

In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Notes and the Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax. In the opinion of Bond Counsel, under existing statutes, interest on the Notes and the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes and the Bonds. See "LEGAL AND OTHER INFORMATION - Tax Exemption of the Bonds and the Notes" herein.



CITY OF BRIDGEPORT, CONNECTICUT
\$50,000,000
GENERAL OBLIGATION TAX ANTICIPATION NOTES, 2014 SERIES B
and
\$32,435,000
GENERAL OBLIGATION REFUNDING BONDS, 2014 SERIES B

Dated Date: Date of Delivery

Due: As shown on inside cover

The \$50,000,000 General Obligation Tax Anticipation Notes, 2014 Series B (the "Notes") and the \$32,435,000 General Obligation Refunding Bonds, 2014 Series B (the "Bonds") will be general obligations of the City of Bridgeport, Connecticut (the "City"), and the City will pledge its full faith and credit to pay the principal of and interest on the Notes and the Bonds when due. Payment in respect of the Bonds will also be supported by a property tax intercept fund (see "THE NOTES AND THE BONDS— Security for the Bonds" herein).

The Notes are not subject to redemption prior to their stated maturity. The Bonds are subject to redemption prior to their stated maturity as more fully described herein.

The Notes will be due and payable, as to both principal and interest at maturity, on February 19, 2015. Interest on the Bonds will be payable on April 1, 2015 and semiannually thereafter on each October 1 and April 1 until maturity or redemption prior to maturity. The Notes and the Bonds will be issued by means of a book-entry-only system and registered in the name of Cede & Co., as nominee for The Depository Trust Company (the "DTC"), New York, New York. The beneficial owners of the Notes and the Bonds will not receive certificates representing their ownership interest in the Notes or the Bonds. Principal of, redemption premium, if any, and interest on the Notes and the Bonds will be payable by U.S. Bank, National Association, Hartford, Connecticut and Boston, Massachusetts to DTC or its nominee as registered owner of the Notes and the Bonds. (See "THE NOTES AND THE BONDS – Book-Entry-Only System"). Ownership of the Notes shall be in principal amounts of \$100,000 or integral multiples thereof, and ownership of the Bonds shall be in principal amounts of \$5,000 or integral multiples thereof.

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP.** (See "BOND INSURANCE" and Appendix F – Specimen Municipal Bond Insurance Policy" herein).



The Notes and the Bonds are offered subject to the final approving opinions of Pullman & Comley, LLC, Bridgeport and Hartford, Connecticut, Bond Counsel to the City. Certain legal matters will be passed upon for the Underwriter by its counsel, Updike, Kelly & Spellacy, P.C., Hartford, Middletown, New Haven and Storrs, Connecticut. Public Financial Management, Inc., Providence, Rhode Island has served as Financial Advisor in connection with the issuance of the Notes and the Bonds. It is expected that the Notes and the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about November 18, 2014.

RAYMOND JAMES

General Obligation Tax Anticipation Notes, 2014 Series B

<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Yield</u>	<u>CUSIP</u>
February 19, 2015	\$50,000,000	2.00%	0.10%	1081513Y5

General Obligation Refunding Bonds, 2014 Series B

<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Yield</u>	<u>CUSIP</u>
	<u>Amount</u>	<u>Rate</u>				<u>Amount</u>	<u>Rate</u>		
4/1/2015	\$ 225,000	3.00%	0.320%	108151 4L2	10/1/2021	\$3,010,000	2.00%	2.420%	108151 4E8
10/1/2016	1,390,000	4.00	0.700	108151 3Z2	10/1/2022	3,120,000	5.00	2.670	108151 4F5
10/1/2017	2,565,000	5.00	1.050	108151 4A6	10/1/2023	3,235,000	2.50	2.840	108151 4G3
10/1/2018	2,635,000	5.00	1.410	108151 4B4	10/1/2024	3,365,000	5.00	2.980	108151 4H1
10/1/2019	2,765,000	5.00	1.750	108151 4C2	10/1/2025 *	3,535,000	5.00	3.100	108151 4J7
10/1/2020	2,910,000	5.00	2.090	108151 4D0	10/1/2026	3,680,000	3.00	3.390	108151 4K4

*Priced at the stated yield to the October 1, 2024 redemption date at a redemption price of 100%.

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

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

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

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

Other than as to matters explicitly set forth herein as the Form of Legal Opinions in Appendix B and “LEGAL AND OTHER INFORMATION – Tax Exemption of the Bonds and the Notes”, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that it has independently verified the same.

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

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

Assured Guaranty Municipal Corp. (“AGM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “Bond Insurance” and “Appendix F - Specimen Municipal Bond Insurance Policy”.

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

The City deems this Official Statement to be “final” for purposes of Securities and Exchange Commission Rule 15(c)(2)-12(b)(1), but it is subject to revision or amendment.

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APPENDIX A – COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2013

APPENDIX B – FORM OF LEGAL OPINIONS

APPENDIX C – SUMMARY OF THE INDENTURE

APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENTS

APPENDIX E – CASH FLOW PROJECTIONS

APPENDIX F – SPECIMEN MUNICIPAL BOND INSURANCE POLICY

NOTE ISSUE SUMMARY

General Obligation Tax Anticipation Notes, 2014 Series B

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

Issuer:	City of Bridgeport, Connecticut (the "City")
Issue:	\$50,000,000 General Obligation Tax Anticipation Notes, 2014 Series B (the "Notes")
Dated Date:	Date of Delivery
Interest Due:	At maturity – February 19, 2015
Principal Due:	At maturity – February 19, 2015
Purpose:	The Notes are being issued to provide funds to pay ongoing expenses of the City on a short-term basis due to cash flow needs.
Redemption:	The Notes are <u>not</u> subject to redemption prior to maturity.
Security:	The Notes will be general obligations of the City, and the City will pledge its full faith and credit to the payment of principal of and interest on the Notes when due. The Notes are <u>not</u> subject to the Indenture (as defined herein) or property tax intercept fund as are other obligations of the City.
Credit Ratings:	Standard & Poor's Ratings Services has assigned its municipal bond rating of "SP-1+" to the Notes.
Underwriter:	Raymond James & Associates, Inc. ("Raymond James")
Legal Opinion:	Pullman & Comley, LLC, Bridgeport and Hartford, Connecticut (See Appendix B - Form of Legal Opinions)
Financial Advisor:	Public Financial Management, Inc., Providence, Rhode Island
Tax Status:	Refer to Appendix B – Form of Legal Opinions and "LEGAL AND OTHER INFORMATION– Tax Exemption of the Bonds and the Notes" herein.
Delivery and Payment:	It is expected that delivery of the Notes in book-entry form will be made to The Depository Trust Company on or about November 18, 2014. Delivery of the Notes will be made against payment in Federal funds.
Continuing Disclosure:	The City has covenanted in a separate Continuing Disclosure Agreement to furnish information regarding certain listed events, necessary to comply with Rule 15c2-12(b)(5) of the United State Securities and Exchange Commission. The specific nature of the information supplied and the term of the undertaking are summarized below (see "LEGAL AND OTHER INFORMATION—Continuing Disclosure" herein and APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENTS).
Further Information:	Questions concerning the Notes and this Official Statement should be addressed to: Anne Kelly-Lenz, Director of Finance, Finance Administration, 999 Broad Street, Bridgeport, Connecticut 06604, Telephone (203) 576-7251 or William Fazioli, Senior Managing Consultant, Public Financial Management, Inc., 10 Weybosset Street, Suite 902, Providence, Rhode Island 02903, Telephone (401) 709-5112.

BOND ISSUE SUMMARY
General Obligation Refunding Bonds, 2014 Series B

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

Issuer:	City of Bridgeport, Connecticut (the “City”)
Issue:	\$32,435,000 General Obligation Refunding Bonds, 2014 Series B (the “Bonds”)
Dated Date:	Date of Delivery
Interest Due:	Each April 1 and October 1, commencing April 1, 2015
Principal Due:	See inside cover page
Purpose:	The Bonds are being issued to refund certain outstanding general obligation bonds of the City (See “THE NOTES AND THE BONDS – Proceeds of Issue” herein).
Redemption:	The Bonds are subject to optional redemption prior to maturity as more fully described herein (See “THE NOTES AND THE BONDS – Optional Redemption” herein).
Security:	The Bonds will be general obligations of the City, and the City will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due. In addition, the Bonds are also supported by the Intercept Fund (See “THE NOTES AND THE BONDS – Security for the Bonds” herein).
Credit Ratings:	Moody’s Investors Service, Inc. and Standard & Poor’s Ratings Services are each expected to assign insured bond ratings of A2 (stable) and AA (stable), respectively, to the Bonds. The Bonds have an underlying rating of A from Standard & Poor’s Ratings Services (See “Ratings” herein).
Credit Enhancement:	The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp.
Underwriter:	Raymond James & Associates, Inc. (“Raymond James”)
Financial Advisor:	Public Financial Management, Inc., Providence, Rhode Island
Tax Exemption:	Refer to Appendix B – Form of Legal Opinions and “LEGAL AND OTHER INFORMATION – Tax Exemption of the Bonds and the Notes” herein.
Auditors:	Blum, Shapiro & Company, PC, West Hartford, Connecticut
Trustee:	U.S. Bank National Association, Hartford, Connecticut and Boston, Massachusetts
Legal Opinion:	Pullman & Comley, LLC, Bridgeport and Hartford, Connecticut (See Appendix B – Form of Legal Opinions)
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry form will be made to The Depository Trust Company on or about November 18, 2014. Delivery of the Bonds will be made against payment in Federal funds.
Continuing Disclosure:	The City has covenanted in a separate Continuing Disclosure Agreement to furnish its annual audited financial statements on an ongoing basis, and any other data and operating reports, statements and other information regarding certain listed events, necessary to comply with Rule 15c2-12(b)(5) of the United States Securities and Exchange Commission. The specific nature of the information supplied and the term of the undertaking are summarized below (see “LEGAL AND OTHER INFORMATION—Continuing Disclosure” herein and APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENTS).
Further Information:	Questions concerning this Official Statement should be addressed to: Anne Kelly-Lenz, Director of Finance, Finance Administration, 999 Broad Street, Bridgeport, Connecticut 06604, Telephone (203) 576-7251 or William Fazioli, Senior Managing Consultant, Public Financial Management, Inc., 10 Weybosset Street, Suite 902, Providence, Rhode Island 02903, Telephone (401) 709-5112.

NOTE AND BOND INFORMATION

Introduction

This Official Statement is provided for the purpose of presenting certain information relating to the City of Bridgeport, Connecticut (the “City”) (see “THE CITY” herein) in connection with the sale of the City’s \$50,000,000 General Obligation Tax Anticipation Notes, 2014 Series B (the “Notes”) and \$32,435,000 General Obligation Refunding Bonds, 2014 Series B (the “Bonds”). The proceeds from the Notes are expected to be used to provide funds to pay ongoing expenses of the City on a short-term basis. The proceeds from the Bonds are expected to be used to refund certain outstanding general obligation bonds of the City and to pay costs of issuance associated with the Bonds. The City has the power to incur indebtedness by issuing bonds and notes as provided by the Connecticut General Statutes. The information herein is dated and given on, and will speak only as of, the date of original delivery of the Notes and the Bonds and is subject to change without notice.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its respective responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of this information.

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

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

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

The Trustee and Paying Agent is U.S. Bank National Association.

THE NOTES AND THE BONDS

Description of the Notes

The Notes will be dated the date of delivery and will be due and payable as to both principal and interest at maturity on February 19, 2015. The Notes are issuable only as fully registered notes in book-entry form (see “Book-Entry-Only System” herein) in denominations of \$100,000 or any integral multiple thereof.

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

Description of the Bonds

The Bonds will be dated as of their date of delivery and will bear interest payable semiannually April 1 and October 1 in each year, commencing April 1, 2015. The Bonds are issuable only as fully registered bonds in book-entry-only form (see “Book-Entry-Only System” herein) in denominations of \$5,000 or any integral multiple thereof.

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

The Bonds will mature as shown on the inside cover of this Official Statement.

Record Date

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

Optional Redemption

The Notes will not be subject to redemption prior to maturity.

