

CITY OF BRIDGEPORT, CONNECTICUT



COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

Prepared By:
DEPARTMENT OF FINANCE

Kenneth A. Flatto
Director of Finance

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

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Introductory Section



CITY OF BRIDGEPORT
DEPARTMENT OF FINANCE
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JOSEPH P. GANIM
Mayor

KENNETH A. FLATTO
Finance Director/CFO

January 30, 2017

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

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

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

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

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

Profile of the Government

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

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

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

Budget and Finances

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

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

Reassessment

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

Local Economy

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

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

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

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

Waterfront Development/Steel Point

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

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

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

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

Downtown Development

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

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

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

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

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

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

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

Industrial Development and Energy Projects

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

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

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

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

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

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

Medical Sector and Senior Living Projects

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

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

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

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

Bridgeport's Major Financial Initiatives

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

Revenue Collection Initiatives

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

Internal Service Fund

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

City Investment Policy

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

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

Awards and Acknowledgements

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

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

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

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

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

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

Respectfully submitted,

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

Kenneth A. Flatto
Director of Finance



Government Finance Officers Association

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

Presented to

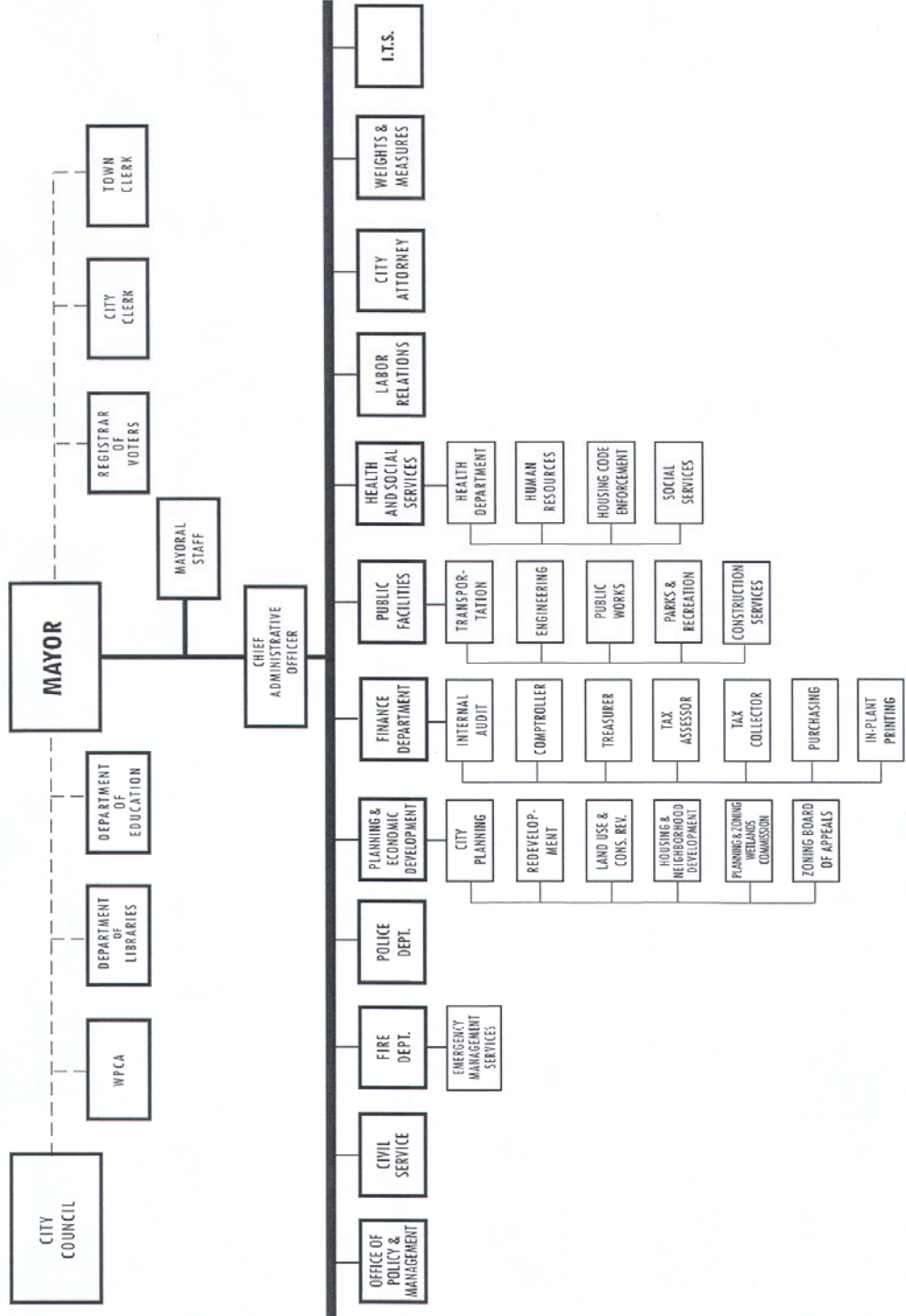
**City of Bridgeport
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

CITY OF BRIDGEPORT TABLE OF ORGANIZATION



CITY OF BRIDGEPORT, CONNECTICUT

LIST OF PRINCIPAL OFFICERS

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

Financial Section



Accounting | Tax | Business Consulting

Independent Auditors' Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinions

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

Change in Accounting Principle

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

Prior Period Adjustments

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16, the budgetary comparison information on pages 80 through 84, and the pension schedules on pages 85 through 96 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

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

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
January 30, 2017

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

As management of the City of Bridgeport, Connecticut (the City) we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here along with additional information we have furnished in our letter of transmittal, as well as the City's basic financial statements that follow this section.

Financial Highlights

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

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information and a statistical section as well as the basic financial statements. The statistical section provides comparisons of selected information beginning with fiscal year 2007.

Government-Wide Financial Statements

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

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

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

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

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

The government-wide financial statements (statement of net position and statement of activities) can be found on Exhibits I and II of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control and accountability over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City has three types of funds:

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 19 individual governmental funds. The General Fund, Education Grants Fund, and the Capital Projects Funds, are considered to be major funds. Information for each of the major governmental funds is provided in the balance sheet – governmental funds and statement of revenues, expenditures and changes in fund balances – governmental funds on Exhibits III and IV. Data from other governmental funds are combined into a single, aggregated presentation as Nonmajor Governmental Funds. Other non-major governmental funds for the City include the Health and Sanitation Fund, the Public Safety Fund, the Miscellaneous and Facility Fund, the Social Services Fund, the Community Development Block Grant Fund, the Housing Opportunities Aids Fund, the Home Program Fund, the Section 108 Loan Guarantee Fund, the Development Administration, the Library Fund, The Education Fund, the Miscellaneous Grants Fund, General Government Fund, all of which are considered Special Revenue Funds. In addition, the Conversion Capital Projects Fund is considered Capital Projects Fund. Permanent Trust Funds consist of the Library Fund and the Education Fund. Individual fund data for each of these nonmajor governmental funds is provided in the combining balance sheets on Exhibit B-1 and in the combining statement of revenues, expenditures and changes in fund balance on Exhibit B-2.

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

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements can be found on Exhibits V - VII of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to provide services to the City's constituency. The City has four pension trust funds. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on Exhibits VIII and IX of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-79 of this report.

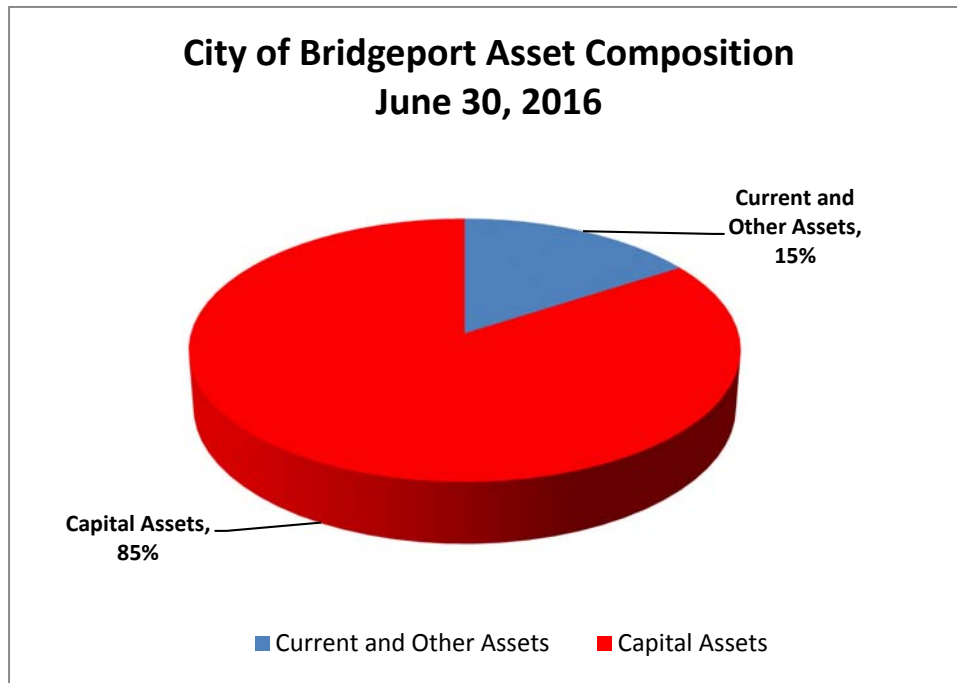
The notes to this report also contain certain information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

Government-Wide Financial Analysis

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

CITY OF BRIDGEPORT, CONNECTICUT NET POSITION (In Thousands)

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



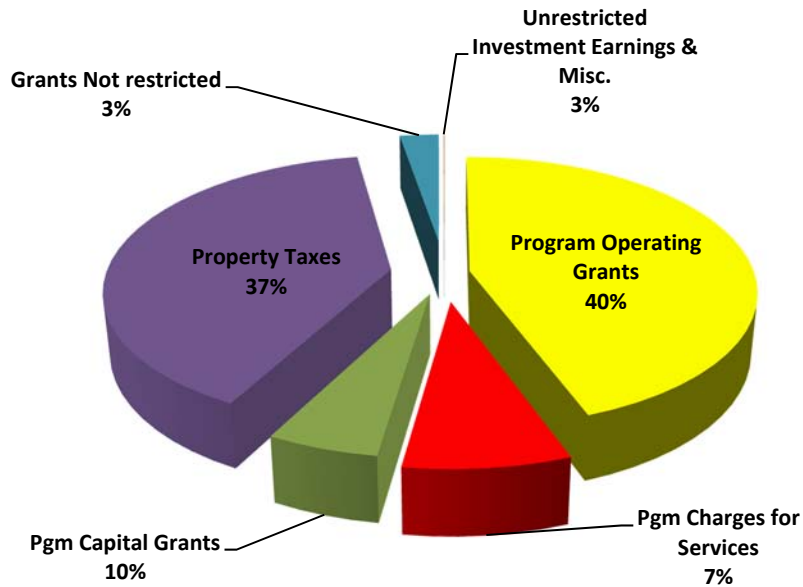
The portion of the City's net position, \$814 million, reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment), net of any outstanding debt related to these assets. The City uses these capital assets to provide services to citizens; consequently, these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

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

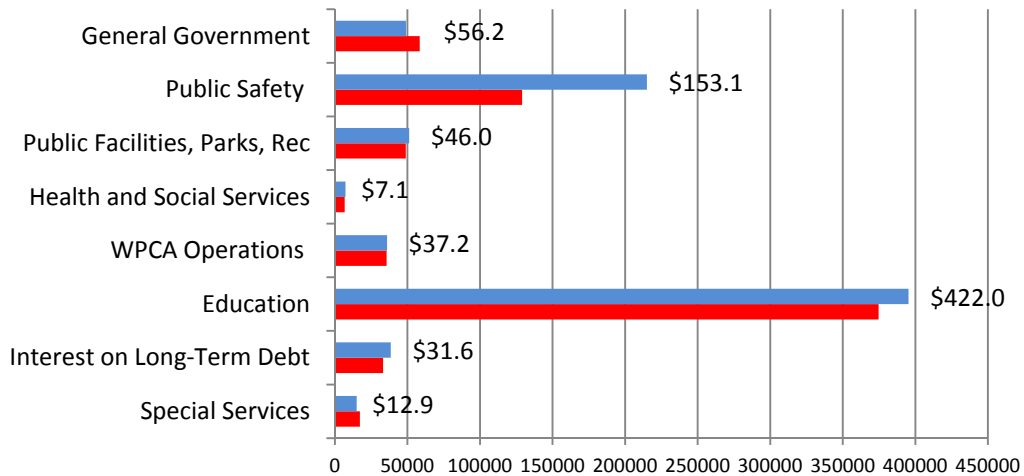
CITY OF BRIDGEPORT, CONNECTICUT
CHANGES IN NET POSITION
(In Thousands)

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

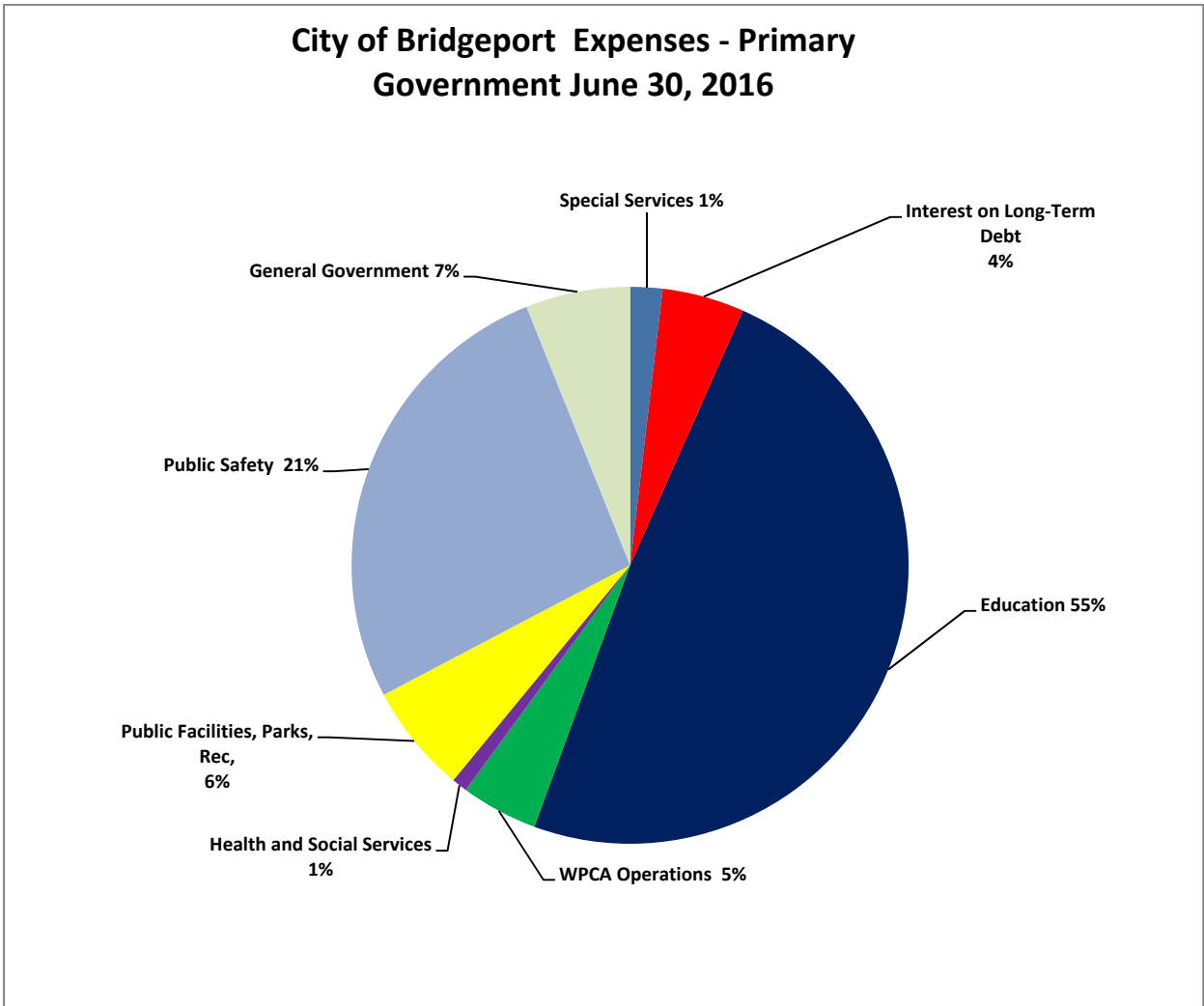
City of Bridgeport FY16 Revenues



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



City of Bridgeport Expenses - Primary Government June 30, 2016



Governmental Activities

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

Major revenue factors included:

