	6	7
Zoning commission	6	6	5	5
Zoning Board of Appeals	1	1	1	1
Building Department	-	10	10	10
Harbor Master	1	1	1	2
Transfer station	1	1	1	1
Director of public works	15	16	13	12
Ash and garbage collection	36	36	36	26
Landfill operation	-	-	-	-
Recycling	-	-	-	10
Roadway maintenance	46	48	48	48
Clean & Green	-	-	-	-
Planning and Development	16	20	19	19
Sikorsky Airport	15	15	15	15
Municipal garage	10	11	8	8
Maintenance	34	37	38	39
Construction Division	-	-	-	-
CHARITIES AND HOSPITALS				
Social Services	2	1	1	-
PARKS AND RECREATION				
Board of recreation	3	3	3	4
Parks department	31	30	28	29
Park Mounted Unit / Stable	-	-	2	2
Beardsley zoo	13	13	13	13
SPECIAL SERVICES				
Youth services	3	2	2	2
HRD administration	2	3	4	4
Department on aging	6	6	6	5
Office for disabilities	-	1	1	1
Affirmative Action	-	-	-	-
Total	1,465	1,580	1,539	1,605

CITY OF BRIDGEPORT, CONNECTICUT

**Operating Indicators By Function/Program
Last Ten Calendar Years
(Unaudited)**

Function/Program	Calendar Year			
	1997	1998	1999	2000
Police:				
Calls for service	108,417	110,636	111,249	121,486
Adult arrest	n/a	n/a	n/a	n/a
Juvenile arrest	n/a	n/a	n/a	n/a
Fire:				
Total fire runs	10,029	11,389	12,534	12,784
Total rescue runs	491	557	688	693
Property loss	\$ 6,967,490	\$ 5,672,729	\$ 5,785,213	\$ 5,190,040
Building safety:				
Total building permits	2,137	2,313	2,315	2,246
Total value all permits	\$ 55,220,466	\$ 93,115,902	\$ 39,272,051	\$ 60,643,154
Library, volumes in collection	520,000	520,000	520,000	520,000
Public service:				
Garbage collected (ton)	n/a	n/a	n/a	n/a
Recycle collected (ton)	n/a	n/a	n/a	n/a
Parks and Recreation:				
Recreation program attendance	n/a	n/a	n/a	n/a
Aquatics program attendance	n/a	n/a	n/a	n/a
Golf rounds played	n/a	n/a	n/a	n/a
Street trees maintained	682	477	500	663

Source: City Records

Note: n/a - Indicator not available

*** - Construction limited rounds available to be played.

Calendar Year						
	2001	2002	2003	2004	2005	2006
	123,407	120,822	129,649	127,347	118,047	123,901
	n/a	7,245	7,057	6,959	5,927	5,295
	n/a	1,017	1,179	1,353	1,413	1,114
	13,488	11,399	11,005	10,619	10,507	10,094
	575	n/a	n/a	n/a	n/a	n/a
\$	6,012,088	n/a	n/a	n/a	n/a	n/a
	2,197	2,293	2,359	2,466	2,381	2,724
\$	64,670,979	\$ 59,184,661	\$ 67,212,183	\$ 75,542,022	\$ 108,551,386	\$ 183,273,790
	525,000	525,000	525,000	525,000	525,000	525,000
	68,248	64,614	63,197	66,841	69,171	65,055
	3,835	4,571	4,124	4,110	3,864	3,496
	n/a	n/a	1,235	1,897	2,100	2,375
	n/a	n/a	706	750	900	600
	n/a	n/a	n/a	60,249	53,375	23,436
	656	694	666	675	405	490

CITY OF BRIDGEPORT, CONNECTICUT				
Capital Asset Statistics By Function/Program				
Last Ten Fiscal Years				
(Unaudited)				
Function/Program	1997	1998	1999	2000
Police:				
Stations	1	1	1	3
Police Officer Sector Terminals (POST)	6	6	6	5
Number of personnel and officers	420	453	428	546
Number of Divisions	11	11	11	11
Fire:				
Stations	8	8	8	8
Number of personnel and officers	361	369	368	409
Equipment (pieces)	20	20	20	21
Refuse Collection:				
Collection Trucks	15	15	15	15
Public Facilities:				
Streets (Miles)	829	829	829	829
Traffic Signals	1,552	1,552	1,552	1,552
Parks & Recreation:				
Play grounds	16	16	16	16
Parks	41	41	41	47
Park Acreage	1,326	1,326	1,326	1,330
Golf Courses	2	2	2	2
Swimming Pools	2	2	2	3
Tennis Courts	24	24	24	24
Museums	2	2	2	2
Zoo	1	1	1	1
Baseball/softball diamonds	25	25	25	25
Ice Skating Rinks	1	1	1	1
Soccer/Football Fields	17	17	18	18
Library:				
Facilities	6	6	6	6
Volumes	520,000	520,000	520,000	520,000
Water:				
Average Daily Consumption (MGPD)	15,370	15,062	14,550	14,345
Wastewater:				
Sanitary Sewers (miles)	150	150	150	150
Storm Sewers (miles)	n/a	n/a	n/a	n/a
Combination Sanitary and Storm (miles)	133	133	133	133
Number of sewer wells	55,050	55,050	55,050	55,050
Number of Treatment Plants	2	2	2	2
Source: City Records				

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