The Bonds with a stated maturity on or after October 1, 2025 will be subject to redemption, at the election of the City, at any time, on or after October 1, 2024 in whole or in part by lot within a maturity, in such amounts and in such order of maturity as the City may determine, at the respective redemption prices equal to 100% of the principal amount of the Bonds to be so redeemed, together with interest accrued and unpaid to the redemption date.

Authorization for the Notes

The sale and issuance of the Notes have been authorized pursuant to a resolution of the City Council adopted on February 18, 2014.

Authorization for the Bonds

The Bonds are being issued pursuant to the Indenture of Trust dated as of May 1, 1996, by and between the City and Fleet National Bank, as amended by a First Supplemental Indenture of Trust dated as of March 1, 1997, by and between the City and Fleet National Bank, as amended by a Second Supplemental Indenture of Trust dated as of January 15, 2000, by and between the City and State Street Bank and Trust Company, successor to Fleet National Bank, as amended by a Third Supplemental Indenture of Trust dated as of August 15, 2000, by and between the City and State Street Bank and Trust Company, as amended by a Fourth Supplemental Indenture of Trust dated as of July 1, 2001, by and between the City and State Street Bank and Trust Company, as amended by a Fifth Supplemental Indenture of Trust dated as of June 15, 2002, by and between the City and State Street Bank and Trust Company, as amended by a Sixth Supplemental Indenture of Trust dated as of November 1, 2003, by and between the City and U.S. Bank National Association, successor to State Street Bank and Trust Company, as amended by a Seventh Supplemental Indenture of Trust dated as of August 12, 2004, by and between the City and U.S. Bank National Association, as amended by an Eighth Supplemental Indenture of Trust dated as of April 15, 2006, by and between the City and U.S. Bank National Association, as amended by a Ninth Supplemental Indenture of Trust dated as of June 1, 2006, by and between the City and U.S. Bank National Association, as amended by a Tenth Supplemental Indenture of Trust dated as of June 1, 2007, by and between the City and U.S. Bank National Association, as amended by an Eleventh Supplemental Indenture of Trust dated as of December 1, 2009, by and between the City and U.S. Bank National Association, as amended by a Twelfth Supplemental Indenture of Trust dated as of July 1, 2010, by and between the City and U. S. Bank National Association, as amended by a Thirteenth Supplemental Indenture of Trust dated as of June 1, 2012, by and between the City and U.S. Bank National Association, as amended by a Fourteenth Supplemental Indenture of Trust dated as of July 1, 2012, by and between the City and U.S. Bank National Association, as amended by a Fifteenth Supplemental Indenture of Trust dated as of July 1, 2013, by and between the City and U.S. Bank National Association, as amended by a Sixteenth Supplemental Indenture of Trust dated as of August 1, 2014, by and between the City and U.S. Bank National Association, and as further amended by a Seventeenth Supplemental Indenture of Trust dated as of November 1, 2014, by and between the City and U.S. Bank National Association (collectively, the “Indenture”) as well as a resolution adopted by the City Council on October 20, 2014 and other proceedings and determinations relating thereto (collectively, the “Resolution”), and which, taken together, determine the form and details of the issuance of the Bonds, directing their sale and providing for the rights of the holders thereof.

Proceeds of Issue

The Notes

The proceeds of the Notes will be used to fund certain cash flow needs of the City. The Notes are expected to be repaid from ad valorem property tax receipts due in January 2015.

The Bonds

The proceeds of the Bonds will be used to refund certain outstanding general obligation bonds of the City as set forth in the “Plan of Refunding” herein, and to pay costs of issuance associated with the Bonds.

Plan of Refunding

A portion of the proceeds of the Bonds, if issued, will be used to refund certain outstanding general obligation bonds of the City (the “Refunded Bonds”) as described below on the dates and at the redemption prices as follows.

Bond Series	Maturity	Interest Rate	Par Amount	Redemption Date	Redemption Price	CUSIP No.
2007A	10/1/2015 ¹	4.000%	\$995,000	N/A	N/A	108151 P70
	10/1/2016	4.000%	2,425,000	10/1/2015	100%	108151 P88
	10/1/2017	4.125%	2,530,000	10/1/2015	100%	108151 P96
	10/1/2018	4.125%	2,575,000	10/1/2015	100%	108151 Q20
	10/1/2019	4.250%	2,680,000	10/1/2015	100%	108151 Q38
	10/1/2020	4.250%	2,800,000	10/1/2015	100%	108151 Q46
	10/1/2021	4.250%	2,920,000	10/1/2015	100%	108151 Q53
	10/1/2022	4.500%	3,055,000	10/1/2015	100%	108151 Q61
	10/1/2023	4.500%	3,190,000	10/1/2015	100%	108151 Q79
	10/1/2024	4.500%	3,340,000	10/1/2015	100%	108151 Q87
	10/1/2025	4.500%	3,495,000	10/1/2015	100%	108151 Q95
	10/1/2026	4.500%	3,655,000	10/1/2015	100%	108151 R29

Upon delivery of the Bonds, a portion of the proceeds of the Bonds will be placed in escrow with U.S. Bank National Association (the “Escrow Holder”) under an Escrow Agreement (the “Escrow Agreement”) between the Escrow Holder and the City. The Escrow Holder will deposit the net proceeds of the Bonds and other monies, if any, in an irrevocable trust fund or funds called the 2014 Refunding Series B Escrow Deposit Fund and will use such proceeds and other monies to purchase Defeasance Obligations (as such term is defined in the Indenture; see the “Summary of the Indenture” attached hereto as Appendix C), the principal of and interest on which, when due, will provide amounts sufficient to pay principal, interest payments and redemption premium, if any, on the Refunded Bonds on the dates such payments are due. All investment income on and maturing principal of the Defeasance Obligations held in the 2014 Refunding Series B Escrow Deposit Fund and needed to pay the principal, redemption premium of, if any, and interest on the Refunded Bonds, will be irrevocably deposited by the City for payment of the Refunded Bonds. The balance of the proceeds of the Bonds will be used to pay certain costs of issuance and underwriter’s discount.

Upon such deposits with the Escrow Holder, the Refunded Bonds described above will no longer be deemed outstanding and shall be deemed to have been paid and will cease to be entitled to any lien, benefit or security under the Indenture.

¹ Partially refunded \$995,000 of the \$2,330,000 October 1, 2015 maturity.

Verification of Mathematical Computations

Robert Thomas, CPA will verify from information provided to them the mathematical accuracy as of the date of the closing of the Bonds of (i) the computations contained in the provided schedules to determine that the anticipated receipts from the Defeasance Obligations and cash deposits, to be held in escrow, will be sufficient to pay, when due, the principal, interest and call premium requirements, if any, of the Refunded Bonds and (ii) the computations of yield on both the Defeasance Obligations and the Bonds and the Notes contained in the provided schedules used by Bond Counsel in its determination that the interest on the Bonds and the Notes is excludable from federal income tax purposes. Robert Thomas, CPA will express no opinion on the assumptions provided to them, nor as to the exemption from taxation of the interest on the Bonds and the Notes.

Sources and Uses of Proceeds

The Notes

Sources:	
Par Amount of the Notes	\$ 50,000,000.00
Original Issue Premium	240,000.00
Total Sources	\$ 50,240,000.00
Uses:	
Deposit to General Fund	\$ 50,107,713.65
Costs of Issuance ⁽¹⁾	65,000.00
Underwriter's Discount	67,286.35
Total Uses	\$ 50,240,000.00

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

The Bonds

Sources:	
Par Amount of the Bonds	\$ 32,435,000.00
Net Original Issue Premium	2,963,432.70
Total Sources	\$ 35,398,432.70
Uses:	
Deposit to Escrow	\$ 35,096,482.25
Costs of Issuance ⁽¹⁾	98,694.16
Bond Insurance	72,578.89
Underwriter's Discount	130,677.40
Total Uses	\$ 35,398,432.70

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

Security for the Notes

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

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

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

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

The Notes are not subject to the Indenture of Trust dated as of May 1, 1996, by and between the City and Fleet National Bank, predecessor to U.S. Bank National Association, as amended and supplemented (the "Indenture") or the tax intercept fund established under the Indenture. Pursuant to the Indenture, the City's property tax revenues must first be applied to satisfy the monthly debt service requirements of bonds and notes issued under the Indenture and such property tax revenues can only be applied to the repayment of the Notes once the City has deposited with a trustee an amount sufficient to satisfy the City's monthly debt service requirements in respect of debt subject to the Indenture.

The City estimates that after the deposit of property tax revenues expected to be collected in January 2015, via the tax intercept fund, necessary to satisfy the debt service requirements under the Indenture for the second half of Fiscal Year 2015 approximately \$120 million in tax revenues will be applied to the general fund to be utilized for the payment of the Notes and the City's other obligations. For Fiscal Year 2015, the City's debt service requirements under the Indenture are approximately \$76.1 million and its property tax collections are expected to be approximately \$293 million.

Enforcement of a claim for payment of principal of or interest on the Notes would be subject to the applicable provisions of Federal bankruptcy laws and to provisions of other statutes, if any, hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. In the event a restructuring of the City's debt under Chapter 9 of the Federal Bankruptcy Code was to occur at some future time, the rights of the owners of the Notes to receive interest, principal payments and redemption premiums, if any, from the City could be adversely affected. Under Section 7-566 of the Connecticut General Statutes, no Connecticut municipality may file for bankruptcy protection under Chapter 9 of the Federal Bankruptcy Code without the prior express written consent of the Governor. Under the Federal Bankruptcy Code, an involuntary petition cannot be filed against the City.

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

Security for the Bonds

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

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

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

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

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

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

Enforcement of a claim for payment of principal of or interest on the Bonds would be subject to the applicable provisions of Federal bankruptcy laws and to provisions of other statutes, if any, hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. In the event a restructuring of the City’s debt under Chapter 9 of the Federal Bankruptcy Code was to occur at some future time, the rights of the owners of the Bonds to receive interest, principal payments and redemption premiums, if any, from the City could be adversely affected. No assurance can be given that any priority of holders of City securities (including the Bonds) to payment from monies retained in the Debt Service Account or from other cash resources would be recognized if a petition were filed by or on behalf of the City under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors’ rights; such monies might under such circumstances, be paid to satisfy the claims of all City creditors generally. Judicial enforcement of the City’s obligation to make payment of property taxes to the Trustee for deposit in the Debt Service Account, of the Trustee’s obligation to retain certain monies in the Debt Service Account and of the obligations of the City under its covenants in the Indenture may, under certain circumstances, be within the discretion of a court. However, under Section 7-566 of the Connecticut General Statutes, no Connecticut municipality can file for bankruptcy protection under Chapter 9 of the Federal Bankruptcy Code without the express written consent of the Governor. Under the Federal Bankruptcy Code, an involuntary petition cannot be filed against the City.

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

Debt Service Schedule

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

Fiscal Year	Principal	Interest	Debt Service	Existing Debt Service⁽¹⁾⁽²⁾	Aggregate Debt Service⁽¹⁾⁽²⁾	Rate of Principal Retirement
2015	\$ 225,000	\$ 501,918	\$ 726,918	\$ 75,357,477	\$ 76,084,395	5.42%
2016	-	1,351,825	1,351,825	75,292,277	76,644,102	10.82%
2017	1,390,000	1,324,025	2,714,025	73,530,906	76,244,931	16.66%
2018	2,565,000	1,232,100	3,797,100	73,722,937	77,520,037	23.02%
2019	2,635,000	1,102,100	3,737,100	73,430,350	77,167,450	29.68%
2020	2,765,000	967,100	3,732,100	71,815,231	75,547,331	36.47%
2021	2,910,000	825,225	3,735,225	62,980,038	66,715,263	42.32%
2022	3,010,000	722,375	3,732,375	62,925,447	66,657,822	48.50%
2023	3,120,000	614,275	3,734,275	57,418,692	61,152,967	54.22%
2024	3,235,000	495,838	3,730,838	57,345,600	61,076,437	60.27%
2025	3,365,000	371,275	3,736,275	53,490,455	57,226,730	66.12%
2026	3,535,000	198,775	3,733,775	50,969,497	54,703,272	71.96%
2027	3,680,000	55,200	3,735,200	46,036,894	49,772,094	77.98%
2028	-	-	-	45,955,947	45,955,947	83.27%
2029	-	-	-	45,857,090	45,857,090	88.90%
2030	-	-	-	45,751,123	45,751,123	94.92%
2031	-	-	-	11,070,750	11,070,750	96.29%
2032	-	-	-	11,068,250	11,068,250	97.73%
2033	-	-	-	5,601,625	5,601,625	98.45%
2034	-	-	-	5,598,125	5,598,125	99.21%
2035	-	-	-	5,601,625	5,601,625	100.00%
TOTALS	\$ 32,435,000	\$ 9,762,030	\$ 42,197,030	\$ 1,010,820,334	\$ 1,053,017,364	

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

(2) Excludes Refunded Bonds.