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

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

Major expense factors include:

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

Financial Analysis of the Fund Financial Statements

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

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

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

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

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

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

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

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

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

General Fund Budgetary Highlights

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

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

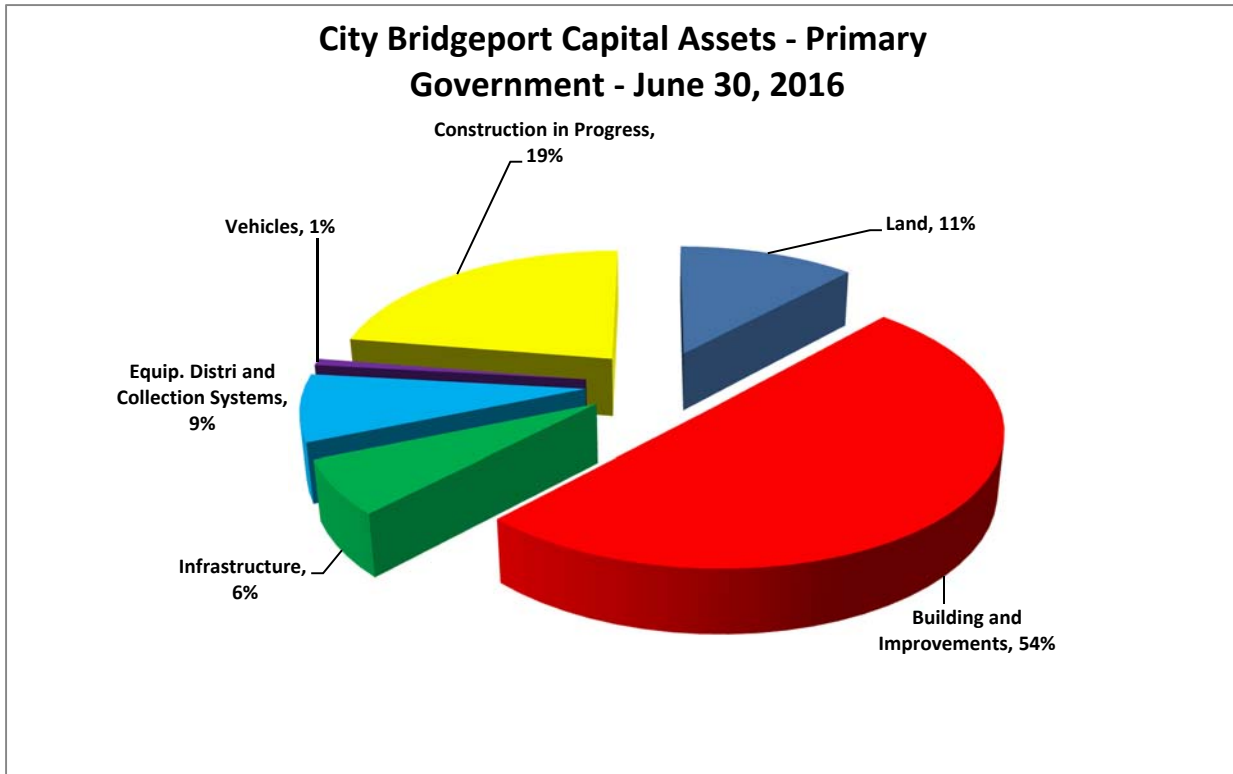
The City of Bridgeport's General Fund ended the FY 2015-2016 with a solid surplus of \$905,681.

Capital Asset and Debt Administration

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

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

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



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

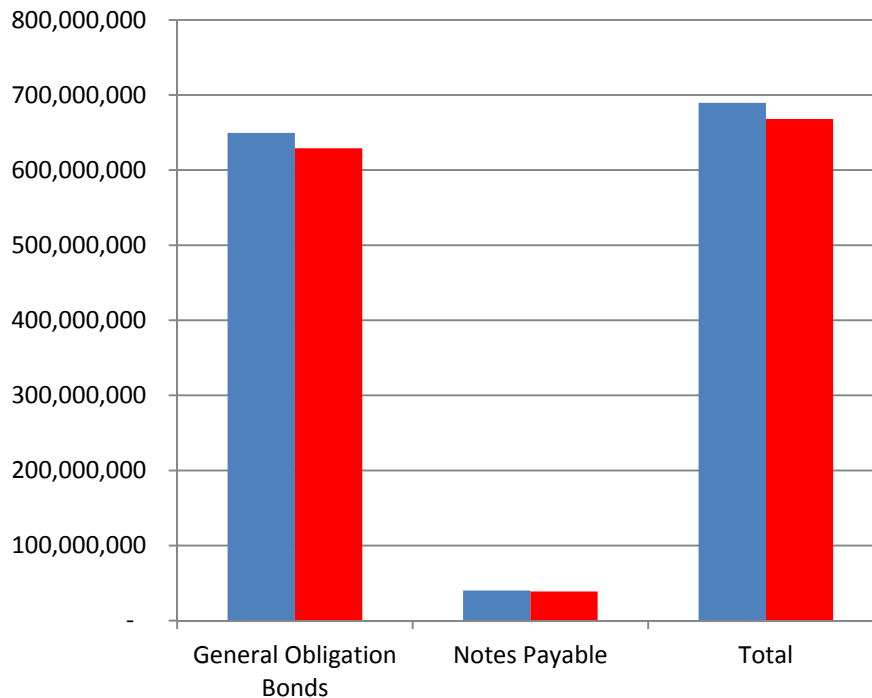
- ◆ Construction, improvements and renovations to school buildings and facilities.
- ◆ Continued rehabilitation of playgrounds and athletic fields.
- ◆ Infrastructure improvements including roads, bridges, and sanitary and sewer projects.
- ◆ Acquisition of parcels and remediation efforts for ongoing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

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

CITY OF BRIDGEPORT, CONNECTICUT OUTSTANDING DEBT

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

Outstanding Debt - General Obligation and Revenue Bonds FY2016 vs FY2015



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

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

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

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

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

Economic Factors and Next Year's Budgets and Rates

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

Requests for Information

The financial report is designed to provide a general overview of the City's finances for all those with an interest in government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance at 999 Broad Street, CT 06604.

Basic Financial Statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

(Continued on next page)

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

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

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

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

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

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

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

Internal service funds are used by management to charge the costs of
risk management to individual funds. The assets and liabilities of
the internal service funds are reported with governmental activities
in the statement of net position.

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

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

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

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

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

(Continued on next page)

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

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

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

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

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

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

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

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

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

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

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

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

(873,154)

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

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported, instead, as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for Agency Funds, which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied for. Intergovernmental grants and entitlements and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter, to pay liabilities of the current period.

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

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

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

The City reports the following major governmental funds.

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

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

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

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund types:

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

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the WPCA and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the WPCA are charges to customers for user fees. Operating expenses include the cost of operations and maintenance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Cash and Cash Equivalents

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

E. Investments

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

F. Property Taxes

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

G. Capital Assets

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

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

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

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

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

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

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports a deferred charge on refunding and deferred outflows related to pensions in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

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

I. Claims and Judgments

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

J. Compensated Absences

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

K. Long-Term Obligations

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

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

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

L. Net Pension Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

M. Net OPEB Obligations

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

N. Fund Equity and Net Position

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

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

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Assigned Fund Balance

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

Unassigned Fund Balance

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

O. Encumbrances

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

P. Accounting Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

2. BUDGETS AND BUDGETARY ACCOUNTING

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

Mayor Recommended Preparation

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

City Council Process

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

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

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

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

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

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

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

Special Revenue Funds

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

Capital Projects Fund

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

**CITY OF BRIDGEPORT, CONNECTICUT
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Deficit Fund Equity

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

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

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

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies; 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

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

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Deposits

Deposit Custodial Credit Risk

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

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

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

Cash Equivalents

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

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

* Not rated

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B. Investments

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

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

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

Interest Rate Risk

The City and pension funds have policies to limit their exposure to fair value losses arising from changes in interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds or similar investment pools.

Concentrations

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

Custodial Credit Risk

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

**CITY OF BRIDGEPORT, CONNECTICUT
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Investments of the City consist of the following at June 30, 2016:

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

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

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

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

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Interest Rate Risk

This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Information about the exposure of the City's debt type investments to this risk using the segmented time distribution model is as follows:

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

Credit Risk

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

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

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

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

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

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

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

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

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

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4. RECEIVABLES - FUND BASIS

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

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

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

5. INTERFUND ACCOUNTS

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

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

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

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

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

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

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

6. BULK LIEN SALES

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

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

7. CAPITAL ASSETS

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

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

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

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

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

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

8. LONG-TERM DEBT

Changes in Long-Term Liabilities

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

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

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

Notes Payable

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

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

General Obligation Bonds

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

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

**CITY OF BRIDGEPORT, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
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A schedule of bonds at June 30, 2016 is presented below:

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

Designation of 2010 Series B Bonds as Build America Bonds

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

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

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

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

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

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

Legal Debt Limit

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

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

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

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

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

Tax Anticipation Notes Payable

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

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

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

General Obligation Bonds Refunding

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

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

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

9. FUND BALANCE

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

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

10. COMMITMENTS AND CONTINGENCIES

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

Personal Injury and Other Actions

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

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

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

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

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

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

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

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

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

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

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

Beardsley Zoo

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

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

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WPCA Privatization Agreement

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

Consent Decrees

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

Municipal Solid Waste Service Agreement

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

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

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

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

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

11. PENSION PLANS

A. Municipal Employees' Retirement System

Plan Description

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

Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

Disability Retirement - Service Connected

Employees who are totally and permanently disabled and such disability has arisen out of an in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50% of compensation at the time of disability. are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

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Disability Retirement - Non-Service Connected

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

Death Benefit

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

Contributions

Member

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

Employer

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

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

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

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

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

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

Year Ended June 30,

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

Actuarial Assumptions

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

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

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

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

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The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

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

Plan Fiduciary Net Position

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

Payable to MERS

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

B. Teachers Retirement

Plan Description

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

Benefit Provisions

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

Normal Retirement

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

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Early Retirement

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement

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

Contributions

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts)

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

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

Employees

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

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

At June 30, 2016, the City reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the City as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the City were as follows:

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

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

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

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Actuarial Assumptions

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

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 8.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

Other Information

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

C. Single Employer Defined Benefit Plans

Pension Trust Funds

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

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

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

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

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

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

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

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

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

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

Summary of Significant Accounting Policies

Basis of Accounting

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

Method Used to Value Investments

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

Investments

Investment Policy

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

Rate of Return

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

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

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

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

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

	<u>Public Safety Plan A</u>	<u>Police Retirement Plan B</u>	<u>Firefighters' Retirement Plan B</u>	<u>Janitors' and Engineers' Retirement Plan</u>
Total pension liability	\$ 327,252,219	\$ 120,239,065	\$ 45,528,031	\$ 9,365,998
Plan fiduciary net position	<u>76,643,488</u>	<u>56,525,923</u>	<u>35,702,782</u>	<u>3,433</u>
Net Pension Liability	<u>\$ 250,608,731</u>	<u>\$ 63,713,142</u>	<u>\$ 9,825,249</u>	<u>\$ 9,362,565</u>
Plan fiduciary net position as a percentage of the total pension liability	23.42%	47.01%	78.42%	0.04%

Actuarial Assumptions

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

	<u>Public Safety Plan A</u>	<u>Police Retirement Plan B</u>	<u>Firefighters' Retirement Plan B</u>	<u>Engineers' Retirement Plan</u>
Inflation	2.0%	2.0%	2.0%	N/A
Salary increases including inflation	N/A	N/A	N/A	N/A
Actuarial cost method	N/A - All participants are inactive	N/A - All participants are inactive	N/A - All participants are inactive	N/A - All participants are inactive

Mortality rates were based on the RP-2014 (adjusted back to 2006), projected generationally with Scale MP2016.

**CITY OF BRIDGEPORT, CONNECTICUT
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The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's and target asset allocation as of June 30, 2016 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Public Safety, Plan A		
Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	50.0%	6.75%
International equity	10.0%	7.45%
Core fixed income	12.5%	1.75%
High yield fixed income	12.5%	4.95%
Emerging market equity	5.0%	9.85%
Hedge Funds and alternatives	10.0%	3.75%
Total	<u>100.0%</u>	

Police Retirement Plan B		
Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	79.0%	6.75%
High yield fixed income	12.0%	4.95%
Core fixed income	9.0%	1.75%
Total	<u>100.0%</u>	

Firefighters' Retirement Plan B		
Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	65.0%	6.75%
Core fixed income	35.0%	1.75%
Total	<u>100.0%</u>	

**CITY OF BRIDGEPORT, CONNECTICUT
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Discount Rate

The discount rate used to measure the total pension liability was 7.00% for Public Safety Plan A, 3.57% for Police Retirement Plan B, 4.96% for Firefighters' Plan B and 2.85% for Janitors' and Engineers' Retirement Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

Public Safety Plan A

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2015	\$ 351,341,616	\$ 97,991,000	\$ 253,350,616
Changes for the year:			
Interest on total pension liability	23,461,582		23,461,582
Differences between expected and actual experience	(3,217,484)		(3,217,484)
Changes in assumptions	(12,438,135)		(12,438,135)
Employer contributions		15,488,177	(15,488,177)
Net investment income (loss)		(4,940,329)	4,940,329
Benefit payments, including refund to employee contributions	(31,895,360)	(31,895,360)	-
Net changes	<u>(24,089,397)</u>	<u>(21,347,512)</u>	<u>(2,741,885)</u>
Balances as of June 30, 2016	<u>\$ 327,252,219</u>	<u>\$ 76,643,488</u>	<u>\$ 250,608,731</u>

Police Retirement Plan B

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2015	\$ 103,489,274	\$ 61,251,485	\$ 42,237,789
Changes for the year:			
Interest on total pension liability	4,622,718		4,622,718
Differences between expected and actual experience	715,864		715,864
Changes in assumptions	16,313,199		16,313,199
Net investment income (loss)		176,428	(176,428)
Benefit payments, including refund to employee contributions	(4,901,990)	(4,901,990)	-
Net changes	<u>16,749,791</u>	<u>(4,725,562)</u>	<u>21,475,353</u>
Balances as of June 30, 2016	<u>\$ 120,239,065</u>	<u>\$ 56,525,923</u>	<u>\$ 63,713,142</u>

**CITY OF BRIDGEPORT, CONNECTICUT
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Firefighters' Retirement Plan B

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
Balances as of June 30, 2015	\$ 47,570,840	\$ 38,195,645	\$ 9,375,195
Changes for the year:			
Interest on total pension liability	2,476,699		2,476,699
Differences between expected and actual experience	(850,563)		(850,563)
Changes in assumptions	(1,461,547)		(1,461,547)
Net investment income (loss)		(285,465)	285,465
Benefit payments, including refund to employee contributions	(2,207,398)	(2,207,398)	-
Net changes	<u>(2,042,809)</u>	<u>(2,492,863)</u>	<u>450,054</u>
Balances as of June 30, 2016	<u>\$ 45,528,031</u>	<u>\$ 35,702,782</u>	<u>\$ 9,825,249</u>

Janitors' and Engineers' Retirement Plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
Balances as of June 30, 2015	\$ 8,692,592	\$ 3,433	\$ 8,689,159
Changes for the year:			
Interest on total pension liability	315,328		315,328
Differences between expected and actual experience	(115,639)		(115,639)
Changes in assumptions	1,270,097		1,270,097
Employer contributions		796,380	(796,380)
Benefit payments, including refund to employee contributions	(796,380)	(796,380)	-
Net changes	<u>673,406</u>	<u>-</u>	<u>673,406</u>
Balances as of June 30, 2016	<u>\$ 9,365,998</u>	<u>\$ 3,433</u>	<u>\$ 9,362,565</u>

**CITY OF BRIDGEPORT, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
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Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

Public Safety Plan A

	<u>1% Decrease</u> <u>6.00%</u>	<u>Current</u> <u>Discount Rate</u> <u>7.00%</u>	<u>1% Increase</u> <u>8.00%</u>
Net Pension Liability	\$ <u>279,036,222</u>	\$ <u>250,608,731</u>	\$ <u>226,103,945</u>