Book-Entry-Only System

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both

U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes or Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Note or Bond documents. For example, Beneficial Owners of Notes or Bonds may wish to ascertain that the nominee holding the Notes or Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Principal, interest and redemption premium with respect to the Notes and the Bonds, if any, will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption premium to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

So long as Cede & Co. is the registered owner of the Notes and the Bonds as nominee of DTC, references herein to the holders or registered owners of the Notes or the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Notes or the Bonds.

Neither the City nor the Paying Agent will have any responsibility or obligation to the Direct Participants, to the Indirect Participants or to the Beneficial Owners with respect to (i) the accuracy of any records maintained by DTC, any Direct Participant or any Indirect Participant, (ii) payments or the providing of notice to the Direct Participants, the Indirect Participants or the Beneficial Owners, (iii) the selection by DTC or by any Direct Participant or Indirect Participant of any Beneficial Owner to receive payment in the event of a partial redemption of the Bonds or (iv) any other action taken by DTC or its partnership nominee as owner of the Notes or the Bonds.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

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

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On July 2, 2014, S&P issued a credit rating report in which it affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On July 2, 2014, Moody's issued a rating action report stating that it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

Capitalization of AGM

At June 30, 2014, AGM's policyholders' surplus and contingency reserve were approximately \$3,654 million and its net unearned premium reserve was approximately \$1,850 million. Such amounts represent the combined surplus, contingency reserve and net unearned premium reserve of AGM, AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd. and 60.7% of AGM's indirect subsidiary Municipal Assurance Corp.; each amount of surplus, contingency reserve and net unearned premium reserve for each company was determined in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2013 (filed by AGL with the SEC on February 28, 2014);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014 (filed by AGL with the SEC on May 9, 2014); and
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014 (filed by AGL with the SEC on August 8, 2014).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM or one of its affiliates may purchase a portion of the Bonds or any uninsured bonds offered under this Official Statement and such purchases may constitute a significant proportion of the bonds offered. AGM or such affiliate may hold such Bonds or uninsured bonds for investment or may sell or otherwise dispose of such Bonds or uninsured bonds at any time or from time to time.

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

THE CITY

Overview

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

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

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

Bridgeport is also the home of numerous attractions that enhance the City's economic fortunes. The Barnum Museum showcases the life and times of former City Mayor and renowned showman, P.T. Barnum. The Ballpark at Harboryard and The Arena at Harboryard bring hundreds of thousands of visitors annually to the City's Downtown area to watch minor league baseball, minor league hockey, college basketball, college hockey, concerts and other shows. The Beardsley Zoo is one of the most visited tourist attractions in the State. The Discovery Museum, located in the north end of the City, offers interactive science and space displays.

CITY GOVERNMENT

Description of Municipal Government and Services

The City has a Mayor-City Council form of government. The Mayor is the chief executive officer of the City and serves a 4-year term. The City Council, which acts as the City's legislative body, consists of twenty members elected for two-year terms.

Principal Municipal Officials

<u>Office</u>	<u>Name</u>	<u>Manner of Selection/Term</u>	<u>Years of Service</u>	<u>Term Expires</u>
Mayor	Bill Finch	Elected 4-year term	6 years	2015
Chief Administrative Officer	Andrew J. Nunn	Appointed by Mayor	6 years	At the pleasure of the City's Mayor
Director of Finance	Anne Kelly-Lenz	Appointed by Mayor	9 years*	At the pleasure of the City's Mayor
Treasurer	Ronald Preston	Appointed by Mayor	4 years	At the pleasure of the City's Mayor
Director of Office of Policy & Management	Thomas Sherwood	Appointed by Mayor	11 years	At the pleasure of the City's Mayor

*Tenure includes other positions with the City including Treasurer and Tax Collector.

Mayor: Bill Finch was elected Mayor of the City in November, 2007 and re-elected to a second four-year term in November, 2011. Prior to that time, Mr. Finch served as a Bridgeport City Council member for nine and a half years before being elected State Senator for the 22nd district in 2000, where he represented Bridgeport, Trumbull, and Monroe. He served in the legislature as Senate Chairman of the Environment Committee, Senate Vice Chairman of the Transportation Committee, and as a member of the Education Committee and the Finance, Revenue & Bonding Committee. Mr. Finch received a Bachelor of Science degree in Agricultural Economics from the University of Connecticut. Mr. Finch has served as a member of the Grow Bridgeport Fund, the Connecticut Zoological Society, and the Leo J. Ryan Education Foundation Board of Directors.

Chief Administrative Officer: Andrew J. Nunn was appointed Chief Administrative Officer in December 2007. Prior to joining the City, Mr. Nunn was the First Selectman of Monroe, Connecticut for six years. Prior to becoming First Selectman, Mr. Nunn spent twelve years as a business executive and was a member of the Monroe Town Council for four years. Mr. Nunn graduated from Marquette University and is a member of the International City/County Management Association and past member of the Board of Directors for the Connecticut Conference of Municipalities and the Connecticut Interlocal Risk Management Association.

Director of Finance: Anne Kelly-Lenz has worked for the City for over nine years serving initially as Treasurer and later as the City's Tax Collector. Ms. Kelly-Lenz was appointed by the Mayor as Acting Finance Director on May 10, 2012 and was appointed as the City's Finance Director on October 10, 2012. Prior to joining the City, she served the Town of Stratford as Treasurer for over one year. Prior to this experience, she worked in the private sector as an accounting manager for Long Term Capital Management and JWM Partners. Ms. Kelly-Lenz graduated from Sacred Heart University with a bachelor's degree in Business Administration and a master's degree in Education.

Treasurer: Ronald Preston was appointed Treasurer in January 2010. Prior to joining the City, Mr. Preston held finance and treasury management positions at Labatt USA in Norwalk, Connecticut, Starwood Capital Group in Greenwich, Connecticut, and Risdon International in Watertown, Connecticut. A lifetime resident of Connecticut, Mr. Preston graduated from Southern Connecticut State University with a bachelor's degree in Business Administration. He is a member of both the National Government Finance Officers Association and the Connecticut Chapter of the GFOA.

Director of Office of Policy & Management: Thomas Sherwood has served as the City's Director of Office of Policy and Management ("OPM") since 2002. Mr. Sherwood's undergraduate education was at the University of Bridgeport. He was previously a senior auditor with the accounting firm of Anthony Hernandez, CPA. Mr. Sherwood has been employed by the City for over nineteen years in various positions. He has served as a Project Manager and Deputy Director of OPM. Mr. Sherwood is a member of Project Management Institute (PMI) and the International City/County Management Association (ICMA) Center for Performance Management.

Municipal Services

Police Department: The Bridgeport Police Department is governed by a seven-member Board of Police Commissioners and is under the command of the Police Chief. The present table of organization for the uniformed force consists of 431 sworn members, and 40 civilians consisting of clerical staff, maintenance personnel, detention officers, and parking enforcement personnel. The Police Department is comprised of several divisions: Auxiliary Support; Professional Support; Support Operations; Tactical Operations; Investigative Services; and Uniformed Services.

Fire Department: The Fire Department is governed by a seven-member Board of Fire Commissioners and is under command of the Fire Chief. The present department table of organization consists of 288 uniformed members and 6 civilians. The Fire Department consists of several divisions: Administration; Maintenance; Training; Fire Prevention; Operations; and the Office for Emergency Management. This Department currently utilizes 14 apparatus operating out of 8 fire stations. Fire Inspectors inspected an estimated 870 structures during Fiscal Year 2014.

Public Facilities: The Public Facilities Department currently operates with 131 fulltime employees to provide many services to the City. Among the more important services are: supervision of all City construction projects; the construction, repair, maintenance, paving and snow removal on all City streets; the operation and maintenance of bridges spanning waterways for navigation purposes; the staffing of a municipal garage to maintain City vehicles; the maintenance of all City buildings with the exception of schools; and the effectuation of State-mandated residential and commercial recycling.

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

Water Pollution Control Authority: The City operates a Water Pollution Control Authority (the "WPCA") as an enterprise fund for the express purpose of operating, maintaining and improving the wastewater treatment facilities and the sanitary and storm collection system. The WPCA is managed by a nine-member board. The Board includes the City Engineer, the City Attorney, the Director of Finance, the Director of Public Facilities, and five at-large members appointed by the Mayor and approved by the City Council. The members of the board have the right to vote, with the exception of the City Attorney and the City Engineer, who serve ex-officio. The WPCA adopts its own budget and sets user fees. The operations, maintenance and debt service cost of the system are funded by user fees. The WPCA Board and the City Council approve financing that is subject to the full faith and credit of the City. The City currently has a long-term operations and management contract with Severn Trent Environmental Services, Inc. for the operation of the wastewater treatment and field operations function of the WPCA. The areas covered by the operations and management contract represent approximately 57.65% of the WPCA's Fiscal Year 2015 budget, which include the billing and collection of current sewer user invoices, and budgeted operation and maintenance expenses.

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

Library: The Bridgeport Public Library includes the Main Library and four neighborhood branches. It is managed by the Library Board of Directors. The library's resources include 477,052 volumes, 660 periodical subscriptions, 62,500 videos, DVDs, compact discs, and audiocassettes. In addition, the library offers information through electronic resources, and internet access. The library has 285 personal computers available for public use. The library's book catalog is on-line and available to remote users who have access to the World Wide Web. The library also provides on-line access to 54 databases which provide indexing, abstracts and full text articles. It serves as a partial depository for Federal and local documents, as well as a full depository for Connecticut State Documents. The main library also contains extensive business and technology resources, as well as in-depth collections on P.T. Barnum, local history, and genealogy. During Fiscal Year 2013, there were over 360,000 visits to the library, and the library answered more than 101,996 requests for information. The library circulated an estimated 480,060 items

in Fiscal Year 2014. The Library Board of Directors also manages the Klein Memorial Auditorium, the City's largest performing arts venue which has a seating capacity of approximately 1,500.

Office of Policy and Management: The overall mission of the City's Office of Policy and Management ("OPM") is to integrate financial and operational planning and control. The main purpose of this office is to relate dollars to results and ensure the cost effectiveness of City services. OPM is the focus for management, policy and program analysis for the City and serves as the liaison between departments, the City's Mayor and the City Council. OPM prepares and reviews the City's budget, provides guidance for managing departmental performances, and oversees the implementation of management improvement projects, program development, management of grants, and control of capital expenditures. In Fiscal Years 2011, 2012, 2013 and 2014, the department was commended by the GFOA for a Distinguished Budget and received a certificate of achievement from the International City/County Management Association Center for Performance Management for the use of performance measures in local government management.

Health: The City operates a full-time Department of Health with approximately 31 full-time employees. The Department of Health oversees a variety of programs that promote and sustain the health of the City's residents. These programs include a communicable disease clinic, emergency preparedness, environmental and housing code inspections, and transportation and recreation opportunities for senior citizens and veterans. Social service programs offering income tax preparation, housing assistance, Women, Infants and Children programs and other employment and training options are also included. Special Revenues to the department annually total approximately \$5 million from State, Federal and foundation grants-in-aid.