Police Retirement Plan B

	<u>1% Decrease</u> <u>2.57%</u>	<u>Current</u> <u>Discount Rate</u> <u>3.57%</u>	<u>1% Increase</u> <u>4.57%</u>
Net Pension Liability	\$ <u>86,592,504</u>	\$ <u>63,713,142</u>	\$ <u>46,138,784</u>

Firefighters' Retirement Plan B

	<u>1% Decrease</u> <u>3.96%</u>	<u>Current</u> <u>Discount Rate</u> <u>4.96%</u>	<u>1% Increase</u> <u>5.96%</u>
Net Pension Liability	\$ <u>16,852,341</u>	\$ <u>9,825,249</u>	\$ <u>4,228,899</u>

Janitors' and Engineers' Retirement Plan

	<u>1% Decrease</u> <u>1.85%</u>	<u>Current</u> <u>Discount Rate</u> <u>2.85%</u>	<u>1% Increase</u> <u>3.85%</u>
Net Pension Liability	\$ <u>10,281,317</u>	\$ <u>9,362,565</u>	\$ <u>8,587,671</u>

**CITY OF BRIDGEPORT, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
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**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions**

For the year ended June 30, 2016, the City recognized pension expense of \$25,671,584. At June 30, 2016, the City reported deferred outflows of resources related to pension from the following sources:

<u>Public Safety Plan A</u>	<u>Deferred Outflows of Resources</u>
Net difference between projected and actual earning on pension plan investments	\$ <u>13,704,603</u>

<u>Police Retirement Plan B</u>	<u>Deferred Outflows of Resources</u>
Net difference between projected and actual earning on pension plan investments	\$ <u>3,609,155</u>

<u>Firefighters' Retirement Plan B</u>	<u>Deferred Outflows of Resources</u>
Net difference between projected and actual earning on pension plan investments	\$ <u>2,424,440</u>

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

<u>Year Ended June 30,</u>	
2017	\$ 5,513,819
2018	5,513,819
2019	5,513,816
2020	3,196,744

**CITY OF BRIDGEPORT, CONNECTICUT
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Schedule of Plan Net Position - June 30, 2016

	Public Safety Investment and Pension Trust Plan A	Police Retirement Plan B	Firefighters' Retirement Plan B	Janitors' and Engineers' Retirement Plan	Total
Assets:					
Cash and cash equivalents	\$ 4,938,370	\$ 1,372,346	\$ 1,271,833	\$ 3,433	\$ 7,585,982
Investments, at fair value:					
Certificate of deposits		251,533			251,533
U.S. Government Agencies		233,853	1,061,596		1,295,449
U.S. Government Securities		4,050,064	3,824,614		7,874,678
Corporate bonds	504,302	5,663,122	4,289,533		10,456,957
Common stocks	27,510,839	21,469,981	20,413,974		69,394,794
Mutual funds - equities	29,820,114	23,485,024	4,841,252		58,146,390
Alternative investments	11,442,583				11,442,583
Total investments	<u>69,277,838</u>	<u>55,153,577</u>	<u>34,430,969</u>	<u>-</u>	<u>158,862,384</u>
Due from other funds of the City of Bridgeport	<u>2,329,262</u>				<u>2,329,262</u>
Contributions receivable	<u>98,018</u>				<u>98,018</u>
Total assets	<u>76,643,488</u>	<u>56,525,923</u>	<u>35,702,802</u>	<u>3,433</u>	<u>168,875,646</u>
Liabilities:					
Other liabilities			<u>20</u>		<u>20</u>
Total Net Position	<u>\$ 76,643,488</u>	<u>\$ 56,525,923</u>	<u>\$ 35,702,782</u>	<u>\$ 3,433</u>	<u>\$ 168,875,626</u>

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

Schedule of Changes in Plan Net Position for the Year Ended June 30, 2016

	Public Safety Investment and Pension Trust Plan A	Police Retirement Plan B	Firefighters' Retirement Plan B	Janitors' and Engineers' Retirement Plan	Total
Additions:					
Contributions:					
Employer	\$ 15,488,177	\$	\$	\$ 796,380	\$ 16,284,557
Annuity proceeds	1,015,234				1,015,234
Total contributions	<u>16,503,411</u>	<u>-</u>	<u>-</u>	<u>796,380</u>	<u>17,299,791</u>
U.S. Government Agencies					
U.S. Government Securities					
Net change in					
fair value of investments	(4,829,595)	(553,891)	(800,170)		(6,183,656)
Interest and dividends	600,392	1,169,853	829,597		2,599,842
	<u>(4,229,203)</u>	<u>615,962</u>	<u>29,427</u>	<u>-</u>	<u>(3,583,814)</u>
Less investment management fees	(711,126)	(133,009)	(314,892)		(1,159,027)
Net investment income	<u>(4,940,329)</u>	<u>482,953</u>	<u>(285,465)</u>	<u>-</u>	<u>(4,742,841)</u>
Total additions	<u>11,563,082</u>	<u>482,953</u>	<u>(285,465)</u>	<u>796,380</u>	<u>12,556,950</u>
Deductions:					
Benefits	32,910,594	4,901,990	2,207,398	796,380	40,816,362
Administration		306,525			306,525
Total deductions	<u>32,910,594</u>	<u>5,208,515</u>	<u>2,207,398</u>	<u>796,380</u>	<u>41,122,887</u>
Change in net position	(21,347,512)	(4,725,562)	(2,492,863)	-	(28,565,937)
Net position - Beginning of year	<u>97,991,000</u>	<u>61,251,485</u>	<u>38,195,645</u>	<u>3,433</u>	<u>197,441,563</u>
Net Position - End of Year	<u>\$ 76,643,488</u>	<u>\$ 56,525,923</u>	<u>\$ 35,702,782</u>	<u>\$ 3,433</u>	<u>\$ 168,875,626</u>

12. OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description

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

**CITY OF BRIDGEPORT, CONNECTICUT
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At July 1, 2014, plan membership consisted of the following:

Number of members:	
Active	3,946
Retired members	<u>3,130</u>
Total participants	<u><u>7,076</u></u>

B. Funding Policy

The City currently pays for postemployment health care benefits on a pay-as-you-go basis. As of June 30, 2016, the City has not established a trust fund to irrevocably segregate assets to fund the liability associated with the postemployment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines. The contribution requirements of plan members and the City are also negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums as follows:

Eligibility:

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

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Medical Benefit:

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

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

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

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

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Annual OPEB Cost and Net OPEB Obligations

The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (asset):

Annual required contribution (ARC)	\$ 71,905,518
Interest on net OPEB obligation	9,402,210
Adjustment to annual required contribution	<u>(7,278,007)</u>
Annual OPEB cost	74,029,721
Contributions made	<u>31,891,398</u>
Change in net OPEB obligation	42,138,323
Net OPEB obligation, beginning of year	<u>208,938,006</u>
Net OPEB Obligation, End of Year	<u>\$ 251,076,329</u>

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

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/2014	\$ 53,928,632	\$ 28,451,770	52.8%	\$ 169,984,050
6/30/2015	72,299,057	33,345,101	46.1	208,938,006
6/30/2016	74,029,721	31,891,398	43.1	251,076,329

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

**CITY OF BRIDGEPORT, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
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Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Underfunded AAL (OAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>OAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
7/1/2010	\$ -	\$ 915,806,973	\$ 915,806,973	0.00%	\$ 180,948,566	506.1%
7/1/2012	-	723,711,649	723,711,649	0.00%	221,438,910	326.8%
7/1/2014	-	1,003,337,378	1,003,337,378	0.00%	236,179,687	424.8%

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2011	\$ 57,100,111	51.9%
2012	61,100,372	54.1
2013	47,743,386	54.0
2014	51,062,573	55.7
2015	70,570,886	47.3
2016	71,905,518	44.4

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

In the July 1, 2014 actuarial valuation, the entry age normal cost method was used. The ARC effects a closed 30-year, level percent amount amortization of the unfunded actuarial accrued liability (AAL). The actuarial assumptions include an inflation rate of 3%, a 4.5% discount rate and projected salary increase of 4.5%. The medical assumption begins at 8% and decreases to a 5.0% long-term trend rate for all healthcare benefits after 9 years. The dental assumption is a long-term trend rate of 4.0%. Additionally, the Medicare Part B assumption is a long-term trend rate of 5.0%.

13. RISK MANAGEMENT

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

**CITY OF BRIDGEPORT, CONNECTICUT
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Workers' Compensation

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

Group Health Insurance

The City maintains a group health plan providing both insured and self-insured medical, prescription drug, dental and vision plan benefits as described below:

The following programs are provided under self-insured administrative only contracts:

- Medical benefits for all employees and Non-Medicare-Eligible Retirees
- Prescription benefits for all employees and all retirees except Medicare-eligible fire and police retirees
- Dental benefit for all employees and retired teachers and school system administrators
- Vision plan benefits for City and BOE employees excluding teachers and school system administrators

The following programs are provided under fully insured contracts:

- Medical benefits for Medicare-eligible retirees
- Prescription benefits for Medicare-eligible fire and police retirees
- Dental HMO benefits for approximately 300 people

Approximately 4,181 employees and 3,736 retirees receive their health benefits through these plans. Payments related to these claims are made by outside administrators under administrative services contracts and are accounted for in the Internal Service Fund. The current contracts require that approximately \$2,461,540 be deposited with amount being recorded as a prepaid asset in the accompanying balance sheet. As of June 30, 2016, the amount of prepaid asset in the fund is \$2,461,540.

Reconciliation of Liabilities

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

		Beginning of Fiscal Year Liability		Current Year Claims and Changes in Estimates		Claim Payments		End of Fiscal Year Liability
2015	\$	100,760,078	\$	76,864,705	\$	101,474,806	\$	76,149,977
2016		76,149,977		89,186,492		95,686,558		69,649,911

**CITY OF BRIDGEPORT, CONNECTICUT
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The current portion of claims incurred but not reported as of June 30, 2016 is \$16,485,656, which relates to Group Health Insurance Claims of \$5,764,710 and \$10,720,946 of general liability and workmen’s compensation claims and is reported in the Internal Service Fund. The remaining liability for general liability and workmen’s compensation claims of \$53,164,255 is recorded as long-term liability.

14. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The following restatements were recorded on the government-wide financial statements as described in Note 11A:

	<u>Net Position</u>	<u>Net Pension Liability</u>	<u>Payable to MERS</u>
Net position balance at June 30, 2015, as previously recorded	\$ (149,091,723)	\$ 376,674,202	\$
Adjustments:			
Change in method of accounting for contributions	60,085,945	(60,085,945)	
Payable related to prior service cost	<u>(207,482,700)</u>	<u></u>	<u>207,482,700</u>
Net Position Balance at July 1, 2015, as Restated	<u>\$ (296,488,478)</u>	<u>\$ 316,588,257</u>	<u>\$ 207,482,700</u>

Required Supplementary Information

**CITY OF BRIDGEPORT, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues and Other Financing Sources:				
Property taxes:				
Current taxes	\$ 292,702,427	\$ 292,702,427	\$ 293,718,057	\$ 1,015,630
Interest - current	1,705,480	1,705,480	1,840,601	135,121
Arrears - principal	5,004,769	5,004,769	2,568,197	(2,436,572)
Arrears - interest	1,810,000	1,810,000	1,066,925	(743,075)
Lien fees	175,000	175,000	186,861	11,861
Total property taxes	<u>301,397,676</u>	<u>301,397,676</u>	<u>299,380,641</u>	<u>(2,017,035)</u>
Intergovernmental:				
Elderly exemption refund	753,000	753,000	757,668	4,668
Elderly freeze program	16,334	16,334	23,612	7,278
Distressed municipalities	211,000	211,000	358,073	147,073
Education cost sharing	164,895,344	164,895,344	164,189,303	(706,041)
School construction refunds	1,872,098	1,872,098	1,721,845	(150,253)
Transportation	1,540,627	1,540,627	1,412,908	(127,719)
Aid to non-public schools	155,000	155,000	134,851	(20,149)
Town aid roads	1,383,106	1,383,106	1,387,630	4,524
Legally blind	140,000	140,000		(140,000)
Miscellaneous PILOTS	1,251,215	1,251,215	1,090,860	(160,355)
Tax exempt colleges and hospitals	7,500,503	7,500,503	7,499,641	(862)
Breakfast program:				
State	206,064	206,064	120,672	(85,392)
Federal	4,459,647	4,459,647	4,662,648	203,001
Nutrition Center:				
Federal	152,000	152,000	158,802	6,802
State	8,791,351	8,791,351	8,990,846	199,495
Mashantucket Pequot funds	6,255,073	6,255,073	6,295,715	40,642
Manufacturing Machinery & Equipment	896,106	896,106		(896,106)
Beardsley Zoo subsidy	372,539	372,539	310,224	(62,315)
Build America Bonds subsidy	883,285	883,285	802,569	(80,716)
State-owned property	2,828,175	2,828,175	2,353,126	(475,049)
Total intergovernmental	<u>204,562,467</u>	<u>204,562,467</u>	<u>202,270,993</u>	<u>(2,291,474)</u>
Fees, permits and licenses:				
Finance:				
Comptroller Copies/Books/Miscellaneous	225,100	225,100	568,431	343,331
Comptroller Court Fine/CARC	35,000	35,000	36,953	1,953
Information Technology Services	250	250	862	612
Total finance	<u>260,350</u>	<u>260,350</u>	<u>606,246</u>	<u>345,896</u>
Town Clerk:				
Licenses and Town Fund	1,200	1,200	1,262	62
Notaries/late fees	2,800	2,800	2,587	(213)
Farm fund	25,000	25,000	25,394	394
Assignments	900,000	900,000	1,463,713	563,713
Certification	425,000	425,000	594,102	169,102
Other licenses	23,100	23,100	3,613	(19,487)
Total town clerk	<u>1,377,100</u>	<u>1,377,100</u>	<u>2,090,671</u>	<u>713,571</u>

(Continued on next page)

**CITY OF BRIDGEPORT, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Building Department:				
Building permits	\$ 4,864,700	\$ 4,864,700	\$ 3,859,419	\$ (1,005,281)
Sign permits	18,000	18,000	23,670	5,670
Certificate of occupancy fees	62,500	62,500	78,650	16,150
Copies	500	500	3,130	2,630
Total building department	<u>4,945,700</u>	<u>4,945,700</u>	<u>3,964,869</u>	<u>(980,831)</u>
Police Department:				
Traffic violations	1,100,000	1,100,000	1,026,580	(73,420)
Photocopy fees	16,500	16,500	5,464	(11,036)
Outside overtime	4,948,000	4,948,000	5,152,499	204,499
Overtime surcharge	100,000	100,000	225,109	125,109
Reclaimed dog fees	5,000	5,000	4,403	(597)
Vendor annual registration fees	25,000	25,000	34,440	9,440
Towing fines	182,000	182,000	100,054	(81,946)
Alarms	25,600	25,600	16,424	(9,176)
Other	177,480	177,480	358,852	181,372
Total police department	<u>6,579,580</u>	<u>6,579,580</u>	<u>6,923,825</u>	<u>344,245</u>
Public facilities:				
Dump license fees	18,000	18,000	16,800	(1,200)
Commercial dump fees	65,000	65,000	65,392	392
Street excavation license	3,300	3,300	600	(2,700)
Public facility enforcement	19,400	19,400	13,564	(5,836)
Sewer permits	4,000	4,000	1,220	(2,780)
CRRA host revenue	130,000	130,000	139,342	9,342
Congress Plaza	10,000	10,000	9,000	(1,000)
Annual rent	445,000	445,000	73,636	(371,364)
Parking meters	420,000	420,000	432,913	12,913
Engineering map sales	5,000	5,000	2,967	(2,033)
Contractors license	127,500	127,500	88,100	(39,400)
Zoning appeals fees	37,000	37,000	31,319	(5,681)
Tavern zoning permits	248,400	248,400	269,176	20,776
Other revenues	170,000	170,000	75,257	(94,743)
Total public facilities	<u>1,702,600</u>	<u>1,702,600</u>	<u>1,219,286</u>	<u>(483,314)</u>
Parks and recreation:				
Golf course revenues	1,865,000	1,865,000	1,810,914	(54,086)
Wonderland of Ice	137,106	137,106	84,000	(53,106)
Kennedy Stadium	10,000	10,000		(10,000)
Leases/W.I.C.C.	10,500	10,500	10,500	-
Flea market/ball field	67,000	67,000	64,177	(2,823)
Miscellaneous	2,761,000	2,761,000	2,879,875	118,875
Parking stickers	30,000	30,000	56,695	26,695
Apartment rental	6,000	6,000	4,800	(1,200)
City concessions	10,000	10,000		(10,000)
Total parks and recreation	<u>4,896,606</u>	<u>4,896,606</u>	<u>4,910,961</u>	<u>14,355</u>
Civil service:				
Label/Admin fees	80,200	80,200	60,898	(19,302)