Employees

Total Full-Time Employees		
	<u>2013-14</u>	<u>2014-15</u>
General Government	1,296.5	1,336.5
Board of Education	<u>2,208.0</u>	<u>2,205.0</u>
Total	<u>3,504.5</u>	<u>3,541.00</u>

Source: City of Bridgeport Annual Budget Position Summaries

Employee Bargaining Organizations

As of October 1, 2014

<u>Employees</u>	<u>Bargaining Organizations</u>	<u>Number of Employees</u>	<u>Current Contract Expiration Date</u>
<u>General Government</u>			
Nurses	New England Healthcare, Local 1199	30	6/30/12 ⁽¹⁾
Clerical & Blue Collar Supervisors	Local 1522, AFSCME	675	6/30/14 ⁽¹⁾
White Collar	Bridgeport City Supervisors Association	147	6/30/13 ⁽¹⁾
Police	LIUNA	79	6/30/13 ⁽¹⁾
Firefighters	Local 1159, AFSCME	424	6/30/12 ⁽²⁾
Clerical & Custodians	Local 834, IAFF	285	6/30/18
Tradesmen & Journeymen	Local RI-200, NAGE	558	6/30/14 ⁽¹⁾
Associate City Attorneys	Bridgeport Building Trade Council	32	7/31/15
Printers	Local 1303-272, AFSCME	8	6/30/13 ⁽¹⁾
Jail Officers	Typographical Union	4	6/30/13 ⁽¹⁾
School Crossing Guards	Local RI-200, NAGE ⁽³⁾	11	6/30/14 ⁽¹⁾
	School Crossing Guards	77	8/31/15
<u>Board of Education</u>			
Administrators & Supervisors	Bridgeport Council of Administrators and Supervisors	86	8/31/14
Teachers	Bridgeport Education Association	1,537	6/30/14 ⁽¹⁾

Source: City of Bridgeport

- (1) In negotiation, organization continues to operate under existing agreement until new agreement can be negotiated.
- (2) In arbitration.
- (3) Moved from Teamsters, Local 191 in 2014

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

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

BRIDGEPORT'S EDUCATIONAL SYSTEM

The City's school system encompasses three high schools, twenty-four elementary schools, three magnet elementary schools, one magnet high school, two alternative schools and one special education facility. The Operating Budget passed by the City Council for the school system for Fiscal Year 2015 is \$252 million. Of this total, \$181.9 million or approximately 72% of the school budget is expected to be provided through State funds. The Board of Education also administers approximately \$86 million per year in categorical grants such as Federal Individuals with Disabilities Education Act of 2004 ("IDEA") and federal entitlements which consist of Title I and Title II Part A, and the State Priority District Grant.

The City is currently implementing a master plan for school construction. This master plan outlines the future direction that the school system is taking to modernize existing schools while building new Leadership in Energy and Environmental Design certified schools in order to meet the future educational needs of its residents. All school capital projects are funded jointly by the State Department of Education and the City. The portion of the City's share is dictated by Connecticut state law.

During the past five years, the City has opened four new elementary schools and one swing space school for a total capital expenditure of \$249.9 million. In 2006, the City renovated the 6-6 Interdistrict Magnet School, serving students from the City as well as from four suburban districts in grades Pre-K to 8 at an expenditure of \$14.9 million. From 2000 through 2010, 14 schools have been renovated to meet current Americans with Disabilities Act requirements at a total cost of \$24.9 million. The City has completed the new Discovery Magnet elementary school at a cost of \$29.1 million, the expansion of the Bridgeport Regional Vocational Aquaculture School at a cost of \$25.5 million and the Multi-Magnet High School at a cost of \$113.6 million. The science themed Multi-Magnet High School partners with the Connecticut Beardsley Zoo, Sacred Heart University and the Discovery Museum and began accepting students from Bridgeport and the surrounding communities in August 2013.

School projects currently underway include renovations to Columbus Elementary School estimated to cost \$10.2 million, renovations to Cross School estimated to cost \$7.4 million and construction of the new Roosevelt School estimated to cost \$44.7 million. The City's share of these projects totals approximately \$37.6 million. In May 2010, the City Council added \$42.5 million to the capital plan representing the City's share for school construction projects. Those projects include renovations/additions to Black Rock School estimated to cost \$12 million, Central High School estimated to cost \$73.4 million and Dunbar School estimated to cost \$8.8 million, and construction of a new Harding High School estimated to cost \$78.2 million. The renovations/additions to Black Rock School and Central High School, and the construction of a new Harding High School have been approved by the State at a reimbursement rate of 78.21%.

Magnet School Programs

Magnet school programs have been in existence since 1979 when the City's school system created an elementary magnet program and followed in 1983 with a high school magnet program. In 2010, a new Interdistrict Discovery Magnet School opened for grades PreK-7 and expanded to grade 8 in the 2013-2014 school year. A new interdistrict magnet high school opened in 2013 beginning with grades 9 and 10. In 2014, the new interdistrict magnet high school expanded to grade 11 and, in 2015, will expand to grade 12.

The enrollment of the magnet schools is determined by lottery for students in grades K-12. Bridgeport students have approximately 70% of the slots at the magnet schools while surrounding towns' students have 30% of such slots.

Elementary Magnet Schools

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

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

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

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

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

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

Secondary Magnet Schools

Central High School Magnet Program serves students in grades 9-12. It is a college preparatory program geared toward academically talented students. More than 90% of its graduates attend college.

The Business Magnet Program at Bassick High School serves students in grades 9-12. The high school technology program is designed to prepare students for a career in business fields such as accounting, information technology, entrepreneurship and international business. Students enrolled in the program may participate in technology prep courses at Sacred Heart University to earn college credit.

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

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

Fairchild Wheeler Interdistrict Magnet Campus is a new magnet high school that opened in August 2013 and serves students from Bridgeport and participating suburban towns. Three highly focused learning communities provide students with a STEM-based curriculum rich with relevance and correlation to emerging careers. The three communities are Information Technology, Zoological Science and Engineering/Aerospace.

School Enrollment and Projections

In total, there were 20,949 students enrolled in the school system at the commencement of the 2014-2015 school year. The table below illustrates that total school enrollment has decreased over the last ten years. Enrollment is expected to be stable over the next 5 years.

<u>School Year</u>	<u>Grades</u>		<u>Total</u>
	<u>K-8</u>	<u>9-12</u>	
2005-06	16,458	5,476	21,934
2006-07	15,730	5,582	21,312
2007-08	15,280	5,397	20,677
2008-09	15,191	5,306	20,496
2009-10	15,151	5,084	20,235
2010-11	15,366	5,041	20,407
2011-12	15,588	4,657	20,245
2012-13	15,270	4,526	20,244
2013-14	15,893	4,949	20,840

Source: Bridgeport Board of Education

The Board of Education projects stable enrollment of approximately 21,660 over the next five years.

The City was the first municipality in the State to offer the Adopt-A-School program to create connections between local businesses and City schools. The name was changed to the Business, School and Community Partnerships Program to more accurately reflect the shared understandings of values and culture that support the mutual needs of the business partners. The primary goal is to create an avenue through which business partners can impact quality education initiatives while at the same time enriching the lives of their employees/members.

The City's School Volunteer Association is one of the first programs of its kind in the country. The School Volunteer Association recruits, trains and places over 1,000 volunteers in the schools to assist students and teachers through reading, tutoring, and mentoring. Additionally, the School Volunteer Association raises funds for enrichment programs and provides books for the classroom throughout the school system.

ECONOMIC AND DEMOGRAPHIC DATA

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

Population Trends

<u>Year</u>	<u>Bridgeport</u>	<u>Fairfield County</u>	<u>State of Connecticut</u>
1990	141,686	823,645	3,287,116
2000	139,529	882,567	3,405,565
2010	144,229	916,829	3,574,097

Source: 1990, 2000 & 2010 Figures: U.S. Department of Commerce, Census Bureau.

MAJOR PRIVATE EMPLOYERS

<u>Firm</u>	<u>Sector</u>	<u>Employees</u>
St. Vincent's Medical Center	Healthcare	2,224
Bridgeport Hospital, Inc. ¹	Healthcare	2,017
People's United Bank	Banking	1,155
University of Bridgeport	Educational	725
Bridgeport Health Care Center	Healthcare	550
Sikorsky Aircraft	Manufacturing	550
Prime Line Resources	Manufacturing	496
Lacey Manufacturing Company	Manufacturing	350
Watermark	Healthcare	204
Housatonic Community College	Educational	200

Source: City of Bridgeport - CAFR December 2013
 1. Affiliated with Yale/New Haven Hospital.

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

Employment Data

	<u>City of Bridgeport</u>		<u>% Unemployed</u>		
	<u>Employed</u>	<u>Unemployed</u>	<u>City of Bridgeport</u>	<u>Bridgeport Labor Market</u>	<u>State of Connecticut</u>
September 2014	59,994	6,073	9.2%	5.6%	5.9%
August 2014	60,374	7,055	10.5%	6.4%	6.9%
July 2014	61,060	6,917	10.2%	6.3%	6.8%
June 2014	60,641	6,827	10.1%	6.0%	6.5%
May 2014	59,865	7,090	10.6%	6.5%	6.9%
April 2014	58,797	6,717	10.3%	6.1%	6.6%
March 2014	58,243	7,500	11.4%	6.9%	7.4%
February 2014	57,735	7,498	11.5%	7.0%	7.4%
January 2014	57,875	7,706	11.8%	7.0%	7.5%
Annual Average 2013	58,046	7,755	11.8%	7.2%	7.8%
Annual Average 2012	58,378	8,337	12.5%	7.8%	8.4%
Annual Average 2011	58,858	8,994	13.3%	8.2%	8.8%
Annual Average 2010	58,529	9,202	13.6%	8.6%	9.3%
Annual Average 2009	55,971	7,814	12.3%	7.9%	8.3%

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

BRIDGEPORT'S ECONOMIC DEVELOPMENT PROGRESS

During 2005, the City and the Bridgeport Regional Business Council invited the Urban Land Institute ("ULI") to visit the City for the purpose of evaluating the City's economic development potential.

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

Downtown Development

Downtown Bridgeport is at the nexus of road, rail, transit, and water related transportation infrastructure. Its location and existing assets provide an opportunity for Bridgeport to become the transit-oriented development hub of Fairfield County. With high housing costs in western Fairfield County, particularly the urban centers of Stamford and Norwalk, and the high incidence of traffic congestion on Interstate-95 and the Merritt Parkway, Bridgeport is increasingly an option for residents and businesses seeking a cost effective and convenient location to live and work. As an ideal location for permanent workforce housing for the region, the City is positioning its downtown area to be an important asset in the sustained growth of the Fairfield County economy.

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

The State of Connecticut's *Juvenile Court Complex* was completed in 2009. The \$40 million complex integrated the Family and Juvenile Courts into a centralized facility and stimulated new private investment in the area. The complex is sited on the location of the City's former Public Works garage, which was never compatible with other central business district activities and had previously discouraged private investment in Bridgeport's downtown for more than 40 years.

The City completed the construction of a \$17 million *Bridgeport ITC Garage* (Intermodal Transportation Center) in 2001. This 900-car commuter parking facility helps link the various modes of transportation (Amtrak, Metro North, water ferries, airport limousines, inter and intra-city buses and taxis) with downtown Bridgeport and the region. It also serves as additional event parking for the Ballpark at Harbor Yard and the Arena at Harbor Yard at night and on weekends. The garage was funded through Federal and State grants intended to reduce highway congestion. The City subsequently secured additional funding to add two more parking decks and approximately 500 spaces to the garage. The installation of the new decks was completed in November 2010. The garage addition is the latest in a line of improvements to Downtown Bridgeport's transportation infrastructure including: the construction of an enclosed, elevated pedestrian walkway system connecting the ITC Garage to the Metro North rail platform (completed in May 2008); and a new state-of-the-art 17 bay bus terminal operated by the Greater Bridgeport Transit Authority (opened in September 2007). The new bus terminal is connected to the Metro North/Amtrak train station's rail platform and transit garage via overhead walkways. On July 17, 2014, Governor Malloy announced his support for a second train station in the City at the former Remington Arms factory site on the East Side. On July 25, 2014, the State Bond Commission approved bond funding in the amount of \$2.75 million for the engineering, design and environmental permitting for the station. The City is working with the State to finalize the procurement procedure, and it is expected that the request for proposals for design and engineering services will be released by the end of 2014 or early 2015. The City previously secured \$2.5 million in bond funding from the State that was used for the demolition of the old factory site, a brownfield property. A second train station in the City will spur economic development on the East Side and encourage transit-oriented and economic development in the surrounding area.

In 2008, the State of Connecticut 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 significantly increased, with 5,968 students enrolled for the spring 2014 semester. The increased enrollment has provided added life to downtown Bridgeport. The College is planning to begin a construction project in late 2014 that will add an additional several thousand square feet of classroom space along Lafayette Boulevard as well as a new western entrance to the campus.

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

The *Bridgeport Holiday Inn* completed a \$10 million renovation in the first quarter of 2010. The renovation, which included all 209 rooms, restaurant, lounge and common areas, was completed in tandem with more than \$40 million of other private investment that has recently occurred within a block's distance of the hotel.

In 2007, Urban Green Builders completed the residential portion of the \$30 million adaptive reuse project in the former *Citytrust* office building. The 118 units of rental housing have reached full occupancy largely with tenants that make a daily commute on Metro North, via the train station within two blocks of the project. In addition, *Citibank* has opened a 3,000 square foot branch operation in the building, the bank's first presence in Downtown Bridgeport in nearly 20 years. Urban Green has had a similar experience in its residential leasing for other downtown projects, including its residential conversion of an office building at *144 Golden Hill Street* and the \$22

million historic restoration of the *Arcade Hotel*, resulting in a combined 55,000 square feet of renovated retail and office space, and 55 residential apartments. Both projects have achieved full residential occupancy.

The Lofts 881 adaptive reuse project was completed in the fall of 2008. The project, a conversion of an obsolete and vacant medical office building to 38 residential condominiums and retail space, was undertaken at a cost of approximately \$7 million. Started in 2005, the *Bijou Square Redevelopment Project* consists of the renovation of four historic buildings along Fairfield Avenue in downtown Bridgeport. One of the buildings houses the oldest movie theater in the nation. Approximately 20,000 square feet of restaurant, retail and office space has been renovated and occupied within the development. *Two Boots Pizzeria*, a New York based chain, opened its first restaurant outside of New York City in Bijou Square in December 2007. *Antinozzi and Associates*, a leading regional architectural firm, moved from a suburban location into Bijou Square. The most recently completed phase of Bijou Square, the construction of a 150,000 square foot mixed-use building, was completed in December 2010. The \$25 million project created 84 residential units and nearly 10,000 square feet of ground floor retail space, and constitutes the largest privately developed new construction project in downtown Bridgeport since the late 1980s.

Like the Citytrust and Arcade Hotel projects undertaken by Urban Green, the Bijou Square project has benefited from the use of the federal New Market Tax Credit (NMTC) program. To date, the City has seen four private real estate projects make use of the NMTC program, utilizing 6 separate NMTC transactions. In 2008, a joint venture of the *Spinnaker Group* and *Forstone Capital* 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 commercial and residential (30 units) complex. Forstone has announced that FletcherThompson, an architectural firm currently located in Shelton, Connecticut, signed a lease for 20,000 square feet in the Mechanics & Farmers Bank building. Remediation and pre-construction activities commenced in 2012. The residential units came online in the third quarter of 2014 and the commercial component of this \$17 million project is expected to be completed by the end of 2014. The project has included a new façade on the corner of State and Main that has had a significant visible impact in downtown.

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 opened in the fall of 2012 and consists of 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. Ground floor retail space is completely leased.

In the summer of 2012, Kuchma Corporation (developer of Bijou Square) commenced development of nearly 100 residential units, a downtown gym with a pool, a restaurant, and a new senior center for the City's residents. Ground was broken on the new senior center and the first of two new residential buildings in the fall of 2012. The senior center was opened in the fall of 2013 along with the first 12 residential units. The building was fully leased in less than 2 months. The second building was recalibrated to align more closely with the scale of the surrounding urban fabric and an additional 12 units came on-line in 2014.

Long vacant, the downtown north district has seen recent investment and is positioned to be the next development area in downtown Bridgeport. Two private building acquisitions occurred in 2012. 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. Just north of those buildings, the City is in negotiations with several development teams to redevelop five city blocks including both historic buildings and vacant land. One of those blocks, controlled by Urban Green Builders, received the largest grant from the State's CHAMP (Competitive Housing Assistance for Multi-Family Properties) program - \$5 million for remediation towards a 97 unit development (the Jayson Newfield project). In the same area, Bridgeport Historic Ventures LLC purchased three privately-held buildings on Main Street in 2012 in order to renovate the structures into 70 new apartments with complementary retail (the Securities project). This project also just received a CHAMP award of \$4 million toward the financing. The Jayson-Newfield project consisting of approximately 100 residential units and approximately 7,500 square feet of commercial space began remediation and stabilization work in the third quarter of 2014. The Securities project consisting of approximately 75 residential units and 7,500 square feet of commercial space is expected to begin in the first quarter of 2015. Several additional projects are in the design, permitting, and financing stage in the same area. Meanwhile, just west of the downtown core, the Bridgeport Neighborhood Trust completed in 2014 30 units of new housing and 10,000 square feet of office space at 570 State Street with the assistance of \$6 million in financing from the Connecticut Housing Finance Authority.

Industrial Development and Energy Projects

Working in partnership with the City, the General Electric Corporation has completed the demolition of over 1 million square feet of a vacant building (its former headquarters) and has completed negotiations with the City to turn 17-acres of the property over to the City for the construction of a new High School that will anchor the surrounding development of new commercial, industrial, and institutional development at the site. This High School will replace an aging facility that is currently located on approximately 10 acres adjacent to Bridgeport Hospital and its demolition will allow for expansion and job creation at the hospital.

Next to this site, the City, in concert with the Greater Bridgeport Regional Planning Agency, completed in 2013 a feasibility study to examine the construction of a new train station in the Bridgeport East Side Development Corridor, in order to unlock the full development potential of this area. The results of the study were positive and the City plans on proceeding in 2014 with final design and engineering to position the project to attract construction dollars. At the site of the future train station, the City recently completed demolition of an approximately 250,000 square foot former industrial complex to make way for the new transportation facility.

AKDO Intertrade, a major importer and distributor of marble, tile, granite and other high end stone products has moved into a new 115,000 square foot showroom, office and warehouse on the former Bryant Electric site in the City's West End/State Street Corridor. Construction of the \$8.5 million project was completed in 2006.

In 2005, *Lecoq Cuisine Corporation* relocated from Stamford, rehabilitating and expanding a previously abandoned industrial building in the City's East End. The company is a wholesale, high-end bakery that distributes croissants and other French/European baked goods throughout the continental United States. The company's employment in Bridgeport has continued to grow since the relocation from 25 to over 130 employees currently. Lecoq currently occupies approximately 60,000 square feet, and has continued to expand, investing over \$3 million in new machinery and equipment this year.

United Rentals, the largest equipment rental company in the world, completed construction on a 40,000 square foot facility in the City in November 2009. The facility, now fully operational, is the company's largest in New England. The facility is generating approximately \$200,000 annually in personal property taxes for the City. The project was developed on what was formerly the long-dormant Bridgeport Brass property, a Brownfield site that had been idle since 1980.

All-Phase Construction, a fabricator and installer of steel and iron building components, constructed 30,000 square feet of modern manufacturing space in the *Seaview Industrial Park* in 2007. The City is working with All Phase and their new financial partners to reposition these businesses and these properties in an ever emerging industrial market. The Seaview Industrial Park project is a notable example of the City's ongoing efforts to remediate brownfields and pursue infill industrial development in appropriate neighborhood settings. In 2013, the Bridgeport Economic Development Corporation ("BEDCO") completed its infrastructure improvements in the Seaview Industrial Park with the installation of new sidewalks, curbs and roadways after completing the stormwater and sanitary system separation and modernization. The City recently acquired the former Magnetek site, creating another development opportunity within the Park.

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

Fuel Cell Energy of Danbury closed a deal with Dominion Power of Virginia to construct the country's largest Fuel Cell Energy Park in the City. 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. This 15 megawatt, \$72 million project was fully energized in the first quarter of 2014 and is currently supplying power to the equivalent of 15,000 homes from the world's second largest fuel cell plant.

In 2009, *North East Builders Supply and Home Centers* completed the environmental clean-up of a five acre former metal junkyard at 1558 Barnum Avenue in the East End. \$2.3 million of US Environmental Protection Agency funding was utilized to subsidize the remediation. Approximately 30,000 square feet of industrial warehouse space has been constructed on the site, now known as Barnum Avenue Business Park. Approximately 90,000 square feet of commercial/industrial space is ultimately planned for the project.

WestRock Development has completed significant renovations to the former American Fabrics Complex on Connecticut Avenue in the City's East End. WestRock has named the project *Bridgeport Commerce Park*. This obsolete and underutilized 1930s manufacturing complex was acquired by the City via property tax foreclosure in 2006. WestRock purchased the property from the City in 2008, selectively demolished the poorest structures, and invested nearly \$4 million into renovations of the remaining buildings, and site improvements, aimed at improving energy efficiency, site circulation and security. The nine acre, 270,000 square foot complex currently houses approximately 30 business tenants, ranging from construction firms, military contractors, small manufacturers, and approximately 40 artisans and artists in the American Fabrics Art & Design Center.

In spring 2010, *PC Richards & Son* acquired a warehouse facility in the City's West End. The 70,000 square foot facility is being used for regional offices, warehousing and a planned retail outlet store. The building supports home deliveries for customers throughout Connecticut.

Since 2007, the State of Connecticut has certified 35 of the City's companies for the State-sponsored Urban Jobs property tax incentive program. The participating companies have been responsible for the creation or retention of approximately 730 jobs in the City.

Medical Sector and Senior Living Projects

As the center for hospital care in Eastern Fairfield County, the City's health care industry continues to grow. In 2010, *Bridgeport Hospital*, an employer of over 2,000 people, completed various upgrades to its 800,000 square foot complex and in 2013 constructed a new Grant Street Plaza entrance at the Hospital. The approximately \$4 million project provides a more accessible and safer entrance with additional amenities and green space surrounding the Hospital entrance.

St. Vincent's Medical Center, which employs more than 2,000 people, completed construction in 2009 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.

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

The Jewish Home for the Elderly of Fairfield County, is in the process of constructing a new \$90 million, 350,000 square foot, 324 unit skilled nursing and assisted living facility on Park Avenue in the City. Construction commenced in May 2014 and is expected to be finished in approximately two years. In connection with the project, the City issued \$62 million of conduit revenue bonds for the benefit of the Jewish Home and entered into a multi-year tax payment agreement with the Jewish Home. Neither the full faith and credit nor the taxing power of the City is pledged to the repayment of the bonds. The \$90 million project is expected to bring jobs to the City and anchor the redevelopment of the Park Avenue corridor.

Waterfront Development/Steelpointe Harbor

On November 10, 2009 the City entered into an Amended and Restated Development and Acquisition Agreement with Bridgeport Landing Development ("BLD") for the *Steelpointe Harbor* project, a 50 acre mixed use development on Bridgeport Harbor. Upon execution of the agreement, BLD paid the City \$500,000 in the form of a nonrefundable deposit. The development program calls for an ultimate build-out of approximately 2.8 million square feet of commercial and residential improvement in four separate phases only after demonstrating to the City that tenants and financing have been secured. The agreement requires BLD to acquire a portion of the waterfront real estate and to commence construction there of certain public improvements, infrastructure and a restaurant. On an eleven acre parcel of real estate adjacent to Interstate 95, BLD is required to commence construction on 135,000 square feet of retail space. The agreement provides that other phases of the project will proceed following the construction of the first two phases discussed above. Zoning approval for the project's General Development was obtained over-the-counter. In 2010, BLD also obtained necessary approvals from the Connecticut State Traffic Commission and the Connecticut Department of Environmental Protection for the project.

The development agreement commits BLD to advance all of the funds necessary to fund the public improvements for the initial retail phase and to advance a minimum of \$3 million in funding for public infrastructure improvements related to the waterfront portion of the project. The City secured this commitment from BLD in light of the

anticipated difficulty in issuing property tax incremental financing bonds to fund the public improvements in the current economic climate. Pursuant to Public Act 05-289 of the 2005 state legislative session, the City is authorized to create the Steel Point Infrastructure Improvement District (the "District"), a special taxing district with the ability to issue as much as \$190 million of bonds secured by property tax incremental financing and additional assessments on property within the District. District bond proceeds would be utilized to create and construct the public improvements on the Steelpointe site. Upon the issuance of the District bonds, BLD would be reimbursed for its eligible expenditures previously advanced for the waterfront public improvements and related infrastructure. If the District bonds are not issued, the City is obligated to reimburse BLD for those advances. District bonds are not expected to be guaranteed by the City.