(Continued on next page)

**CITY OF BRIDGEPORT, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Health Department:				
Vital statistics	\$ 490,100	\$ 490,100	\$ 416,202	\$ (73,898)
Business license	354,200	354,200	307,130	(47,070)
Housing code	17,700	17,700	19,890	2,190
Total health department	<u>862,000</u>	<u>862,000</u>	<u>743,222</u>	<u>(118,778)</u>
Education and Nutrition Center:				
Cafeteria	695,000	695,000	643,925	(51,075)
Summer school tuition	25,000	25,000	25,000	-
Total Education and Nutrition Center	<u>720,000</u>	<u>720,000</u>	<u>668,925</u>	<u>(51,075)</u>
Sikorsky Airport:				
Airport fees	65,000	65,000	42,397	(22,603)
Shared revenue	85,000	85,000	96,168	11,168
Airport leases	741,700	741,700	625,061	(116,639)
Total Sikorsky Airport	<u>891,700</u>	<u>891,700</u>	<u>763,626</u>	<u>(128,074)</u>
Fire Department:				
Firewatch reimbursement	115,150	115,150	112,074	(3,076)
Copies	1,500	1,500	8,298	6,798
Permit	97,775	97,775	64,095	(33,680)
Tank installation	3,000	3,000	2,665	(335)
Total fire department	<u>217,425</u>	<u>217,425</u>	<u>187,132</u>	<u>(30,293)</u>
Total fees, permits and licenses	<u>22,533,261</u>	<u>22,533,261</u>	<u>22,139,661</u>	<u>(393,600)</u>
Interest	<u>125,000</u>	<u>125,000</u>	<u>62,160</u>	<u>(62,840)</u>
Other:				
Property rental	75,000	75,000	259,067	184,067
O.T.B. income	450,000	450,000	280,910	(169,090)
State Bingo	200	200	20	(180)
Weights and measures	76,000	76,000	80,030	4,030
Sale of City-owned property	275,000	275,000	6,972,624	6,697,624
Miscellaneous	231,100	231,100	195,254	(35,846)
Foreclosure cost recovery	5,000	5,000		(5,000)
Restitution	5,000	5,000	13,098	8,098
Comptroller miscellaneous revenue	2,134,505	2,134,505	3,620,000	1,485,495
Total other	<u>3,251,805</u>	<u>3,251,805</u>	<u>11,421,003</u>	<u>8,169,198</u>
Total revenues	<u>531,870,209</u>	<u>531,870,209</u>	<u>535,274,458</u>	<u>3,404,249</u>
Other financing sources:				
Transfers in	<u>500,000</u>	<u>500,000</u>	<u>3,313,024</u>	<u>2,813,024</u>
Total Revenues and Other Financing Sources	<u>\$ 532,370,209</u>	<u>\$ 532,370,209</u>	<u>538,587,482</u>	<u>\$ 6,217,273</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.	26,382,439
The Board of Education does not budget for excess cost grant payments, which are credited against expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial statement purposes.	5,593,399
Proceeds from bond refunding.	59,640,000
Proceeds from premium on bond refunding.	<u>10,505,915</u>

Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV \$ 640,709,235

**CITY OF BRIDGEPORT, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
General government:				
Mayor's office	\$ 995,820	\$ 995,820	\$ 891,533	\$ 104,287
Central grants	422,394	422,394	398,938	23,456
Finance divisions	6,522,187	6,522,187	6,078,516	443,671
Registrar of voters	684,840	684,840	887,035	(202,195)
City clerk	431,659	431,659	453,762	(22,103)
City attorney	4,598,279	4,598,279	4,525,264	73,015
Archives and records	93,164	93,164	99,535	(6,371)
Civil service	903,671	903,671	959,905	(56,234)
Labor relations/benefits/pensions	16,299,223	16,299,223	16,090,532	208,691
Town Clerk	776,735	776,735	807,608	(30,873)
Legislative department	287,446	287,446	148,567	138,879
Office of policy and management	754,408	754,408	702,175	52,233
Ethics commission	3,089	3,089	360	2,729
Chief administrative officer	1,097,221	1,097,221	976,245	120,976
Information technology service	3,040,245	3,040,245	2,902,981	137,264
Minority business enterprise office	225,350	225,350	149,243	76,107
Total general government	<u>37,135,731</u>	<u>37,135,731</u>	<u>36,072,199</u>	<u>1,063,532</u>
Public Safety:				
Police department	89,426,565	89,426,565	100,470,903	(11,044,338)
Fire department	59,711,146	59,711,146	63,132,959	(3,421,813)
Weights and measures	152,233	152,233	172,432	(20,199)
Emergency Operation Center	5,401,388	5,401,388	5,351,708	49,680
Total public safety	<u>154,691,332</u>	<u>154,691,332</u>	<u>169,128,002</u>	<u>(14,436,670)</u>
Public facilities:				
Airport	1,327,944	1,327,944	1,390,051	(62,107)
Engineering	571,647	571,647	567,644	4,003
Harbor master	192,385	192,385	73,832	118,553
Maintenance	11,447,736	11,447,736	10,513,003	934,733
Municipal garage	2,676,346	2,676,346	2,160,936	515,410
Public facilities administration	16,370,006	16,370,006	13,611,906	2,758,100
Roadway	3,538,101	3,538,101	3,813,542	(275,441)
Sanitation	5,624,851	5,624,851	5,562,884	61,967
Transfer station	1,988,786	1,988,786	1,842,904	145,882
Recreation	926,967	926,967	1,079,706	(152,739)
Department on aging	544,829	544,829	572,966	(28,137)
Parks administration	511,950	511,950	554,060	(42,110)
Parks	2,639,278	2,639,278	2,511,053	128,225
Zoo	1,468,956	1,468,956	1,487,468	(18,512)
Golf course	1,538,443	1,538,443	1,490,786	47,657
Total public facilities	<u>51,368,225</u>	<u>51,368,225</u>	<u>47,232,741</u>	<u>4,135,484</u>

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**CITY OF BRIDGEPORT, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Planning and Economic Development:				
OPED administration	\$ 10,269,018	\$ 10,269,018	\$ 9,352,310	\$ 916,708
Building department	1,372,038	1,372,038	1,368,408	3,630
Zoning board of appeals	102,055	102,055	89,907	12,148
Zoning commission	563,175	563,175	621,150	(57,975)
Total planning and economic development	<u>12,306,286</u>	<u>12,306,286</u>	<u>11,431,775</u>	<u>874,511</u>
Health and social services:				
Health and social services administration	513,720	513,720	392,018	121,702
Vital statistics	309,966	309,966	318,331	(8,365)
Communicable disease clinic	474,962	474,962	530,551	(55,589)
Environmental health	826,439	826,439	773,689	52,750
Housing code enforcement	634,921	634,921	633,693	1,228
Lead prevention program	158,608	158,608	181,842	(23,234)
Human services administration	141,486	141,486	117,821	23,665
Persons with disabilities	46,119	46,119	30,182	15,937
Veterans' affairs	159,354	159,354	164,214	(4,860)
Lighthouse/Youth services	1,755,249	1,755,249	1,756,474	(1,225)
Social services	379,873	379,873	263,433	116,440
Total health and social services	<u>5,400,697</u>	<u>5,400,697</u>	<u>5,162,248</u>	<u>238,449</u>
Libraries	<u>6,829,089</u>	<u>6,829,089</u>	<u>6,829,089</u>	<u>-</u>
Special services:				
Other financing uses	2,221,217	2,221,217	1,119,625	1,101,592
Supportive contributions	493,275	493,275	467,536	25,739
Citywide memberships	24,000	24,000	23,092	908
Debt service	3,275,778	3,275,778	2,354,810	920,968
Total special services	<u>6,014,270</u>	<u>6,014,270</u>	<u>3,965,063</u>	<u>2,049,207</u>
Education:				
Schools	227,519,364	227,519,364	227,497,146	22,218
Food services	14,046,472	14,046,472	14,301,185	(254,713)
Board of education debt service	17,058,743	17,058,743	16,062,353	996,390
Total education	<u>258,624,579</u>	<u>258,624,579</u>	<u>257,860,684</u>	<u>763,895</u>
Total Expenditures and Other Financing Uses	\$ <u>532,370,209</u>	\$ <u>532,370,209</u>	537,681,801	\$ <u>(5,311,592)</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.

26,382,439

The Board of Education does not budget for excess cost payments made by the State Department of Education, which are credited against expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial statement purposes.

5,593,399

Payment to escrow agent for refunding bonds

69,559,903

Bond refunding costs not budgeted by the City

586,012

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:			
Interest	\$ 23,461,582	\$ 22,225,409	\$ 24,079,006
Changes of benefit terms			
Differences between expected and actual experience	(3,217,484)	13,730,638	(22,337,660)
Changes of assumptions	(12,438,135)	54,487,379	(22,732,874)
Benefit payments, including refunds of member contributions	(31,895,360)	(33,838,820)	(30,964,004)
Net change in total pension liability	(24,089,397)	56,604,606	(51,955,532)
Total pension liability - beginning	351,341,616	294,737,010	346,692,542
Total pension liability - ending	<u>327,252,219</u>	<u>351,341,616</u>	<u>294,737,010</u>
Plan fiduciary net position:			
Contributions - employer	15,488,177	11,407,599	11,600,000
Contributions - member		12,334	143,974
Net investment income (loss)	(4,940,329)	778,674	15,837,803
Benefit payments, including refunds of member contributions	(31,895,360)	(33,838,820)	(30,964,004)
Net change in plan fiduciary net position	(21,347,512)	(21,640,213)	(3,382,227)
Plan fiduciary net position - beginning	97,991,000	119,631,213	123,013,440
Plan fiduciary net position - ending	<u>76,643,488</u>	<u>97,991,000</u>	<u>119,631,213</u>
Net Pension Liability - Ending	<u>\$ 250,608,731</u>	<u>\$ 253,350,616</u>	<u>\$ 175,105,797</u>
Plan fiduciary net position as a percentage of the total pension liability	23.42%	27.89%	40.59%
Covered-employee payroll	N/A	N/A	N/A
Net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A
Discount rate	7.00%	7.00%	8.00%

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

Notes to Schedule:

Benefit changes: None

Assumption changes:

2016:

Inflation 2.0% (previously 2.30%)
Cost of living adjustment 2.5% for the Police and Fire groups. Previously, 3.0% for the Fire group and 2.5% for the Police group
Mortality RP - 2014 (adjusted back to 2006), projected generationally with Scale MP2016.
Previously, RP - 2014 (adjusted back to 2006), projected generationally with Scale MP2015

2015:

Mortality The mortality table was updates to RP-2014 (adjusted back to 2006), projected generationally with Scale MP2015 as of June 30, 2015

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:			
Interest	\$ 4,622,718	\$ 4,100,080	\$ 4,435,830
Differences between expected and actual experience	715,864	7,644,858	(991,025)
Changes of assumptions	16,313,199	10,329,185	(6,081,926)
Benefit payments, including refunds of member contributions	<u>(4,901,990)</u>	<u>(3,839,612)</u>	<u>(3,804,480)</u>
Net change in total pension liability	16,749,791	18,234,511	(6,441,601)
Total pension liability - beginning	<u>103,489,274</u>	<u>85,254,763</u>	<u>91,696,364</u>
Total pension liability - ending	<u>120,239,065</u>	<u>103,489,274</u>	<u>85,254,763</u>
Plan fiduciary net position:			
Contributions - member		44,368	181,840
Net investment income	176,428	427,232	9,633,316
Benefit payments, including refunds of member contributions	(4,901,990)	(3,839,612)	(3,852,737)
Administrative expense		<u>(305,157)</u>	<u>(215,762)</u>
Net change in plan fiduciary net position	<u>(4,725,562)</u>	<u>(3,673,169)</u>	<u>5,746,657</u>
Plan fiduciary net position - beginning	<u>61,251,485</u>	<u>64,924,654</u>	<u>59,177,997</u>
Plan fiduciary net position - ending	<u>56,525,923</u>	<u>61,251,485</u>	<u>64,924,654</u>
Net Pension Liability - Ending	<u>\$ 63,713,142</u>	<u>\$ 42,237,789</u>	<u>\$ 20,330,109</u>
Plan fiduciary net position as a percentage of the total pension liability	47.01%	59.19%	76.15%
Covered-employee payroll	N/A	N/A	N/A
Net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A
Discount rate	3.57%	4.58%	4.92%

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

Notes to Schedule:

Benefit changes: None

Assumption changes:

2016:

Inflation 2.0% (previously 2.30%)

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

Previously, RP - 2014 (adjusted back to 2006), projected generationally with Scale MP2015

2015:

Mortality The mortality table was updated to RP-2014 (adjusted back to 2006), projected generationally with Scale MP2015 as of June 30, 2015

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:			
Interest	\$ 2,476,699	\$ 2,281,088	\$ 2,283,352
Differences between expected and actual experience	(850,563)	130,083	(133,251)
Changes of assumptions	(1,461,547)	1,779,805	63,339
Benefit payments, including refunds of member contributions	<u>(2,207,398)</u>	<u>(2,171,567)</u>	<u>(2,170,390)</u>
Net change in total pension liability	(2,042,809)	2,019,409	43,050
Total pension liability - beginning	<u>47,570,840</u>	<u>45,551,431</u>	<u>45,508,381</u>
Total pension liability - ending	<u>45,528,031</u>	<u>47,570,840</u>	<u>45,551,431</u>
Plan fiduciary net position:			
Net investment income (loss)	(285,465)	942,785	5,310,728
Benefit payments, including refunds of member contributions	(2,207,398)	(2,171,567)	(2,170,390)
Administrative expense	<u>(4,879)</u>	<u>(4,879)</u>	<u>(23,230)</u>
Net change in plan fiduciary net position	(2,492,863)	(1,233,661)	3,117,108
Plan fiduciary net position - beginning	<u>38,195,645</u>	<u>39,429,306</u>	<u>36,312,198</u>
Plan fiduciary net position - ending	<u>35,702,782</u>	<u>38,195,645</u>	<u>39,429,306</u>
Net Pension Liability - Ending	<u>\$ 9,825,249</u>	<u>\$ 9,375,195</u>	<u>\$ 6,122,125</u>
Plan fiduciary net position as a percentage of the total pension liability	78.42%	80.29%	86.56%
Covered-employee payroll	N /A	N /A	N /A
Net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A
Discount rate	4.96%	5.33%	5.13%

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

Notes to Schedule:

Benefit changes: None

Assumption changes:

2016:

Inflation 2.0% (previously 2.30%)

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

Previously, RP - 2014 (adjusted back to 2006), projected generationally with Scale MP2015

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:			
Interest	\$ 315,328	\$ 361,880	\$ 401,794
Differences between expected and actual experience	(115,639)		
Changes of assumptions	1,270,097	330,555	226,706
Benefit payments, including refunds of member contributions	(796,380)	(861,495)	(889,803)
Net change in total pension liability	<u>673,406</u>	<u>(169,060)</u>	<u>(261,303)</u>
Total pension liability - beginning	<u>8,692,592</u>	<u>8,861,652</u>	<u>9,122,955</u>
Total pension liability - ending	<u>9,365,998</u>	<u>8,692,592</u>	<u>8,861,652</u>
Plan fiduciary net position:			
Contributions - employer	796,380	861,495	889,803
Benefit payments, including refunds of member contributions	(796,380)	(861,495)	(889,803)
Net change in plan fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	<u>3,433</u>	<u>3,433</u>	<u>3,433</u>
Plan fiduciary net position - ending	<u>3,433</u>	<u>3,433</u>	<u>3,433</u>
Net Pension Liability - Ending	<u>\$ 9,362,565</u>	<u>\$ 8,689,159</u>	<u>\$ 8,858,219</u>
Plan fiduciary net position as a percentage of the total pension liability	0.04%	0.04%	0.04%
Covered-employee payroll	N/A	N/A	N/A
Net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A
Discount rate at end of year	2.85%	3.80%	4.29%

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

Notes to Schedule:

Benefit changes: None

Assumption changes:

2016:

Mortality RP-2014 (adjusted back to 2006), projected generationally with Scale MP2016. Previously, UP 1994 Projected with Scale AA to 2015