The voters eligible to create the District voted to establish the District on February 23, 2012. On August 13, 2012, the City and the District entered into an interlocal agreement governing the allocation of responsibility for certain services within the District and the sharing of incremental real property taxes of the City generated by the project, which taxes will be utilized to pay debt service on the District bonds and to pay certain administrative expenses of the District. District bonds are expected to be issued by the first quarter of 2015. Neither the full faith and credit nor the taxing power of the City will be pledged to the repayment of District bonds.

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

In July 2012, it was announced that Bass Pro Shops would be the anchor retail tenant for Steelpointe. Bass Pro will be locating in an approximately 175,800 square foot facility on the north side of Stratford Avenue. Bass Pro has executed its lease for the site and its lessor has executed assistance agreements totaling \$30 million with Connecticut Innovations and the state Department of Economic and Community Development to provide financing for the construction of the store. Such assistance will be funded by approximately \$18.9 million of State General Fund Obligation Bonds issued by Connecticut Innovations and a \$9 million urban development grant from the Department of Economic and Community Development. The site work was completed in the third quarter of 2014, and the foundation work for the store is expected to commence in the fourth quarter of 2014 and the store is expected to open in the fourth quarter of 2015. An additional building is set to break ground in early 2015 on the same side of Stratford Avenue and is expected to include a Starbucks, a Chipotle and an additional retail store.

The City is in the process of implementing an \$11 million TIGER II grant from the Federal Highway Administration to develop infrastructure needed for the Project. The TIGER II grant has a 20% local match requirement which has been advanced by the City along with advances to complete the utility work underneath the new roadways. The local match and utility advance are expected to be repaid to the City from the first issuance of District bonds. The roadwork is more than 75% complete and is expected to be finished in the second quarter of 2015.

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.

In 2005, the City implemented the Bootfinder Program, the latest technology available at that time to identify delinquent motor vehicle taxpayers. The publicity received from local media concerning this program has been significant. Approximately \$2.2 million of delinquent motor vehicle taxes were collected in Fiscal Year 2013 under this initiative. In addition, the City hired TaxServ LLC to serve as the City's tax collection agency and has collected \$2.6 million of delinquent taxes for Fiscal Year 2014. These initiatives have increased the collection rate for motor vehicle taxes to 90.1%.

The City has used many methods to increase collection of real estate taxes, including heightened enforcement and the sale of tax liens. Tax lien sales have proven to be an effective management tool in collecting current and arrears taxes, interest and penalties. Since Fiscal Year 1992, the Tax Collector's Office has conducted 35 lien sales,

generating more than \$113.2 million in tax, interest and lien revenues. The sale of liens enables the City to realize an immediate financial benefit from the delinquent taxes, and relieves the City of incurring the expense and delay associated with ongoing collection efforts. The City retains no interest in the assigned liens, and the purchaser bears all the risks relating to its ability to collect the amounts owed, and, should it acquire title to the underlying real estate through foreclosure or otherwise, will bear all risks associated with the ownership and sale of real property. The last completed tax lien sale was in June 2014, and the City received approximately \$2.6 million in taxes, interest and fees.

Internal Service Fund

In 2007, the City, by ordinance, established an Internal Service Fund to account for self-insured health benefit activities of the City, Board of Education and all other departments. Governmental Accounting Standards allow for the use of Internal Service Funds for risk financing activities. The Internal Service Fund is a proprietary type fund, which utilizes the accrual basis of accounting. The use of an Internal Service Fund, for self-insured benefit activities can help smooth the impact of severe claims fluctuations which, in the past, have occurred in the General Fund. Funding of the Internal Service Fund will be provided through the annual General Fund Budget, the WPCA Budget, and non-General Fund employee contributions. Monies will be invested by the City Finance Director and Treasurer in accordance with Connecticut General Statutes. As stated in the ordinance adopted by the City Council, a prior year deficit or surplus in the fund will be considered in the calculation of contributions to be made to the fund in future years; it is expected that deficits will be amortized over a reasonable period (3-5 years). As of June 30, 2013, the fund had a deficit of approximately \$88.6 million which includes an actuarial estimate of liability for present and future workers' compensation claims of approximately \$96 million. The liability for workers' compensation claims is not subject to the amortization requirements set forth in the ordinance.

FUTURE PLANNED BORROWINGS

Tax Anticipation Notes: Since 2006, the City has issued tax anticipation notes on an annual basis. The proceeds from the sale of these notes are used to provide funds to pay ongoing expenses of the City on a short-term basis due to cash flow needs. The notes are repaid from ad valorem property taxes and State grants received by the City while the notes are outstanding. The City expects to issue additional tax anticipation notes in the spring of 2015.

The Steelpointe Harbor Project: The City and BLD, the Steelpointe Harbor developer, are moving on an aggressive schedule to have the infrastructure work started on the Steelpointe Harbor project. The City successfully completed the renegotiation of the development agreement for the project on November 10, 2009 based on new developments in the economy that created challenges for the development.

To date, the City has issued approximately \$20 million in general obligation bonds to acquire property, demolish structures and remediate Brownfields within the Steelpointe Harbor project area. The State has dedicated more than \$40 million to date to fund site development and related matters in connection with this project. The City is in the process of implementing an \$11 million TIGER II grant from the Federal Highway Administration to develop infrastructure needed for the project. The TIGER II grant has a 20% local match requirement which will be advanced by the City. The local match is expected to be repaid to the City from the first issuance of District bonds.

During the 2005 State legislative session, Public Act No. 05-289 was adopted which authorized the creation of the Steel Point Infrastructure Improvement District (the "District") for the construction and financing of infrastructure improvements on Steelpointe Harbor. Pursuant to the legislation, the District, after it is created and has entered into an interlocal agreement with the City, will have the power to levy and collect benefit assessments and issue bonds secured by incremental real property taxes generated within the District and such benefit assessments in an amount not to exceed \$190,000,000. The District was established on February 23, 2012. The City and the District entered into the interlocal agreement on August 13, 2012. The interlocal agreement between the City and the District sets forth the City's share of the cost of such infrastructure improvements and the amount or percentage of incremental real property taxes generated by the project that the City will provide toward the payment of debt service on the District's bonds. In accordance with the legislation, the bonds will not be considered debt of the City but will be payable solely by the District from its revenues, including the incremental taxes available under the interlocal agreement with the City. For additional information on the Steelpointe Harbor project, please see the prior section in this Official Statement entitled "Bridgeport's Economic Development Progress – Waterfront Development/Steelpointe Harbor."

FINANCIAL INFORMATION

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

Information Technology Services

The City’s website has been redesigned with the goal of providing a comprehensive website to keep the public informed about City departments, news items, permit and licensing information, financial information such as the Comprehensive Annual Financial Report and on-line bid proposals issued by the City. The upgrades of all computer systems are continuing. The desktop environment has been standardized and protocols for upgrades have been implemented. Data center equipment is also standardized and being migrated from the old philosophy of ‘one box per application’ to a more modernized approach utilizing blade servers and Storage Area Network technology. With this new technology, there will be more web-enabled software initiatives to allow for internal and external usage for the City’s interactive data capabilities and continued improvement of the functional processing in the computer systems.

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

Fiscal Year

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

Basis of Accounting

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

Budget Procedure

The Mayor’s annual budget is developed by the City’s OPM. The budget is submitted to the City Council, which in turn makes such additions and changes as deemed necessary before passing the budget for the Mayor’s final approval. The City maintains budgetary control through OPM. The objective of budgetary control is to ensure compliance with legal provisions embodied in the annual adopted budget approved by the City Council. The level of budgetary control is established by organization, agency and object. The City also utilizes an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances reserve appropriations that have been obligated through purchase orders or contractual documents. Encumbrances are reported as reservations of fund balance at the end of the year. Transfers of appropriations between departments require the approval of the City Council. The City’s Capital and General Fund Budgets must be adopted by the City Council and approved by the Mayor.

The Mayor is required by Charter to present his annual operating budget to the City Council no later than the first Tuesday in April. The City Council is required to adopt a budget by the second Tuesday in May. The annual operating budget for Fiscal Year 2014-2015 was adopted by the City Council on May 12, 2014; see “Budget for Fiscal Year 2015” herein.

Internal Controls

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

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

Audit

State statutes require an annual audit by independent certified public accountants. In compliance with these requirements, the City Council selected Blum, Shapiro & Company, PC to perform the audit for Fiscal Year 2013. The City's Fiscal Year 2013 audit was issued in December 2013. The General Purpose Financial Statements for Fiscal Year 2013 and schedules are included as Appendix A of this Official Statement. The auditor's reports which relate specifically to the Federal and State Single Audit Acts are included in separate documents, which are available upon request.

Pension Programs

Single Employer Defined Benefit Plans

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

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

Pension plans (i) ("Plans A") are partially funded through an Investment Trust (the "Investment Trust") created from the proceeds of the City's \$350,000,000 Pension Obligation Bonds discussed below. The net benefits paid under Plans A in Fiscal Year 2014 were approximately \$34.8 million. Actuarial projections indicate that the net benefits to be paid under Plans A are to decrease to approximately \$32.0 million for each of Fiscal Years 2014 and 2015 and continue to decline. These amounts include proceeds from a previous annuity contract for Plans A purchased in 1985. The City's liability for the actuarially determined pension contribution requirements in excess of actual contributions made since 1986 is recorded as a noncurrent liability in the government-wide financial statements. Plans A is a closed plan, and no new enrollments have been covered by this plan. The City's actuary, The Segal Company, calculated the City's aggregate actuarial accrued liability under the Plans A to be \$327,047,224 as of July 1, 2013. The actuarial value of assets held in Plans A as of July 1, 2013 is \$126,379,780, resulting in an unfunded actuarial accrued liability of \$200,687,444. The market value of the Plans A assets was \$123,013,440 as of July 1, 2013. The assumed annual rate of return on the Plans A assets is 8.0% (the five and ten year actuarial average returns as of July 1, 2013 are 1.60% and 4.54%, respectively) and the assumed cost of living adjustment in the actuarial determination of plan liabilities and contribution requirements is 3.0%.

The following table shows the actuarial value of assets, the actuarial accrued liabilities and other relevant information for the Plans A for the last five completed fiscal years based upon the City's Actuarial Valuation and Review as of July 1, 2013:

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
07/01/2009	\$213,387,242	\$348,460,510	\$135,073,268	61.24%	\$2,551,393	5294.10%
07/01/2010	192,668,982	339,215,770	146,546,788	56.80%	2,556,092	5733.24%
07/01/2011	173,207,603	338,253,006	165,045,403	51.21%	2,076,760	7947.25%
07/01/2012	147,698,808	336,963,074	189,264,266	43.83%	1,675,494	11296.03%
07/01/2013	126,379,780	327,047,224	200,678,444	38.64%	1,622,197	12370.00%

The table below shows the City’s annual required contributions and actual contributions to the Plans A for the last five fiscal years based upon the City’s Actuarial Valuation and Review as of July 1, 2013:

Schedule of Employer Contributions

Plan Year Ended June 30	Annual Required Contribution	Actual Contributions	Percentage Contributed
2010	\$12,352,193	\$4,726,098	38.30%
2011	13,556,622	5,000,000	36.90%
2012	9,794,368	7,000,000	71.50%
2013	11,554,504	10,500,000	90.87%
2014	12,623,967	11,600,000	91.89%

In August, 2000, the City issued \$350,000,000 General Obligation Taxable Pension Bonds, 2000 Series B (the “Pension Bonds”) to finance approximately 79% of the City’s then unfunded actuarial accrued liability for benefits under Plans A. The Pension Bonds were issued pursuant to Section 7-374c of the Connecticut General Statutes (the “Act”). The net proceeds of the Pension Bonds were deposited into the Investment Trust with the corpus and any earnings of such Investment Trust utilized to pay pension benefits to the beneficiaries of Plans A. The Trustees of the Investment Trust are the City’s Mayor, Director of Finance and Treasurer. The assets of the Investment Trust are invested in equities, bonds and other financial instruments. Prior to the issuance of the Pension Bonds, the City was amortizing its unfunded actuarial accrued liability at an assumed interest cost of 8.25% compounded annually. By issuing the Pension Bonds, the City expected to stabilize future costs to the General Fund at the amount of debt service for the pension bonds (approximately \$31.2 million annually).