CITY OF BRIDGEPORT, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PUBLIC SAFETY PLAN A
LAST TEN FISCAL YEARS
(In Thousands)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarially determined contribution	\$ 15,488	\$ 11,408	\$ 12,624	\$ 11,554	\$ 9,794	\$ 13,557	\$ 12,352	\$ 9,621	\$ 8,876	\$ 8,115
Contributions in relation to the actuarially determined contribution	<u>15,488</u>	<u>11,408</u>	<u>11,600</u>	<u>10,500</u>	<u>7,000</u>	<u>50,000</u>	<u>4,726</u>	<u>6,220</u>	<u>4,552</u>	<u>3,125</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,024</u>	\$ <u>1,054</u>	\$ <u>2,794</u>	\$ <u>(36,443)</u>	\$ <u>7,626</u>	\$ <u>3,401</u>	\$ <u>4,324</u>	\$ <u>4,990</u>
Covered-employee payroll	N/A	N/A	N/A	\$ 1,675	\$ 2,077	\$ 2,556	\$ 2,551	\$ 307	\$ 3,617	\$ 4,326
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	626.87%	337.02%	1956.18%	185.26%	2026.06%	125.85%	72.24%

Notes to Schedule

Valuation timing Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	N/A. All participants are inactive.
Amortization method	Closed, increasing 5% per year
Remaining amortization period	20 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.00%
Inflation	2.0% (previously 2.30%)
Salary increases	N/A
Cost of living adjustment	2.5% for the Police and Fire groups. Previously, 3.0% for the Fire group and 2.5% for the Police group
Mortality	RP - 2014 (adjusted back to 2006), projected generationally with Scale MP2016. Previously, RP - 2014 (adjusted back to 2006), projected generationally with Scale MP2015

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2009</u>	<u>2010</u>	<u>2008</u>	<u>2007</u>
Actuarially determined contribution	\$ 2,002	\$ 1,333	\$ 1,852	\$ 7,793	\$ 6,314	\$ 5,351	\$ 3,544	\$ 4,481	\$ 3,617	\$ 3,212
Contributions in relation to the actuarially determined contribution				5,895	5,475	6,176	3,396	4,340	4,590	3,188
Contribution Deficiency (Excess)	<u>\$ 2,002</u>	<u>\$ 1,333</u>	<u>\$ 1,852</u>	<u>\$ 1,898</u>	<u>\$ 839</u>	<u>\$ (825)</u>	<u>\$ 148</u>	<u>\$ 141</u>	<u>\$ (973)</u>	<u>\$ 24</u>
Covered-employee payroll	N/A	N/A	N/A	N/A	\$ 26,876	\$ 25,620	\$ 23,937	\$ 24,797	\$ 24,832	\$ 22,511
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	20.37%	24.11%	14.19%	17.50%	18.48%	14.16%

Notes to Schedule

Valuation timing Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	N/A. All participants are inactive.
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	22 years
Asset valuation method	Market value of assets.
Actuarial assumptions:	
Investment rate of return	6.25%
Inflation	2.0% (previously 2.3%)
Salary increases	N/A
Cost of living adjustment	2.5%
Mortality	RP - 2014 (adjusted back to 2006), projected generationally with Scale MP2016. Previously, RP - 2014 (adjusted back to 2006), projected generationally with Scale MP2015

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarially determined contribution	\$ 818	\$ 836	\$ 873	\$ 893	\$ 895	\$ 6	\$ 877	\$ 877	\$ 897	\$ 897
Contributions in relation to the actuarially determined contribution	<u>796</u>	<u>861</u>	<u>890</u>	<u>936</u>	<u>914</u>	<u>891</u>	<u>985</u>	<u>1,032</u>	<u>1,013</u>	<u>1,020</u>
Contribution Deficiency (Excess)	<u>\$ 22</u>	<u>\$ (25)</u>	<u>\$ (17)</u>	<u>\$ (43)</u>	<u>\$ (19)</u>	<u>\$ (885)</u>	<u>\$ (108)</u>	<u>\$ (155)</u>	<u>\$ (116)</u>	<u>\$ (123)</u>
Covered-employee payroll	N/A	N/A	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to Schedule

Valuation timing Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	N/A - All participants are inactive
Amortization method	None
Remaining amortization period	N/A
Asset valuation method	Market Value
Actuarial assumptions:	
Cost of living adjustment	3%
Salary increases	N/A
Retirement age	N/A
Mortality	RP-2014 (adjusted back to 2006), projected generationally with Scale MP2016. Previously, UP 1994 Projected with Scale AA to 2015

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense:			
Public Safety Plan A	-5.52%	0.72%	14.26%
Police Retirement Plan B	0.73%	0.68%	16.82%
Firefighters' Retirement Plan B	-0.77%	2.46%	15.11%

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

**CITY OF BRIDGEPORT, CONNECTICUT
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHERS RETIREMENT PLAN
 LAST TWO FISCAL YEARS***

	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.00%	0.00%
City's proportionate share of the net pension liability	\$ -	\$ -
State's proportionate share of the net pension liability associated with the City	<u>329,265,255</u>	<u>304,339,743</u>
Total	<u>\$ 329,265,255</u>	<u>\$ 304,339,743</u>
City's covered-employee payroll	\$ 120,969,490	\$ 118,922,621
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	59.50%	61.51%

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

Notes to Schedule

Changes in benefit terms
 Changes of assumptions

During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.

Actuarial cost method Entry age
 Amortization method Level percent of salary, closed
 Remaining amortization period 21.4 years
 Asset valuation method 4-year smoothed market

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

	2016	2015 (as Restated)
City's proportion of the net pension liability	11.28%	1.51%
City's proportionate share of the net pension liability	\$ 31,237,539	\$ 2,935,498
City's covered-employee payroll	\$ 146,586,378	145,741,934
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	21.31%	2.01%
Plan fiduciary net position as a percentage of the total pension liability	16.21%	2.98%

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

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2012.
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	27 years
Asset valuation method	5-year smoothed market

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 22,169,395	\$ 24,404,803	\$ 20,033,088	\$ 12,847,194	\$ 9,589,103	\$ 7,199,397	\$ 5,559,696	\$ 5,243,868	\$ 5,410,000	\$ 5,312,000
Contributions in relation to the actuarially determined contribution	22,169,395	24,404,803	20,033,088	12,847,194	9,589,103	7,199,397	5,559,696	5,243,868	5,410,000	5,312,000
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 146,586,378	\$ 145,741,934	\$ 139,687,029	\$ 110,276,343	\$ 82,309,897	\$ 75,783,126	\$ 79,424,228	\$ 74,912,400	\$ 77,285,714	\$ 75,885,714
Contributions as a percentage of covered employee payroll	15.12%	16.75%	14.34%	11.65%	11.65%	9.50%	7.00%	7.00%	7.00%	7.00%

Notes to Schedule

Valuation date: June 30, 2014
 Measurement date: June 30, 2015
 Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry Age
 Amortization method: Level dollar, closed
 Single equivalent amortization period: 27 years
 Asset valuation method: 5 years smoothed market (20% write up)
 Inflation: 3.25%
 Salary increases: 4.25% - 11%, including inflation
 Investment rate of return: 8%, net of investment related expense
 Changes in assumptions: In 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to more closely reflect actual and anticipated experience.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

General Fund

GENERAL FUND

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

**CITY OF BRIDGEPORT, CONNECTICUT
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 44,349,927	\$ 26,753,392
Receivables:		
Property taxes, net of allowance for uncollectible amounts of \$24,307,485 in 2016 and \$25,012,077 in 2015	45,605,506	45,019,835
Intergovernmental	27,259,255	29,143,884
Other	2,907,710	2,701,449
Due from other funds	12,669,305	9,374,922
Other assets	<u>350,000</u>	<u>350,000</u>
Total Assets	<u>\$ 133,141,703</u>	<u>\$ 113,343,482</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts and other payables	\$ 18,340,614	\$ 18,201,047
Accrued liabilities	18,004,722	15,981,125
Due to other funds	18,063,025	14,849,261
Unearned revenue	714,217	1,049,664
Notes payable	<u>15,000,000</u>	
Total liabilities	<u>70,122,578</u>	<u>50,081,097</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	44,926,288	44,458,367
Unavailable revenue - school construction	<u>3,473,695</u>	<u>5,090,557</u>
Total deferred inflows of resources	<u>48,399,983</u>	<u>49,548,924</u>
Fund Balances:		
Nonspendable	350,000	350,000
Unassigned	<u>14,269,142</u>	<u>13,363,461</u>
Total fund balances	<u>14,619,142</u>	<u>13,713,461</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 133,141,703</u>	<u>\$ 113,343,482</u>

**CITY OF BRIDGEPORT, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2016**

Grand List Year	Balance Uncollected July 1, 2015	Current Levy	Net Adjustments	Transfers to Suspense	Adjusted Taxes Collectible	Collections				Balance Uncollected June 30, 2016
						Taxes	Interest	Lien Fees	Total	
2000	\$ 1,795,685		\$ (1,686)	\$ (1,216)	\$ 1,792,783	\$ 8,212	\$ 21,626	\$ 118	\$ 29,956	\$ 1,784,571
2001	2,028,855		(200)	(21,080)	2,007,575	14,086	33,134	234	47,454	1,993,489
2002	1,895,431		289	(43,815)	1,851,905	13,512	32,513	202	46,227	1,838,393
2003	1,154,424		(10,058)	(1,857)	1,142,509	9,725	18,674	276	28,675	1,132,784
2004	1,456,272		(13,438)	(2,960)	1,439,874	9,475	24,623	287	34,385	1,430,399
2005	1,653,052		(9,401)	(14,670)	1,628,981	18,218	30,135	440	48,793	1,610,763
2006	2,092,689		(9,432)	(45,457)	2,037,800	28,256	58,400	372	87,028	2,009,544
2007	3,670,812		(24,127)	(159,458)	3,487,227	57,768	87,909	166	145,843	3,429,459
2008	3,655,972		(76,687)	(138,148)	3,441,137	79,402	108,734	266	188,402	3,361,735
2009	3,954,608		(240,477)	(141,016)	3,573,115	(62,165)	100,008	912	38,755	3,635,280
2010	5,575,076		(204,875)	(113,524)	5,256,677	(13,049)	89,899	1,243	78,093	5,269,726
2011	4,663,303		(132,874)	(33,952)	4,496,477	123,530	108,717	767	233,014	4,372,947
2012	6,948,577		(130,460)	(17,071)	6,801,046	319,219	149,385	4,475	473,079	6,481,827
2013	5,070,884		(168,198)	(9,136)	4,893,550	1,203,933	253,546	19,220	1,476,699	3,689,617
2014		304,518,632	(6,132,264)	(7,536)	298,378,832	293,406,881	1,877,228	118,948	295,403,057	4,971,951
	<u>\$ 45,615,640</u>	<u>\$ 304,518,632</u>	<u>\$ (7,153,888)</u>	<u>\$ (750,896)</u>	<u>\$ 342,229,488</u>	<u>\$ 295,217,003</u>	<u>\$ 2,994,531</u>	<u>\$ 147,926</u>	<u>\$ 298,359,460</u>	<u>\$ 47,012,485</u>

Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

Library Operations Fund - is used to account for charges for services, donations and income from miscellaneous sources to fund library-related activities.

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

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

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

Capital Projects Funds

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

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

Permanent Funds

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

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

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

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

	Special Revenue Funds								
	Health and Sanitation	Public Safety	Facility and Miscellaneous	Social Services	Community Development Block Grant	Housing Opportunities AIDS	HOME Program	Section 108 Loan Guarantee	Development Administration State Grant
ASSETS									
Cash and cash equivalents	\$	\$ 380,797	\$ 3,229,311	\$	\$ 831,859	\$ 487,014	\$ 1,228,815	\$ 576,910	\$ 2,121,440
Investments									
Receivables:									
Intergovernmental	275,231	6,516,576	18,065	29,050	1,145,212	398,556	494,211	1,039,237	751,886
Other							577,522		
Due from other funds	128,344		202,315	286,077			25,246		4,130
Total Assets	\$ 403,575	\$ 6,897,373	\$ 3,449,691	\$ 315,127	\$ 1,977,071	\$ 885,570	\$ 2,325,794	\$ 1,616,147	\$ 2,877,456
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and other liabilities	\$ 112,351	\$ 2,521,413	\$ 93,554	\$ 124,799	\$ 167,074	\$ 64,831	\$ 234,560	\$ 32,177	\$ 107,991
Accrued payroll liabilities	35,886		3,492	2,281	14,863	519			
Due to other funds		773,080	1,789,290	202,315	1,503,736	1,148,286	1,743,572	743,882	1,669,144
Unearned revenues	108,971	1,156,114	498,797	130,870	167,070	128,139	66,895		758,650
Total liabilities	257,208	4,450,607	2,385,133	460,265	1,852,743	1,341,775	2,045,027	776,059	2,535,785
Fund Balances:									
Restricted	146,367	2,446,766	1,064,558		124,328		280,767	840,088	341,671
Committed									
Unassigned				(145,138)		(456,205)			
Total fund balances	146,367	2,446,766	1,064,558	(145,138)	124,328	(456,205)	280,767	840,088	341,671
Total Liabilities and Fund Balances	\$ 403,575	\$ 6,897,373	\$ 3,449,691	\$ 315,127	\$ 1,977,071	\$ 885,570	\$ 2,325,794	\$ 1,616,147	\$ 2,877,456

(Continued on next page)

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

	Special Revenue Funds					Capital Projects	Permanent Trusts		Interfund Eliminations	Total Nonmajor Governmental Funds
	Library	Library Operations	Education	Miscellaneous Grants	General Government	Conversion Capital Projects	Library	Education		
ASSETS										
Cash and cash equivalents	\$ 450,939	\$	\$ 236,786	\$ 48,418	\$	\$ 5,837	\$ 97,277	\$ 107,978	\$	\$ 9,803,381
Investments	1,580,246						401,000			1,981,246
Receivables:										
Intergovernmental						100				10,668,124
Other	29,000				14,000					620,522
Due from other funds	2,421	2,031,206		62,339	422,414	2,204		768	(231,691)	2,935,773
Total Assets	\$ 2,062,606	\$ 2,031,206	\$ 236,786	\$ 110,757	\$ 436,414	\$ 8,141	\$ 498,277	\$ 108,746	\$ (231,691)	\$ 26,009,046
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable and other liabilities	\$	\$ 42,446	\$	\$ 59,818	\$	\$	\$	\$	\$	\$ 3,561,014
Accrued payroll liabilities										57,041
Due to other funds									(231,691)	9,341,614
Unearned revenues					436,414					3,451,920
Total liabilities	-	42,446	-	59,818	436,414	-	-	-	(231,691)	16,411,589
Fund Balances:										
Restricted				50,939			498,277	108,746		5,902,507
Committed	2,062,606	1,988,760	236,786			8,141				4,296,293
Unassigned										(601,343)
Total fund balances	2,062,606	1,988,760	236,786	50,939	-	8,141	498,277	108,746	-	9,597,457
Total Liabilities and Fund Balances	\$ 2,062,606	\$ 2,031,206	\$ 236,786	\$ 110,757	\$ 436,414	\$ 8,141	\$ 498,277	\$ 108,746	\$ (231,691)	\$ 26,009,046