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

As a result of the most recent economic downturn, special legislation was passed by the Connecticut General Assembly in 2009 which permitted the City to limit its pension contribution for Plans A to \$6 million for the fiscal year ended June 30, 2009. For Fiscal Years 2010 and 2011, the legislation required that the City submit a plan for funding Plans A to the Secretary of Office and Policy and Management and the State Treasurer in each fiscal year. While the minimum amount required under this legislation was \$4 million for Fiscal Years 2010 and 2011, the City funded Plans A in the amount of \$4.7 million for Fiscal Year 2010 and funded Plans A in the amount of \$5 million for Fiscal Year 2011. During the 2011 legislative session, the Connecticut General Assembly approved legislation which replaces the original funding requirements of the Act for the City. The City contributed \$7 million to Plans A in Fiscal Year 2012 as required by the new legislation. For Fiscal Year 2013 and subsequent fiscal years, the legislation requires the City to make an annual contribution to the Plans A based on: (A) a calculation by the City’s actuary of the Plans A unfunded actuarial accrued liability at the beginning of each fiscal year, applying standard methods and assumptions used in actuarial practice, and a level percentage amortization of the unfunded actuarial accrued liability with a 5% growth rate; (B) a 24-year amortization period starting in Fiscal Year 2013 and declining

by one year in each subsequent fiscal year; and (C) an annual recalculation of the contribution to take into account any gains and losses experienced by the Plans A in determining its unfunded actuarial accrued liability for the year, and amortizing them over the remaining period. The scenarios submitted by the City in support of the legislation showed that, assuming the City's compliance with the legislation, Plans A would be fully funded through the amortization period of the Pension Bonds. Under the new legislation, the City's annual required contribution for Fiscal Year 2014 was \$12,624,115, which was paid in Fiscal Year 2014. The payment is spread over a couple of months to cover the monthly pension payments. For Fiscal Year 2015, the City's annual required contribution is \$12,623,967, and the City has budgeted a contribution of \$12.6 million.

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

Upon the transfer of active Police and Fire members to CMERF on July 1, 2013, only retired police and firefighters not covered by Plans A participate in Police Retirement Plan B and Firefighters' Retirement Plan B. The Police Retirement Plan B and Firefighters' Retirement Plan B are funded on an actuarial basis and the Janitors' and Engineers' Retirement Fund is funded on a "pay as you go" basis, that is, the City's contribution to the plan is the amount necessary to pay annual benefits. As of July 1, 2012, the date of the most recent actuarial valuation for such Plans, the Firefighters' Retirement Plan B was funded at 177.0% and held assets with an actuarial value equal to approximately \$74,312,000 and the Police Retirement Plan B was funded at 78.4% and held assets with an actuarial value equal to approximately \$129,726,000. The City's contribution to the Janitors' and Engineers' Retirement Fund is funded by the Board of Education and amounted to \$947,944 for Fiscal Year 2013 and \$889,803 for Fiscal Year 2014. For Fiscal Year 2015, a contribution of \$900,000 has been budgeted.

Connecticut Municipal Employees' Retirement Fund

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

Employees are eligible to participate in CMERF provided they work at least 20 hours per week if hired after September 30, 1969. If hired prior to that date there is no minimum hourly requirement. The payroll for City employees covered by CMERF for Fiscal Year 2014 was \$139.9 million. All benefits vest after 5 years of continuous service. Members who retire after age 55 with 15 years of service or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life, in an amount for each year of service equal to:

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

CMERF also provides death and disability benefits.

Benefits and other plan provisions are established by State statute. Covered employees are required by Connecticut statute to contribute 2-1/4% of earnings upon which social security tax is paid plus 5% of earnings upon which no social security tax is paid. The City is required to make contributions as set by the State Retirement Commission to fund the remaining cost. The employer contribution represents 11.65% of covered payroll for Fiscal Years 2014, 2013 and 2012. The City's contributions for Fiscal Years 2014, 2013 and 2012 were \$20,033,089, \$12,847,194 and \$9,589,103 respectively, equal to the required contributions for each year. The City has budgeted a contribution of \$17.2 million for Fiscal Year 2015.

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

State Teachers' Retirement System

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Section 10-183 of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age 60 and has accumulated twenty years of credited service in the public schools of Connecticut or has attained any age and has accumulated thirty-five years of credited service, at least twenty-five of which are service in the public schools of Connecticut. The payroll for City employees covered by this plan for Fiscal Year 2014 was approximately \$114.2 million. The financial statements of the plan are available from the Connecticut Office of the State Comptroller, 55 Elm Street, Hartford, CT 06106.

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

For more information regarding the City's pension plans, please see Note 12 to the City's General Purpose Financial Statements attached hereto as Appendix C.

Other Post-Employment Benefits

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

Currently, the City funds its other post-employment benefit (OPEB) costs on a pay-as you-go basis. For Fiscal Year 2013, \$25,803,694 was paid for OPEB costs, and \$43,027,125 was expended for OPEB costs in Fiscal Year 2014. The City is in compliance with the requirements of GASB Statements 43 and 45, which require municipalities and other governmental entities to undertake an actuarial evaluation of their OPEB plans and include information concerning the valuation of such plans in their financial statements. The City retained an outside actuarial consulting firm to prepare the valuation of its OPEB plans. Based on the most recent valuation as of July 1, 2012, the City's estimated unfunded Actuarial Accrued Liability for its OPEB plans is \$723,711,649, and the estimated annual required contribution for Fiscal Year 2015 is \$57,955,352.

The following table shows the actuarial value of assets, the actuarial accrued liabilities and other relevant information for the City's OPEB plans as of July 1, 2007, July 1, 2008, July 1, 2010 and July 1, 2012 (the four most recent valuation dates):

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Underfunded AAL (OAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	OAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2007	\$ -	\$ 874,661,900	\$ 874,661,900	0.0%	\$ 239,783,000	364.8%
7/1/2008	-	861,812,200	861,812,200	0.0	221,789,000	388.6
7/1/2010	-	915,806,973	915,806,973	0.0	180,948,566	506.1
7/1/2012	-	723,711,649	723,711,649	0.0	221,438,910	326.8

For the July 1, 2012 actuarial valuation, the decrease in the actuarial accrued liability reflects the fact that the City negotiated so that all employees contribute at least 25% of the cost of medical and prescription benefits (health). New employees will experience an increase of 1% per year in their contribution for health benefits until they reach the maximum contribution rate of 50%. There are variations between union contracts in the annual contribution growth.

The table below shows the City's annual required contributions versus the pay-as-you-go costs incurred for OPEB for the last five completed fiscal years:

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2009	\$ 50,744,800	59.3
2010	54,129,700	59.0
2011	57,100,111	51.9
2012	61,100,372	54.1
2013	47,743,386	54.0

The City is currently investigating ways to meet its unfunded accrued liability.

For more information regarding the City's OPEB plans, please see Note 13 to the City's General Purpose Financial Statements attached hereto as Appendix C.

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.

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.

For additional information regarding the City's investments and policies, see Notes 1 and 4 of the City's General Purpose Financial Statements attached hereto as Appendix A.

CITY FINANCES

GAAP Basis for Fiscal Years 2011-2013 – General Fund

A summary of the General Fund Operations of the City for Fiscal Years 2011-2013 on a GAAP basis follows. The selected financial information was obtained from the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds contained in the Comprehensive Annual Financial Reports ("CAFR") of the City for the Fiscal Years 2011-2013. (See "APPENDIX A- COMPREHENSIVE ANNUAL FINANCIAL REPORT" herein.)

For a discussion of Fiscal Year 2013 results, see the section entitled "Budgetary Basis for Fiscal Years 2011-2013" below. For a discussion of Fiscal Year 2014, see the section entitled "Adopted Budget for Fiscal Year 2014" below.

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

	<u>Audited Results</u> <u>Fiscal Year 2013</u>	<u>Audited Results</u> <u>Fiscal Year 2012</u>	<u>Audited Results</u> <u>Fiscal Year 2011</u>
Revenues:			
Property Taxes	\$ 285,962,925	\$ 274,118,745	\$ 272,206,146
Intergovernmental	234,019,361	231,508,096	207,535,677
Fees, Permits and Licenses	15,953,121	16,664,394	15,355,420
Interest	50,325	72,643	222,913
Other	3,089,863	2,677,295	4,898,553
Total Revenues	\$ 539,075,595	\$ 525,041,173	\$ 500,218,709
Expenditures:			
General Government ¹	39,039,354	39,847,410	47,094,932
Protection of Person and Property	121,687,093	115,629,783	107,582,600
Conservation of Health	14,205,930	13,620,627	9,035,215
Public Facilities	36,166,380	34,490,427	33,119,337
Charities and Hospitals	-	-	-
Education ²	-	-	-
Parks and Recreation	-	-	-
Special Services	995,299	680,217	718,288
Debt Service	66,201,895	65,815,161	72,910,592
Total Expenditures	\$ 278,295,951	\$ 270,083,625	\$ 270,460,964
Revenues Over (Under)			
Expenditures	260,779,644	254,957,548	229,757,745
Other Financing Sources (Uses):			
Transfers In	500,000	500,000	500,000
Transfers out ²	(261,470,234)	(259,297,544)	(229,559,379)
Bond Refunding Issue	55,225,000	-	10,010,000
Premium on Bond Refunding	4,874,093	-	84,783
Payment to Escrow Agent	(59,704,935)	-	(9,898,167)
Total other Financing Sources (Uses)	\$ (260,576,076)	\$ (258,797,544)	\$ (228,867,763)
Net Change in Fund Balance	\$ 203,568	\$ (3,839,996)	\$ 894,982
Fund Balance - GAAP Basis, Beginning	\$ 12,720,514	\$ 16,560,510	\$ 15,665,528
Fund Balance - GAAP Basis, Ending	\$ 12,924,082	\$ 12,720,514	\$ 16,560,510

Source: City of Bridgeport – Comprehensive Annual Financial Report

1. Includes all General Government, Economic Development, Libraries and Human Resources Development.
2. For presentation purposes education expenditures are included as transfers out.

GAAP Basis for Fiscal Years 2011-2013 – All Governmental Funds

A summary of the Governmental Funds' Operations of the City for Fiscal Years 2011-2013 on a GAAP basis follows. The selected financial information was obtained from the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds contained in the Comprehensive Annual Financial Reports (“CAFR”) of the City for the Fiscal Years 2011-2013. (See “APPENDIX A- COMPREHENSIVE ANNUAL FINANCIAL REPORT” herein.)

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

Summary of Financial Operations (GAAP Basis)

	<u>Audited Results</u> <u>Fiscal Year 2013</u>	<u>Audited Results</u> <u>Fiscal Year 2012</u>	<u>Audited Results</u> <u>Fiscal Year 2011</u>
Revenues:			
Property Taxes	\$ 285,962,925	\$ 274,118,745	\$ 272,206,146
Intergovernmental	391,193,349	346,936,724	340,359,992
Fees, Permits and Licenses	15,953,121	16,664,394	15,355,420
Interest	307,039	305,673	467,604
Other	7,046,473	4,347,520	9,412,146
Total Revenues	<u>\$ 700,462,907</u>	<u>\$ 642,373,056</u>	<u>\$ 637,801,308</u>
Expenditures:			
Current			
General Government ¹	39,691,634	39,935,817	47,666,546
Protection of Person and Property	121,687,093	115,629,783	107,582,600
Conservation of Health Public Facilities	16,934,356	16,201,236	11,501,774
Charities and Hospitals	-	-	-
Education	332,092,576	312,976,935	317,360,583
Parks and Recreation	-	-	-
Special Services	20,237,367	17,368,994	21,096,024
Debt Service			
Principal Retirements	27,717,065	31,183,000	31,641,000
Interest and other Charges	38,484,830	39,791,002	41,269,592
Capital Outlay	93,042,777	74,551,555	45,222,964
Total Expenditures	<u>\$ 726,054,078</u>	<u>\$ 682,128,749</u>	<u>\$ 656,460,420</u>
Revenues Over (Under) Expenditures	<u>(25,591,171)</u>	<u>(39,755,693)</u>	<u>(18,659,112)</u>
Other Financing Sources (Uses):			
Operating Transfers In	500,000	500,000	500,000
Operating Transfers Out	(500,000)	(500,000)	(500,000)
Payments to Escrow Agent	-	-	(9,898,167)
Bonds Issued		67,930,000	19,440,000
Bond Refunding Issue	55,225,000	-	10,010,000
Premiums on Bond Issuance	4,874,093	6,641,055	84,783
Payment to Escrow Agent	(59,704,935)	-	(9,898,167)
Total Other Financing Sources (Uses)	<u>394,158</u>	<u>74,571,055</u>	<u>19,363,616</u>
Net Change in Fund Balances	\$ (25,197,013)	\$ 34,815,362	\$ 977,504
Fund Balances, Beginning	<u>\$ 108,914,342</u>	<u>\$ 74,098,980</u>	<u>\$ 73,121,476</u>
Fund Balances, Ending	<u>\$ 83,717,329</u>	<u>\$ 108,914,342</u>	<u>\$ 74,098,980</u>

Source: City of Bridgeport – Comprehensive Annual Financial Report

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

Budgetary Basis for Fiscal Years 2011-2013

A summary of the General Fund Operations of the City for Fiscal Years 2011-2013 on a Budgetary Basis follows. The selected financial information was obtained from the Statement of Revenues and Other Financing Uses contained in the General Purpose Financial Statements of the City for Fiscal Years 2011-2013.