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

	Special Revenue								
	Health and Sanitation	Public Safety	Facility and Miscellaneous	Social Services	Community Development Block Grant	Housing Opportunities AIDS	HOME Program	Section 108 Loan Guarantee	Development Administration State Grant
Revenues:									
Intergovernmental	\$ 787,956	\$ 11,401,044	\$ 238,245	\$ 1,314,181	\$ 2,443,628	\$ 467,474	\$ 1,412,240	\$	\$ 749,087
Interest		310							3,580
Other	7,790	524,168	19,693	65,930				76,912	160,000
Total revenues	<u>795,746</u>	<u>11,925,522</u>	<u>257,938</u>	<u>1,380,111</u>	<u>2,443,628</u>	<u>467,474</u>	<u>1,412,240</u>	<u>76,912</u>	<u>912,667</u>
Expenditures:									
General government									
Health and social services	858,802					1,298,939			
Libraries									
Education									
Special services		11,517,243	1,221,235	1,479,631	2,081,463		1,483,339		2,175,797
Total expenditures	<u>858,802</u>	<u>11,517,243</u>	<u>1,221,235</u>	<u>1,479,631</u>	<u>2,081,463</u>	<u>1,298,939</u>	<u>1,483,339</u>	<u>-</u>	<u>2,175,797</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(63,056)</u>	<u>408,279</u>	<u>(963,297)</u>	<u>(99,520)</u>	<u>362,165</u>	<u>(831,465)</u>	<u>(71,099)</u>	<u>76,912</u>	<u>(1,263,130)</u>
Other Financing Sources:									
Transfers in		20,927	62,935						390,000
Transfers out									
Total other financing sources	<u>-</u>	<u>20,927</u>	<u>62,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>390,000</u>
Net Change in Fund Balances	(63,056)	429,206	(900,362)	(99,520)	362,165	(831,465)	(71,099)	76,912	(873,130)
Fund Balances at Beginning of Year	<u>209,423</u>	<u>2,017,560</u>	<u>1,964,920</u>	<u>(45,618)</u>	<u>(237,837)</u>	<u>375,260</u>	<u>351,866</u>	<u>763,176</u>	<u>1,214,801</u>
Fund Balances at End of Year	<u>\$ 146,367</u>	<u>\$ 2,446,766</u>	<u>\$ 1,064,558</u>	<u>\$ (145,138)</u>	<u>\$ 124,328</u>	<u>\$ (456,205)</u>	<u>\$ 280,767</u>	<u>\$ 840,088</u>	<u>\$ 341,671</u>

(Continued on next page)

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

	Special Revenue					Capital Projects	Permanent Trusts		Interfund Eliminations	Total Nonmajor Governmental Funds
	Library	Library Operations	Education	Miscellaneous Grants	General Government	Conversion Capital Projects	Library	Education		
Revenues:										
Intergovernmental	\$	\$	\$	\$	\$ 115,036	\$	\$	\$	\$	\$ 18,928,891
Interest	435		24	127		8,141	29,149	11		41,777
Other	290,852				17,867					1,163,212
Total revenues	<u>291,287</u>	<u>-</u>	<u>24</u>	<u>127</u>	<u>132,903</u>	<u>8,141</u>	<u>29,149</u>	<u>11</u>	<u>-</u>	<u>20,133,880</u>
Expenditures:										
General government					7,070					7,070
Health and social services										2,157,741
Libraries	173,813	1,015,681					53,159			1,242,653
Education			2,433					33		2,466
Special services										19,958,708
Total expenditures	<u>173,813</u>	<u>1,015,681</u>	<u>2,433</u>	<u>-</u>	<u>7,070</u>	<u>-</u>	<u>53,159</u>	<u>33</u>	<u>-</u>	<u>23,368,638</u>
Excess (Deficiency) of Revenues over Expenditures	<u>117,474</u>	<u>(1,015,681)</u>	<u>(2,409)</u>	<u>127</u>	<u>125,833</u>	<u>8,141</u>	<u>(24,010)</u>	<u>(22)</u>	<u>-</u>	<u>(3,234,758)</u>
Other Financing Sources:										
Transfers in		316,915								790,777
Transfers out					(209,530)	(4,313,024)				(4,522,554)
Total other financing sources	<u>-</u>	<u>316,915</u>	<u>-</u>	<u>-</u>	<u>(209,530)</u>	<u>(4,313,024)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,731,777)</u>
Net Change in Fund Balances	117,474	(698,766)	(2,409)	127	(83,697)	(4,304,883)	(24,010)	(22)	-	(6,966,535)
Fund Balances at Beginning of Year	<u>1,945,132</u>	<u>2,687,526</u>	<u>239,195</u>	<u>50,812</u>	<u>83,697</u>	<u>4,313,024</u>	<u>522,287</u>	<u>108,768</u>	<u>-</u>	<u>16,563,992</u>
Fund Balances at End of Year	<u>\$ 2,062,606</u>	<u>\$ 1,988,760</u>	<u>\$ 236,786</u>	<u>\$ 50,939</u>	<u>\$ -</u>	<u>\$ 8,141</u>	<u>\$ 498,277</u>	<u>\$ 108,746</u>	<u>\$ -</u>	<u>\$ 9,597,457</u>

Fiduciary Fund

FIDUCIARY FUND

Fiduciary Funds are used to account for assets held in a trustee capacity for others, and include Agency Funds.

Agency Funds - Agency funds are custodial in nature (assets equal liabilities). The City's one Agency Fund is listed below:

Student Activities Fund

**CITY OF BRIDGEPORT, CONNECTICUT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
Student Activities Fund				
Assets:				
Cash and Cash Equivalents	\$ 583,397	\$ 1,659,710	\$ 1,617,452	\$ 625,655
Liabilities:				
Due to Student Groups	\$ 583,397	\$ 1,659,710	\$ 1,617,452	\$ 625,655

Statistical Section

Statistical Section

This part of the City of Bridgeport, Connecticut's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

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

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page numbers.

CITY OF BRIDGEPORT, CONNECTICUT
NET POSITION BY COMPONENT
LAST TEN YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities:										
Net investment in capital assets	\$ 813,952,729	\$ 723,867,957	\$ 676,991,832	\$ 637,950,314	\$ 552,338,566	\$ 480,649,847	\$ 444,946,155	\$ 444,537,656	\$ 344,230,733	\$ 209,090,671
Restricted	3,068,563	3,092,595	3,119,552	5,161,248	3,161,264	3,161,236	3,161,176	3,161,212	3,161,212	3,161,212
Unrestricted	(1,061,684,357)	(1,023,449,030)	(443,964,841)	(439,224,801)	(400,754,807)	(343,798,284)	(297,902,514)	(302,776,953)	(226,824,933)	(168,193,991)
Total Governmental Activities Net Position	<u>(244,663,065)</u>	<u>(296,488,478)</u>	<u>236,146,543</u>	<u>203,886,761</u>	<u>154,745,023</u>	<u>140,012,799</u>	<u>150,204,817</u>	<u>144,921,915</u>	<u>120,567,012</u>	<u>44,057,892</u>
Business-type activities:										
Net investment in capital assets	91,021,576	86,399,421	85,819,063	83,954,414	80,642,078	75,601,133	73,751,510	74,449,447	73,809,271	71,647,808
Restricted						923,098	820,556	1,433,775	1,290,387	582,299
Unrestricted	<u>11,482,394</u>	<u>12,382,135</u>	<u>9,186,043</u>	<u>8,373,469</u>	<u>8,865,646</u>	<u>6,991,988</u>	<u>6,079,946</u>	<u>4,424,261</u>	<u>566,363</u>	<u>196,996</u>
Total Business-Type Activities Net Position	<u>102,503,970</u>	<u>98,781,556</u>	<u>95,005,106</u>	<u>92,327,883</u>	<u>89,507,724</u>	<u>83,516,219</u>	<u>80,652,012</u>	<u>80,307,483</u>	<u>75,666,021</u>	<u>72,427,103</u>
Primary Government:										
Net investment in capital assets	904,974,305	810,267,378	762,810,895	721,904,728	632,980,644	556,250,980	518,697,665	518,987,103	418,040,004	280,738,479
Restricted	3,068,563	3,092,595	3,119,552	5,161,248	3,161,264	4,084,334	3,981,732	4,594,987	4,451,599	3,743,511
Unrestricted	<u>(1,050,201,963)</u>	<u>(1,011,066,895)</u>	<u>(434,778,798)</u>	<u>(430,851,332)</u>	<u>(391,889,161)</u>	<u>(336,806,296)</u>	<u>(291,822,568)</u>	<u>(298,352,692)</u>	<u>(226,258,570)</u>	<u>(167,996,995)</u>
Total Primary Government Net Position	<u>\$ (142,159,095)</u>	<u>\$ (197,706,922)</u>	<u>\$ 331,151,649</u>	<u>\$ 296,214,644</u>	<u>\$ 244,252,747</u>	<u>\$ 223,529,018</u>	<u>\$ 230,856,829</u>	<u>\$ 225,229,398</u>	<u>\$ 196,233,033</u>	<u>\$ 116,484,995</u>

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

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses:										
Governmental activities:										
General government	\$ 56,810,111	\$ 49,042,611	\$ 58,489,188	\$ 50,229,529	\$ 47,585,310	\$ 72,446,991	\$ 59,866,015	\$ 91,804,266	\$ 86,823,753	\$ 40,345,741
Public safety	153,074,372	215,031,986	129,070,130	128,334,652	127,416,487	123,045,441	113,047,552	74,990,792	83,787,624	84,118,885
Public facilities, parks and recreation	41,919,358	46,823,535	44,866,708	42,355,324	40,813,295	36,878,325	35,788,530	31,183,603	23,239,850	33,603,711
Parks and recreation								5,898,866	6,024,774	6,716,385
Planning and economic development	4,117,610	4,385,793	4,000,056	3,804,545	3,630,343	3,610,102	3,441,668			
Health and social services	7,053,282	7,322,735	6,732,534	7,373,284	7,514,927	11,567,506	12,951,797	12,656,636	18,589,707	20,437,426
Education	422,865,095	395,326,952	374,610,065	358,684,463	341,738,042	343,046,242	331,514,612	319,481,793	364,900,855	316,003,326
Special services	11,369,812	15,057,650	17,238,984	21,196,639	16,736,988	20,432,503	26,640,656	19,319,483	30,381,114	41,536,847
Interest on long-term debt	31,583,840	38,508,401	33,248,783	36,008,703	41,869,525	41,407,157	38,620,545	46,224,302	40,053,878	40,704,065
Total governmental activities expenses	728,793,480	771,499,663	668,256,448	647,987,139	627,304,917	652,434,267	621,871,375	601,559,741	653,801,555	583,466,386
Business-type activities:										
Water Pollution Control Authority	37,237,285	35,943,716	35,625,341	28,399,775	26,387,727	26,011,481	27,836,743	24,894,883	25,457,947	23,879,708
Total primary government expenses	766,030,765	807,443,379	703,881,789	676,386,914	653,692,644	678,445,748	649,708,118	626,454,624	679,259,502	607,346,094
Program revenue:										
Governmental activities:										
Charges for services:										
General government	6,691,253	3,930,371	4,296,733	3,766,901	3,632,801	5,681,830	3,728,748	3,330,184	8,914,116	11,067,469
Public safety	6,933,320	5,604,016	6,418,090	6,077,391	6,263,832	6,217,889	5,281,305	7,713,796	9,856,899	4,905,692
Public facilities, parks and recreation	4,281,323	4,267,986	3,882,782	4,217,714	4,008,679	5,225,479	4,350,689	2,792,042	2,985,124	10,182,342
Parks and recreation								2,514,238	2,318,393	1,518,799
Planning and economic development	4,607,067	5,974,668	4,386,547	2,904,860	4,102,402	2,292,655	2,749,419			
Health and social services	772,288	750,404	1,125,770	2,013,222	865,318	1,502,929	924,169	570,541	817,350	1,991,980
Education	668,925	787,178	735,122	704,164	702,587	756,596	817,448	900,591	1,018,406	1,276,551
Special services	(152,931)	(1,135,968)	549,529	1,468,921		832,216				1,061,769
Operating grants and contributions:										
General government	440,327	420,791	196,264	704,873	425,724	975,269	773,282	3,152	11,467	
Public safety	189,018	43,870	58,274	64,006	77,404	530,148	4,148,209			5,698,748
Public facilities	5,966,045	11,990,437	11,210,773	1,619,514	4,279,642	1,560,017	738,415	816,659	1,528,445	
Parks and recreation										
Planning and economic development	6,046,274	8,558,403	11,141,789	12,587,947	12,320,951	7,291,614	20,985,448			
Health and social services	2,139,543	2,217,947	4,920,034	3,892,593	5,916,291	8,662,148	9,402,270	11,890,493	14,951,983	
Education	326,052,764	310,324,708	299,181,796	276,324,293	257,452,149	265,667,950	255,015,046	251,852,265	309,252,770	215,343,447
Special services	11,708,441	8,573,446	3,813,519	8,993,807	3,880,602	6,890,585	1,627,623	25,798,114	25,282,869	41,522,707
Interest on long-term debt	907,552	1,289,418	1,356,816	1,526,001	1,570,900	1,703,694	798,503	1,350,146		
Capital grants and contributions:										
General government	18,100						849,366			
Education	74,399,240	37,877,509	29,876,935	60,215,806	35,750,724	26,475,637	24,941,420	35,296,564	87,193,304	64,067,911
Public facilities	1,133,287	1,756,685	3,522,581	1,205,943	1,188,554	324,725			8,343,237	16,809,428
Public safety										2,500,000
Special services	66,670	7,799	251,000	310,000						
Total governmental activities program revenue	452,868,506	403,239,668	386,924,354	388,597,956	342,438,560	342,591,381	337,131,360	344,828,785	472,474,363	377,946,843

(Continued on next page)

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

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Business-type activities:										
Charges for services:										
Water Pollution Control Authority	\$ 36,596,546	\$ 37,891,428	\$ 36,038,499	\$ 28,159,305	\$ 28,083,135	\$ 28,076,908	\$ 26,813,200	\$ 28,099,203	\$ 27,538,494	\$ 24,437,184
Capital grants and contributions:										
Water Pollution Control Authority	4,353,922	1,821,809	2,256,871	3,052,731	4,284,004	775,944	1,342,985	1,404,430	1,158,371	1,156,324
Total business-type activities program revenues	40,950,468	39,713,237	38,295,370	31,212,036	32,367,139	28,852,852	28,156,185	29,503,633	28,696,865	25,593,508
Total primary government program revenues	493,818,974	442,952,905	425,219,724	419,809,992	374,805,699	371,444,233	365,287,545	374,332,418	501,171,228	403,540,351
Net (expense) revenue:										
Governmental activities	(275,924,974)	(368,259,995)	(281,332,094)	(259,389,183)	(284,866,357)	(309,842,886)	(284,740,015)	(256,730,956)	(181,327,192)	(205,519,543)
Business-type activities	3,713,183	3,769,521	2,670,029	2,812,261	5,979,412	2,841,371	319,442	4,608,750	3,238,918	1,713,800
Total primary government net expense	(272,211,791)	(364,490,474)	(278,662,065)	(256,576,922)	(278,886,945)	(307,001,515)	(284,420,573)	(252,122,206)	(178,088,274)	(203,805,743)
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes	300,053,001	303,836,495	296,275,535	284,379,599	278,055,567	277,621,119	267,026,434	247,817,417	220,435,186	226,471,874
Grants and contributions not restricted to specific programs	25,146,880	20,206,133	22,591,287	23,820,702	21,237,067	21,546,933	22,625,844	32,403,834	32,440,856	35,588,659
Unrestricted investment earnings	279,984	251,486	259,308	307,620	305,947	468,605	370,639	864,608	4,115,785	8,197,907
Miscellaneous	2,270,522			23,000						
Transfers					14,211					
Total governmental activities	327,750,387	324,294,114	319,126,130	308,530,921	299,598,581	299,650,868	290,022,917	281,085,859	256,991,827	270,258,440
Business-type activities:										
Investment earnings	9,231	6,929	7,194	7,898	12,093	22,836	25,087	32,712		
Total primary government	327,759,618	324,301,043	319,133,324	308,538,819	299,610,674	299,673,704	290,048,004	281,118,571	256,991,827	270,258,440
Changes in Net Position:										
Governmental activities	51,825,413	(43,965,881)	37,794,036	49,141,738	14,732,224	(10,192,018)	5,282,902	24,354,903	75,664,635	64,738,897
Business-type activities	3,722,414	3,776,450	2,677,223	2,820,159	5,991,505	2,864,207	344,529	4,641,462	3,238,918	1,713,800
Total Primary Government	\$ 55,547,827	\$ (40,189,431)	\$ 40,471,259	\$ 51,961,897	\$ 20,723,729	\$ (7,327,811)	\$ 5,627,431	\$ 28,996,365	\$ 78,903,553	\$ 66,452,697

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

Function/Program	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities:										
General government	\$ 7,149,680	\$ 4,351,162	\$ 4,492,997	\$ 4,471,774	\$ 4,058,525	\$ 6,657,099	\$ 5,351,396	\$ 3,333,336	\$ 8,925,583	\$ 11,067,469
Public safety	7,122,338	5,647,886	6,476,364	6,141,397	6,341,236	6,748,037	9,429,514	7,713,796	9,856,899	13,104,440
Public facilities	11,380,655	18,015,108	18,616,136	7,043,171	9,476,875	7,110,221	5,089,104	3,608,701	12,856,806	26,991,770
Parks and recreation							2,514,238	2,318,393		1,518,799
Planning and economic development	10,653,341	14,533,071	15,528,336	15,492,807	16,423,353	9,584,269	23,734,867			
Health and social services	2,911,831	2,968,351	6,045,804	5,905,815	6,781,609	10,165,077	10,326,439	12,461,034	15,769,333	1,991,980
Education	401,120,929	348,989,395	329,793,853	337,244,263	293,905,460	292,900,183	280,773,914	288,049,420	397,464,480	280,687,909
Special services	11,622,180	7,445,277	4,614,048	10,772,728	3,880,602	7,722,801	1,627,623	25,798,114	25,282,869	42,584,476
Interest on long-term debt	907,552	1,289,418	1,356,816	1,526,001	1,570,900	1,703,694	798,503	1,350,146		
Total governmental activities	<u>452,868,506</u>	<u>403,239,668</u>	<u>386,924,354</u>	<u>388,597,956</u>	<u>342,438,560</u>	<u>342,591,381</u>	<u>337,131,360</u>	<u>344,828,785</u>	<u>472,474,363</u>	<u>377,946,843</u>
Business-type activities:										
Water Pollution Control Authority	<u>40,950,468</u>	<u>39,713,237</u>	<u>38,295,370</u>	<u>31,212,036</u>	<u>32,367,139</u>	<u>28,852,852</u>	<u>28,156,185</u>	<u>29,503,633</u>	<u>28,696,865</u>	<u>25,593,508</u>
Total Government	<u>\$ 493,818,974</u>	<u>\$ 442,952,905</u>	<u>\$ 425,219,724</u>	<u>\$ 419,809,992</u>	<u>\$ 374,805,699</u>	<u>\$ 371,444,233</u>	<u>\$ 365,287,545</u>	<u>\$ 374,332,418</u>	<u>\$ 501,171,228</u>	<u>\$ 403,540,351</u>

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

	FISCAL YEAR								
	2016	2014	2013	2012	2011	2010	2009	2008	2007
General Fund:									
Reserved	\$	\$	\$	\$	\$	\$ 30,876	\$	\$	\$
Unreserved						15,611,351	10,752,753	10,605,102	29,241,106
Nonspendable	350,000	350,000	350,000	350,000	350,000				
Assigned				3,222,700	5,222,700				
Unassigned	14,269,142	13,045,816	12,574,082	9,147,814	10,987,910				
Total General Fund	\$ <u>14,619,142</u>	\$ <u>13,395,816</u>	\$ <u>12,924,082</u>	\$ <u>12,720,514</u>	\$ <u>16,560,610</u>	\$ <u>15,642,227</u>	\$ <u>10,752,753</u>	\$ <u>10,605,102</u>	\$ <u>29,241,106</u>
All Other Governmental Funds:									
Reserved	\$	\$	\$	\$	\$	\$ 10,068,125	\$ 5,068,118	\$ 114,188,749	\$ 101,323,449
Unreserved, reported in:									
Special revenue funds						(5,968,762)	(1,854,831)	(14,537,239)	(8,379,055)
Capital projects funds						53,320,116	29,831,588	(12,518,325)	14,104,079
Permanent fund						59,770	47,182	35,573	3,126
Restricted	5,902,507	4,864,914	4,592,021	1,910,141	1,398,998				
Committed	73,656,280	38,990,756	67,334,090	97,217,290	60,355,682				
Unassigned	(1,204,998)	(29,861)	(1,132,864)	(2,933,603)	(4,216,210)				
Total All Other Governmental Funds	\$ <u>78,353,789</u>	\$ <u>43,825,809</u>	\$ <u>70,793,247</u>	\$ <u>96,193,828</u>	\$ <u>57,538,470</u>	\$ <u>57,479,249</u>	\$ <u>33,092,057</u>	\$ <u>87,168,758</u>	\$ <u>107,051,599</u>

Note: The City implemented GASB Statement No. 54 in fiscal year 2011. Fund Balances prior to fiscal year 2011 were not restated to conform with GASB Statement No. 54 requirements

TABLE 5

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

	FISCAL YEAR									
	2015	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Property taxes	\$ 299,380,641	\$ 297,658,389	\$ 290,690,776	\$ 285,962,925	\$ 274,118,745	\$ 272,206,146	\$ 268,637,066	\$ 248,743,175	\$ 227,028,207	\$ 228,593,633
Intergovernmental	447,358,336	401,772,314	387,013,540	391,193,349	346,936,724	340,359,992	340,863,435	355,431,137	475,240,256	383,345,871
Fees, permits and licenses	22,139,661	19,169,677	17,937,764	15,953,121	16,664,394	15,355,420	15,454,092	16,100,329	19,942,980	20,844,855
Interest	279,985	251,486	259,308	307,039	305,673	467,604	370,639	864,608	4,115,785	8,184,000
Other	12,609,215	4,231,035	6,248,652	7,046,473	4,347,520	9,412,146	5,023,480	7,183,515	11,122,689	12,340,020
Total revenues	<u>781,767,838</u>	<u>723,082,901</u>	<u>702,150,040</u>	<u>700,462,907</u>	<u>642,373,056</u>	<u>637,801,308</u>	<u>630,348,712</u>	<u>628,322,764</u>	<u>737,449,917</u>	<u>653,308,379</u>
Expenditures:										
Governmental and community services:										
General government	36,079,269	35,060,037	39,060,527	39,691,634	39,935,817	38,663,676	39,461,942	84,165,283	77,150,939	78,130,009
Public safety	135,416,264	119,804,154	119,804,154	121,687,093	115,629,783	107,582,600	99,874,176	65,494,093	72,907,644	63,938,653
Public facilities	35,862,313	37,473,983	37,473,983	36,166,380	34,490,427	33,119,337	32,932,515	26,706,098	27,997,221	26,303,916
Parks and recreation								5,368,932	5,675,667	5,969,788
Planning and economic development	4,228,157	4,000,056	4,000,056	3,804,545	3,630,343	3,610,102	3,441,668			
Health and social services	7,319,991	6,847,381	6,847,381	6,962,930	6,536,848	11,501,774	12,954,954	13,378,869	18,483,802	18,206,936
Charities and hospitals								123,835	184,968	
Libraries	7,485,850	6,576,900	6,576,900	6,166,881	6,034,045	5,392,768	4,660,185			
Education	388,183,531	353,994,653	353,994,653	332,092,576	312,976,935	317,360,583	306,601,910	302,812,667	357,577,107	279,762,589
Special services	21,568,961	20,274,199	20,274,199	20,237,367	17,368,994	21,096,024	27,006,901	27,925,851	30,945,946	40,966,303
Debt service:										
Principal retirements	38,679,933	38,143,098	38,143,098	27,717,065	31,183,000	31,641,000	32,375,000	30,961,925	26,232,000	23,579,000
Interest and other charges	34,878,001	35,880,297	35,880,297	38,484,830	39,791,002	41,269,592	40,933,701	41,594,667	41,521,922	41,852,539
Capital outlay	95,861,461	66,802,507	66,802,507	93,042,777	74,551,555	45,222,964	41,669,094	83,719,594	118,136,031	114,737,164
Total expenditures	<u>805,563,731</u>	<u>724,857,265</u>	<u>728,857,755</u>	<u>726,054,078</u>	<u>682,128,749</u>	<u>656,460,420</u>	<u>641,912,046</u>	<u>682,251,814</u>	<u>776,813,247</u>	<u>693,446,897</u>
Excess of revenues over (under) expenditures	<u>(23,795,893)</u>	<u>(1,774,364)</u>	<u>(26,707,715)</u>	<u>(25,591,171)</u>	<u>(39,755,693)</u>	<u>(18,659,112)</u>	<u>(11,563,334)</u>	<u>(53,929,050)</u>	<u>(39,363,330)</u>	<u>(40,138,518)</u>
Other financing sources (uses):										
Transfers in	4,313,331	3,410,284	3,410,284	500,000	500,000	500,000	205,649,402	224,867,074	219,222,813	212,264,417
Transfers out	(5,813,331)	(3,410,284)	(3,410,284)	(500,000)	(500,000)	(500,000)	(205,649,402)	(224,867,074)	(219,222,813)	(212,264,417)
Bonds issued	23,195,000				67,930,000	19,440,000	40,840,000			47,890,000
Bond refunding issue	59,640,000	14,290,000	14,290,000	55,225,000						
Premium on long-term debt	12,337,545	1,150,189	1,150,189	4,874,093	6,641,055					482,104
Payments to escrow agent	(69,559,903)	(15,228,178)	(15,228,178)	(59,704,935)						
Total other financing sources (uses)	<u>24,112,642</u>	<u>212,011</u>	<u>212,011</u>	<u>394,158</u>	<u>74,571,055</u>	<u>19,440,000</u>	<u>40,840,000</u>	<u>-</u>	<u>-</u>	<u>48,372,104</u>
Net Changes in Fund Balance	<u>\$ 316,749</u>	<u>\$ (1,562,353)</u>	<u>\$ (26,495,704)</u>	<u>\$ (25,197,013)</u>	<u>\$ 34,815,362</u>	<u>\$ 780,888</u>	<u>\$ 29,276,666</u>	<u>\$ (53,929,050)</u>	<u>\$ (39,363,330)</u>	<u>\$ 8,233,586</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>10.5%</u>	<u>11.2%</u>	<u>11.2%</u>	<u>10.5%</u>	<u>11.7%</u>	<u>12.0%</u>	<u>12.4%</u>	<u>12.3%</u>	<u>10.5%</u>	<u>11.5%</u>

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

TABLE 6

Fiscal Year	Real Estate	Personal Property	Motor Vehicle	Total
2007	\$ 183,690,496	\$ 22,352,699	\$ 15,270,656	\$ 221,313,851
2008	183,892,848	27,243,385	15,891,974	227,028,207
2009	230,926,963	24,496,725	14,343,553	269,767,241
2010	224,429,907	31,097,659	15,181,089	270,708,655
2011	235,380,246	31,814,553	14,853,112	282,047,911
2012	231,147,846	31,242,492	17,044,538	279,434,876
2013	237,452,454	28,608,729	20,026,111	286,087,294
2014	247,634,510	29,273,456	20,620,272	297,528,238
2015	249,909,726	30,117,975	21,608,636	301,636,337
2016	251,167,365	31,015,137	22,335,890	304,518,362
Change 2007-2016	<u>36.73%</u>	<u>38.75%</u>	<u>46.27%</u>	<u>37.60%</u>

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

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

TABLE 7

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Miscellaneous Land	Personal Property	Motor Vehicle	Total Taxable Assessed Value	Percent Growth	Total Direct Tax Rate	Actual Taxable Value	Value as a Percentage of Actual Value
2007	\$ 3,199,609	\$ 998,510	\$ 188,631	\$ 41,104	\$ 588,791	\$ 372,428	\$ 5,389,073	1.65%	42.28	\$ 7,698,676	70.00%
2008	3,258,061	1,026,195	171,007	35,280	718,127	397,042	5,605,712	4.02%	41.28	8,008,160	70.00%
2009	4,087,787	1,256,373	291,075	79,212	703,831	379,451	6,797,729	21.30%	38.74	9,711,041	70.00%
2010	4,084,631	922,699	578,540	75,833	784,502	382,974	6,829,179	0.4%	39.64	9,755,970	70.00%
2011	4,159,228	877,194	421,714	84,023	804,932	396,467	7,022,705	0.2%	39.64	10,159,571	70.00%
2012	4,089,937	1,192,378	564,301	119,384	636,574	412,029	7,014,603	0.0%	41.11	10,020,861	70.00%
2013	4,082,205	1,225,399	587,398	125,387	698,880	419,227	7,138,496	0.2%	41.86	10,197,851	70.00%
2014	4,085,344	1,197,586	552,296	124,698	714,071	430,836	7,104,831	0.0%	42.20	10,149,759	70.00%
2015	4,085,727	1,220,504	552,923	129,092	734,447	442,829	7,165,522	0.0%	42.20	10,236,460	70.00%
2016	3,105,335	1,166,716	441,566	122,995	822,259	460,091	6,118,962	(-) 14.6 %	54.37	8,741,375	70.00%

Source: City of Bridgeport Tax Assessor's Office

**CITY OF BRIDGEPORT, CONNECTICUT
PRINCIPAL PROPERTY TAXPAYERS
FY 2016 and 2007
(Unaudited)**

TABLE 8

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
United Illuminating Co. Inc.	\$ 282,486,109	10	32.48%	\$ 54,812,359	4	9.35%
CRRA/US Bank NAT Assoc James E. Mogavero (Wheelabrator real property)	153,984,140	9	17.71%	140,046,244		23.89%
Bridgeport Energy LLC	151,672,179	8	17.44%	54,564,491	5	9.31%
Connecticut Light & Power	51,656,540	7	5.94%			
PSEG Power Connecticut LLC*	50,758,134	6	5.84%	83,752,150	1	14.29%
People's United Bank	48,900,843	5	5.62%	62,199,063	3	10.61%
Southern CT Gas Co.-Energy EA	42,048,692	4	4.83%			
Dominion Bpt Fuel Cell LLC	39,069,813	3	4.49%	32,196,075	6	5.49%
Watermark 3030 Park LLC* (conveyed to NHI-Reit of Axel LLC on 6/7/2016)	24,065,731	2	2.77%			
Aquarian Water Co. of CT*	25,078,447	1	2.88%	23,302,683	8	3.98%
Success Village Apts Inc.	21,719,430			14,641,200	10	2.50%
Bridgeport Lafayette 2005 LLC	12,542,009			15,400,000	9	2.63%
Wheelabrator BPT LP (personal property)	3,126,182			24,585,924	7	4.19%
Cingular Wireless LLC (now declares to State - City gets PILOT from CT State)				80,663,062	2	13.76%
TOTAL	869,720,628		100.00%	586,163,251		100.00%

* Note: Name change occurred during period.

Source: City of Bridgeport - Assessor's Office

**CITY OF BRIDGEPORT, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

TABLE 9

Fiscal Year Ended June 30:	Grand List Year	Taxes Levied for the Tax Year	Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 2005	\$ 224,126,241	\$ 215,656,891	96.22%	\$ 4,489,860	\$ 215,656,891	96.22%
2008	2006	222,282,166	215,712,695	97.04%	385,291	215,712,695	97.04%
2009	2007	250,083,276	243,126,091	97.22%	1,634,940	243,126,091	97.22%
2010	2008	267,703,716	260,055,196	97.14%	2,599,244	262,654,440	98.11%
2011	2009	273,823,500	267,033,575	97.52%	1,969,582	269,003,157	98.23%
2012	2010	275,342,274	267,783,020	97.25%	2,463,132	270,246,152	98.15%
2013	2011	286,087,294	278,613,368	97.39%	2,826,411	281,439,779	98.38%
2014	2012	293,618,038	284,699,957	96.96%	4,559,726	289,259,683	98.52%
2015	2013	296,309,866	291,238,982	98.29%	2,686,607	293,925,589	99.20%
2016	2014	298,378,831	293,406,881	98.33%	1,810,121	295,217,001	98.94%

Source: City of Bridgeport - Tax Collector's Office

**CITY OF BRIDGEPORT, CONNECTICUT
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(In Thousands)
(Unaudited)**

TABLE 10

Fiscal Year	Governmental Activities			Percentage of Actual Property Value	Debt Per Capita	Business-Type Activities			Total Primary Government	Percentage of Per Capita Income	Per Capita
	General Obligation Bonds	Less Amount Available in Debt Services	Net General Bonded Debt			Loan Payable	General Obligation Bonds	Revenue Bonds			
2007	\$ 772,389	\$ -	\$ 772,389	10.01%	\$ 5,536	\$ 49,552	\$ 490	\$ -	822,431	29.03%	\$ 5,894
2008	684,228	-	684,228	8.54%	4,904	51,713	490	-	736,431	26.00%	5,278
2009	654,200	-	654,200	6.74%	4,689	49,486	450	-	704,136	24.86%	5,046
2010	669,140	-	669,140	6.86%	4,796	44,509	2,255	-	715,904	29.23%	5,131
2011	651,890	-	651,890	6.42%	4,520	43,621	2,152	-	697,663	29.66%	4,837
2012	689,265	-	689,265	6.80%	4,779	42,812	4,008	-	736,085	27.00%	5,104
2013	654,330	-	654,330	6.38%	4,493	44,866	3,874	-	703,070	24.00%	4,828
2014	636,625	-	636,625	6.08%	4,315	40,025	3,679	-	680,329	23.12%	4,618
2015	673,343	-	673,343	6.34%	4,399	38,276	3,595	-	715,214	23.26%	4,683
2016	662,157	-	662,157	7.57%	3,153	37,347	3,268	-	702,772	23.20%	4,873

Source: City of Bridgeport Treasurer's Office

CITY OF BRIDGEPORT, CONNECTICUT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING BY TYPE
LAST TEN FISCAL YEARS
(In Thousands)
(Unaudited)

TABLE 11

Fiscal Year	Governmental Activities		Percentage of Actual Property Value	Debt Per Capita	Business-Type Activities		Total Primary Government	Percentage of Per Capita Income	Per Capita
	General Obligation Bonds	Net General Bonded Debt			General Obligation Bonds	Total Primary Government			
2007	772,389	772,389	10.01%	5,536	490	772,879	27.28%	5,894	
2008	684,228	684,228	8.54%	4,904	490	684,718	24.17%	5,278	
2009	654,200	654,200	6.74%	4,689	450	654,650	23.11%	5,046	
2010	669,140	669,140	6.86%	4,796	2,255	671,395	23.70%	5,131	
2011	651,890	651,890	6.42%	4,520	2,152	654,042	24.22%	4,837	
2012	689,265	689,265	6.80%	4,779	4,008	693,273	25.68%	5,104	
2013	654,330	654,330	6.38%	4,493	3,874	658,204	24.38%	4,828	
2014	636,625	636,625	6.08%	4,315	3,806	640,431	21.86%	4,618	
2015	673,343	673,343	6.34%	4,399	3,595	676,938	21.97%	4,423	
2016	662,157	662,157	10.3%	4,397	3,268	665,425	21.97%	4,614	

Source: City of Bridgeport Treasurer's Office

**CITY OF BRIDGEPORT, CONNECTICUT
 DIRECT GOVERNMENTAL ACTIVITIES DEBT
 FOR THE YEAR ENDED JUNE 30, 2016
 (Unaudited)**

TABLE 12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>
General obligation debt	\$ 662,157,056
Less school construction grants receivable - principal portion only	<u>(3,473,695)</u>
Total Direct Debt	<u>\$ 658,683,361</u>

Source: City records.

Note 1: The City is not subject to the debt of overlapping governments.

Note 2: School construction grants are receivable in substantially equal installments over the life of outstanding school bonds, obtained from the Office of Policy and Management, State of Connecticut.

Source: City of Bridgeport Treasurer's Office

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

TABLE 13

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt limit	\$ 1,575,702	\$ 1,595,640	\$ 1,741,261	\$ 1,741,508	\$ 1,909,786,970	\$ 1,918,225,547	\$ 1,975,977,163	\$ 2,050,851,474	\$ 2,084,815,992	\$ 2,091,301,023
Total net debt applicable to limit	<u>934,990</u>	<u>957,601</u>	<u>925,639</u>	<u>959,344</u>	<u>717,375,754</u>	<u>755,691,238</u>	<u>870,367,160</u>	<u>689,996,320</u>	<u>761,541,459</u>	<u>934,134,313</u>
Legal debt margin	<u>\$ 640,712</u>	<u>\$ 638,039</u>	<u>\$ 815,622</u>	<u>\$ 782,164</u>	<u>\$ 1,192,411,216</u>	<u>\$ 1,162,534,309</u>	<u>\$ 1,105,610,003</u>	<u>\$ 1,360,855,154</u>	<u>\$ 1,323,274,533</u>	<u>\$ 1,157,166,710</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>62.43%</u>	<u>59.34%</u>	<u>60.01%</u>	<u>55.09%</u>	<u>37.56%</u>	<u>39.40%</u>	<u>44.05%</u>	<u>33.64%</u>	<u>36.53%</u>	<u>44.67%</u>

**CITY OF BRIDGEPORT, CONNECTICUT
COMPUTATION OF LEGAL DEBT LIMITATION
JUNE 30, 2016**

TABLE 14

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

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewer</u>	<u>Urban Renewal</u>	<u>Unfunded Past Benefit Obligation</u>
Debt Limitation					
2-1/4 times base	\$ 672,203,900	\$	\$	\$	\$
4-1/2 times base		1,344,407,801			
3-3/4 times base			1,120,339,834		
3-1/4 times base				970,961,189	
3 times base					896,271,867
Total debt limitation	<u>672,203,900</u>	<u>1,344,407,801</u>	<u>1,120,339,834</u>	<u>970,961,189</u>	<u>896,271,867</u>
Debt as Defined by Statute:					
Bonds and Notes Payable	247,376,738	123,570,462	40,615,650	1,583,000	254,840,000
Tax Anticipation Notes	15,000,000				
Bonds authorized but unissued ¹	29,064,596	75,937,109			
Less: school construction grants		(3,473,695)			
Total indebtedness	<u>291,441,334</u>	<u>196,033,876</u>	<u>40,615,650</u>	<u>1,583,000</u>	<u>254,840,000</u>
Debt Limitation in Excess of Indebtedness	<u>\$ 380,762,566</u>	<u>\$ 1,148,373,925</u>	<u>\$ 1,079,724,184</u>	<u>\$ 969,378,189</u>	<u>\$ 641,431,867</u>

1. Includes all bonds currently authorized

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

TABLE 15

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment(*) Rate</u>
2007	139,529	\$ 54,313	\$ 20,302	31.4	21,312	6.6%
2008	139,529	54,313	20,302	31.4	20,677	8.6%
2009	139,529	54,313	20,302	31.4	20,235	10.7%
2010	139,529	54,313	20,302	31.4	20,407	12.9%
2011	144,229	48,088	18,721	32.1	19,993	13.98%
2012	144,229	48,088	18,721	32.1	20,338	12.57%
2013	144,229	48,088	18,721	32.1	20,320	12.37%
2014	144,229	48,088	19,854	32.1	21,180	10.1%
2015	144,229	48,088	20,132	32.1	20,918	8.5%
2016	144,229	48,088	21,002	32.1	21,127	8.4%

**CITY OF BRIDGEPORT, CONNECTICUT
PRINCIPAL EMPLOYERS
2016 AND 2007
(Unaudited)**

TABLE 16

<u>Employer</u>	<u>2016</u>		<u>2007</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
St. Vincent's Medical Center	3,238	1	2,200	3
Bridgeport Hospital, Inc.	2,005	2	2,700	1
People's United Bank	1,244	3	2,400	2
University of Bridgeport	810 (419 FT/391 PT)	4	537*	6
Prime Line Resources	569 (409 FT Reg./160 FT Temp.)	5	406	7
Bridgeport Health Care Center	525	6	1,100	4
Sikorsky Aircraft	501 (3 Shifts)	7	600	5
Lacey Manufacturing Company	329 (238 FT Reg./91 FT Temp.)	8	350	8
Watermark	243 (102 FT/141 PT)	9	300*	9
Housatonic Community College	214 (201 FT/13 FT Grant Funded)	10	184	10

*=2008 Data

Note: Rankings are based on Full Time Employees Only

Sources: City of Bridgeport - Bridgeport CitiStat Office

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

TABLE 17

Function/Program	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government:										
Office of the Mayor	9	9	9	9	8	8	8	9	9	8
Central Grants Office	8	5	5	5	6	6	6	6	6	6
Comptroller's Office	11	11	11	11	14.5	14.5	14.5	15	15	15
Finance Department	6	4.5	4	4	4	4	4	4	5	4
In-Plant Printing	6.5	6.5	6.5	7.5	7.5	7.5	7.5	7.5	7.5	7
Purchasing	6	6	6	5	6	6	6	7	8	8
Tax Collector	14	14	14	16	18	18	18	18	19	18
Tax Assessor	11	11	11	11	13	13	13	14	15	15
Treasurer's Office	2.5	2.5	2.5	3.5	2	2	2	2	3	3
Registrar of Voters / Elections	5	5	5	5	5	5	5	6	6	6
City Clerk	6	6	5	6	5	6	6	6	6	6
City Attorney	21	20	20	18	21	21	21	21	22	21
Archives and Records	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	1	1
Civil Service	6	7	7	7	9	9	8	8	9	8
Grants Personnel / Benefits Administration	12	13.5	14	14	11	11	9	7	7	7
Labor Relations	6	6	6	6	6	6	6	6	7	8
Town Clerk	7	7	7	7	7	7	7	8	8	8
Legislative Department	0		-		2	1	2	2	2	2
Office of Policy and Management	6.5	6.5	6.5	6.5	6.5	6.5	5.5	5.5	5.5	5.5
Chief Administrative Office / Citistat	8	8	8	8	7	7	7	8	3	3
Information Technology Services	14	15	15	15	16	15	15	19	21	20
Minority Business Resource Ctr	3	3	3	3	2	2	2	-	-	-
Public Safety:										
Police Department / Animal Shelter	492	491	471	471	479	473	486	532	538	554
Fire Department	296	296	277	281	295	299	310	329	330	326
Weights and Measures	2	2	2	2	2	2	2	2	2	2
Emergency Operations Center	57	57	57	57	59	60	60	48	42	43
Public Facilities:										
Public Facilities Administration	18	17.5	16	16	15.5	15.5	15.5	17	15	15
Municipal Garage	10	10	10	10	10	10	10	10	10	10
Facilities Maintenance	32	33	33	31	31	31	31	37	34	34
Roadway Maintenance	37	37	37	44	45	45	45	43	43	43
Sanitation / Recycling	29	29	29	29	34	34	34	36	36	36
Transfer Station	1	1	1	1	1	1	1	1	1	1
Parks and Recreation:										
Recreation	3	3	3	3	3	3	3	3	3	3
Department on Aging	7	7	7	7	6	6	6	6	6	6
Parks & Rec Administration	5	5	5	4	4	4	4	5	6	6
Parks Maintenance	14	14	14	15	16	17	17	17	23	23
Beardsley Zoological Gardens	12	12	12	12	13	13	13	13	13	13
Fairchild Wheeler G.C.	2	2	2	2	3	3	3	3	3	2

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

TABLE 17

Function/Program	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Transportation:										
Sikorsky Airport	13	13	13	13	14	14	14	15	15	15
City Engineer	6	5.25	6	5	6	6	6	5	6	6
Harbor Master	-	-	-	1	1	1	1	1	1	1
Planning & Development:										
Planning & Economic Development	21.5	20.5	20.5	20.5	19.5	18.5	20	22	18	16
Building Department	13	12.25	12	11	13	13	13	14	14	10
Zoning Board of Appeals	1	1	1	1	1	1	1	1	1	1
Zoning Commission	6	6	6	6	6	5	4	7	7	6
Health & Social Services:										
Health Administrative	6	4.5	3	2	2	2	2	3	3	3
Dental Hygiene	0	-	-	-	-	-	-	7	7	7
Vital Statistics	4.5	4.5	5	5	5	5	5	5	4	4
Communicable Diseases	5	5	5.2	5.2	5	5	5	4	5	4
Environmental Health	8	8	8	8	8	7	7	7	7	7
Housing Code	6	6	6	6	5	5	1	3	3	3
Lead Program	2	2	2	2	-	-	-	-	-	-
Public Health Nursing	-	-	-	-	-	-	-	-	37	37
Clinics	2	-	-	-	-	-	-	1	6	6
School Based Health Centers	-	-	-	-	-	-	-	19	26	26
Social Services	2	1.25	1.8	1.8	1	2	2	2	2	2
Human Services:										
Human Services Administration	2	2	2	2	2	2	2	2	2	2
Persons with Disabilities	1	1	1	1	0.5	-	-	1	1	1
Veterans Affairs	2	2	2	2	2	1	1	1	1	1
Lighthouse / Youth Services	6	6	6	6	4	4	4	4	4	4
Parent Aide Program	-	-	-	-	-	-	-	1	1	-
Libraries	53	53	54	53	53	52	52	60	69	69
Total	1,341	1,346	1,297	1,305	1,342	1,336	1,354	1,467	1,530	1,528

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

TABLE 18

Function/Program	FISCAL YEAR									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police:										
Calls for service	120,655	116,640	111,765	109,523	109,919	114,115	114,780	112,740	111,331	122,713
Adult arrest	7,751	6,505	5,317	4,397	4,237	4,230	6,422	3,771	3,047	2,964
Juvenile arrest	1,406	1,081	1,013	740	553	574	800	590	413	432
Fire:										
Total fire runs	10,064	9,239	12,318	8,720	10,180	12,648	9,394	9,262	10,130	5,781
Total rescue runs	831	868	3,366	3,573	3,166	4,838	8,810	5,660	8,650	4,167
Property loss	\$ 5,936,590	\$ 3,302,875	\$ 3,724,050	\$ 4,506,600	\$ 3,415,473	\$ 7,418,300	\$ 3,649,017	\$ 3,541,176	\$ 3,171,020	\$ 2,537,913
Building safety:										
Total building permits	2,386	2,454	2,683	2,522	2,425	N/A	3,127	2,939	3,199	3,461
Total value all permits	\$ 195,631,366	\$ 131,211,499	\$ 173,761,110	\$ 80,959,003	\$ 48,862,472	N/A	\$ 91,501,839	\$ 172,883,186	\$ 252,650,376	\$ 316,366,980
Library, volumes in collection	499,662	395,561	530,000	550,851	537,580	533,600	538,600	573,455	573,705	525,372
Public service:										
Garbage collected (ton)	67,093	59,533	58,543	59,756	60,436	58,736	55,698	55,538	55,224	57,218
Recycle collected (ton)	2,992	3,055	3,128	3,194	3,217	4,762	5,339	5,421	5,649	6,043
Parks and recreation:										
Recreation program attendance	2,575	2,550	1,500	1,850	1,950	2,000	2,000	1750	1750	1,750
Aquatics program attendance	600	800	900	600	700	700	750	750	750	750
Golf rounds played	45,007***	49,708	53,706	60,059	54,776	59,286	50,703	52,884	53,284	59,154
Street trees maintained	615	1,430	1,430	1,430	1,800	1,800	1,700	1962	1990	1,900

Source: City Records

Note: n/a - Indicator not available

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

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

TABLE 19

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police:											
Stations	3	3	3	2	2	1	1	1	1	1	1
Police Officer Sector Terminals (POST)	5	5	3	3	3	4	3	3	3	4	4
Number of personnel and officers	574	574	574	574	557	469	456	473	454	429	349
Number of Divisions	11	11	11	11	11	11	11	11	11	11	11
Fire:											
Stations	8	8	8	8	8	8	8	8	8	8	8
Number of personnel and officers	399	315	337	366	366	366	296	283	282	284	272
Equipment (pieces)	25	28	28	28	28	28	28	30	30	30	30
Refuse collection:											
Collection Trucks	15	15	15	15	15	15	15	18	18	18	18
Public facilities:											
Streets (Miles)	829	829	829	829	829	829	829	829	829	829	829
Traffic Signals	1,552	1,552	1,552	1,552	1,700	1,750	1,750	1,750	1,750	1,800	1,800
Parks and recreation:											
Playgrounds	19	19	19	19	19	19	21	21	19	24	24
Parks	47	47	44	45	45	45	46	46	46	47	47
Park Acreage	1,330	1,330	1,330	1,330	1,330	1,330	1,330	1,330	1,330	1,351.45	1,351.45
Golf Courses	2	2	2	2	2	2	2	2	2	2	2
Swimming Pools	3	3	-	2	2	3	3	2	2	2	2
Tennis Courts	24	24	22	24	23	25	25	25	24	24	25
Museums	2	2	2	2	2	2	2	2	2	2	2
Zoo	1	1	1	1	1	1	1	1	1	1	1
Baseball/softball diamonds	25	25	25	25	31	31	30	30	25	25	27
Ice Skating Rinks	2	2	2	1	1	1	1	1	1	1	2
Soccer/Football Fields	17	17	17	17	19	21	26	28	17	17	20
Library:											
Facilities	5	4	4	5	5	5	5	5	5	5	5
Volumes	525,000	499,662	395,561	530,000	550,851	537,580	533,600	538,600	573,455	573,705	525,372
Water:											
Average Daily Consumption (MGPD)	13,286	12,821	12,800	12,359	12,021	12,318	11,716	11,447	11,457	11,572	11,428
Wastewater:											
Sanitary Sewers (miles)	154	157	160	160	160	160	170	170	170	170	170
Storm Sewers (miles)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Combination Sanitary and Storm (miles)	129	126	123	123	123	123	113	113	113	113	113
Number of sewer wells	55,050	55,050	55,050	55,050	55,050	55,050	55,050	55,050	55,050	55,050	55,050
Number of Treatment Plants	2	2	2	2	2	2	2	2	2	2	2

Source: City Records

Note: n/a - Indicator not available