For Fiscal Year 2011, the City reported a General Fund operating surplus of revenues and other financing sources less expenditures and other financing uses of \$949,159 on a Budgetary Basis. In Fiscal Year 2011, actual revenues and other financing sources on a budgetary basis were approximately \$471.1 million. Actual expenditures and other financing uses were approximately \$470.1 million. Expenditures were approximately \$200,000 under the modified budgetary estimate. Expenses were kept low due to layoffs, position freezes and union granted concessions which included a mandatory step increase to 25% healthcare contribution from all employees to be fully effective July 1, 2012. Actual revenues were approximately \$750,000 over budget due mainly to intergovernmental revenues that came in over the budgeted amount. The Educational Cost Sharing grant received was \$2.1 million larger than anticipated. Total property tax revenues fell short of budgetary results by approximately \$1.4 million due primarily to a shortfall in the collection of overdue taxes.

For Fiscal Year 2012, the City reported a General Fund operating deficit of revenues and other financing sources less expenditures and other financing uses of \$3,839,996 on a Budgetary Basis. In Fiscal Year 2012, actual revenues and other financing sources on a budgetary basis were approximately \$493.8 million. Actual expenditures and other financing uses were approximately \$497.6 million. The City's General Fund ended Fiscal Year 2012 more than \$4 million over budget due to two significant factors that occurred after the passing of the Fiscal Year 2012 budget in April 2011. In June 2011, after the budget was adopted in April, the state Office of Policy and Management ("OPM") and the State Treasurer supported the City's pension payment plan which offered a tiered approach to fully fund obligations for the City's closed Pension Plan A. The difference in what was originally budgeted versus what the State required payment plan mandated (approximately \$2 million) was set aside in the June 30, 2011 fund balance. The legislation called for a \$7 million payment beginning in Fiscal Year 2012 while the City had budgeted a \$5 million payment for Pension Plan A for Fiscal Year 2012. In addition, on June 12, 2012, the State Legislature agreed to give the Bridgeport Board of Education a \$3.5 million forgivable loan in connection with the City's Board of Education Fiscal Year 2012 budget deficit. In an agreement with the State Department of Education, in order to receive the \$3.5 million, the City was required to contribute an additional \$2,014,274. This sum was taken from the City budget, not the Board of Education budget and was not previously included in the City's Fiscal Year 2012 budget. The State contribution, along with the City's contribution, totaling approximately \$5.5 million, enabled the Board of Education to close its budget gap without affecting staffing levels or curriculum. If these two items had not occurred, the City would have had ended Fiscal Year 2012 with a modest surplus of approximately \$185,000.

For Fiscal Year 2013, the City reported a General Fund operating surplus of revenues and other financing sources less expenditures and other financing uses of \$203,568 on a Budgetary Basis. In Fiscal Year 2013, actual revenues and other financing sources on a budgetary basis were approximately \$511.7 million. Actual expenditures and other financing uses were approximately \$511.5 million. Tax Collections for current and overdue taxes came in slightly over budget and an additional \$2.8 million in revenues came from the state. These funds enabled the City to cover the additional expenses incurred during the various storms that the area experienced.

Revenues and Other Financing Sources Over Expenditures and Other Financing Uses

Summary of Financial Operations (Budgetary Basis)

	<u>Audited Results</u>	<u>Audited Results</u>	<u>Audited Results</u>
	<u>Fiscal Year 2013</u>	<u>Fiscal Year 2012</u>	<u>Fiscal Year 2011</u>
Revenues and Other Financing Sources:			
Property Taxes	\$ 285,962,925	\$ 274,118,745	\$ 272,206,146
Intergovernmental	206,158,663	199,757,301	177,899,331
Fees, Permits and Licenses	15,953,121	16,664,394	15,355,420
Interest	50,325	72,643	222,913
Other	3,089,863	2,677,295	4,901,806
Transfers In	500,000	500,000	500,000
Appropriation of Fund Balance	-	-	-
Total revenue and other financing sources	<u>\$ 511,714,897</u>	<u>\$ 493,790,378</u>	<u>\$ 471,085,616</u>
Expenditures, Encumbrances and Other Financing Uses:			
General Government ¹	\$ 55,876,645	\$ 58,787,089	\$ 57,552,640
Protection of Person and Property	153,178,158	145,709,591	139,723,659
Conservation of Health	4,796,618	4,270,155	4,034,930
Public Facilities	44,781,290	41,624,733	42,046,379
Charities and Hospitals			
Education	248,386,729	243,211,424	224,767,733
Parks and Recreation	-	-	-
Special Services	995,299	680,217	718,288
Debt Service	3,496,590	3,347,165	1,292,828
Total Expenditures and Encumbrances	<u>\$ 511,511,329</u>	<u>\$ 497,630,374</u>	<u>\$ 470,136,457</u>
Revenues and other financing sources over expenditures and encumbrances	<u>\$ 203,568</u>	<u>\$ (3,839,996)</u>	<u>\$ 949,159</u>

Source: City of Bridgeport – Comprehensive Annual Financial Report

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

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.

Adopted Budget for Fiscal Year 2014

The City's Fiscal Year 2014 operating budget was adopted by the City Council on May 13, 2013. The budget reflects an increase in expenditures by approximately \$5.1 million (or 1.78%) as compared to the City's Fiscal Year 2013 operating budget. The increase in expenditures budgeted for Fiscal Year 2014 when compared to Fiscal Year 2013 is principally due to increases in required pension contributions. The mill rate for Fiscal Year 2014 is \$41.855. The City's audit for Fiscal Year 2014 has not yet been completed. The City expects to file the audit within the time frame required by State law. The City currently expects that the results of operations for Fiscal Year 2014 will reflect a modest surplus.

Adopted Budget for Fiscal Year 2015

The City's Fiscal Year 2015 operating budget was adopted by the City Council on May 12, 2014. The budget reflects an increase in expenditures by approximately \$5.7 million (or 1.10%) as compared to the City's Fiscal Year 2014 operating budget. The increase in expenditures budgeted for Fiscal Year 2015 when compared to Fiscal Year 2014 is principally due to the expiration of a Federal grant for police salaries resulting in payment of such salaries from the City's General Fund. In addition, additional funding of \$1.6 million was approved for the Board of Education. The mill rate for Fiscal Year 2015 is \$42.198.

Revenues and Expenditures –2012 and 2013 Actuals and 2014 and 2015 Adopted Budgets

	Budgetary Basis Adopted Budget Fiscal Year 2015	Budgetary Basis Adopted Budget Fiscal Year 2014	Budgetary Basis Audited Results Fiscal Year 2013	Budgetary Basis Audited Results Fiscal Year 2012
Revenues:				
Property Taxes	\$ 291,174,844	\$ 289,871,574	\$ 285,962,925	\$ 274,118,745
Intergovernmental	205,225,142	204,025,085	206,158,663	199,757,301
Fees, Permits and Licenses	23,689,787	20,444,255	15,953,121	16,664,394
Interest	75,000	75,000	50,325	72,643
Other	2,153,506	2,189,916	3,089,863	2,677,295
Total Revenues	\$ 522,318,279	\$ 516,605,830	\$ 511,214,897	\$ 493,290,378
Other Financing Sources:				
Appropriation of Fund Balance	\$ --	\$ --	\$ --	\$ --
Operating Transfers In ¹	500,000	500,000	500,000	500,000
Total Other Financing Sources				--
Total Revenues and Other Financing Sources	\$ 522,818,279	\$ 517,105,830	\$ 511,714,897	\$ 493,790,378
Expenditures:				
General Government ²	\$ 55,142,049	\$ 58,763,667	\$ 55,876,645	\$ 58,787,089
Protection of Person and Property	154,529,577	148,590,299	153,178,158	145,709,591
Conservation of Health	5,108,402	5,035,577	4,796,618	4,270,155
Public Facilities	51,541,749	50,518,749	44,781,290	41,624,733
Charities and Hospitals	-	-	-	-
Education ³	252,293,405	250,093,409	248,386,729	243,211,424
Parks and Recreation	-	-	-	-
Special Services	-	540,492	995,299	680,217
Debt Service	4,203,096	3,563,636	3,496,590	3,347,165
Total Expenditures	\$ 522,818,279	\$ 517,105,830	\$ 511,511,329	\$ 497,630,374
Revenues and other financing sources over Expenditures	\$ -	\$ -	\$ 203,568	\$ (3,839,996)

Source: City of Bridgeport

1. Represents an operating transfer in from special revenue funds.
2. Includes all General Government, Economic Development, Libraries and Human Resources Development.
3. FY2012-2013 Education Expenditure includes nutrition budget and education debt expense.

In an effort to replenish the City's fund balance over upcoming years, the City has adopted a fund policy establishing a goal of maintaining a fund balance at 8% of annual operating expenditures of the prior audited fiscal year. The policy recommends that the City add a line item during the budgeting process of contributing a minimum of 10% of the difference between the fund balance policy level and the existing undesignated fund balance presented in the latest audited statements. The City contributed \$4.9 million to the fund balance for Fiscal Year 2010 bringing the ratio of fund balance to General Fund expenditures up to 3.49%. No contribution was made for Fiscal Years 2011 and 2012. For Fiscal Year 2013, the City did not make its \$1.5 million budgeted contribution to the fund balance. The City may make a contribution for Fiscal Year 2014 once audited results are known. The City has

budgeted a contribution of \$1.5 million for Fiscal Year 2015. In future fiscal years, the City plans to use revenues from economic redevelopment projects to increase fund balance.

Cash Flow Projections

Appendix E contains the cash flow projections of the City for Fiscal Year 2014-2015. Such projections reflect the anticipated receipt of real property taxes in the aggregate amount of \$104 million to be received in the months of January 2015 and February 2015 (\$86 million and \$17 million, respectively). See line item “Current Taxes: Real Estate” in Appendix E. In addition, the projections indicate that a payment in the amount of \$41 million is anticipated from the State of Connecticut in January 2015 in respect of the Education Cost Sharing (ECS) grant program. See line item “Education Cost Sharing” in Appendix E. ECS grants are furnished to municipal recipients for educational purposes. The ECS grant projections have been authorized pursuant to the State’s adopted budget for Fiscal Year 2015 and the City does not expect that there will be changes to such amounts.

Federal Sequestration

Federal funding received by the City may be adversely affected by implementation of certain provisions of the Budget Control Act of 2011 (Pub. L. 112-25) (the “Budget Control Act”), which was signed into law by the President on August 2, 2011. As a result of the failure of the Joint Select Committee on Deficit Reduction to reach an agreement on the deficit reduction actions as required by the Budget Control Act, sequestration - a unique budgetary feature of the Budget Control Act - was triggered. Implementation of the sequestration began on March 1, 2013, and resulted in automatic cuts to federal spending on designated agencies and programs of \$1.2 trillion over 10 years. The City has issued \$52,575,000 in direct payment subsidy bonds. The City is eligible to receive \$1,031,312.94 in direct payment subsidies in Fiscal Year 2015. The Federal government recently announced a reduction in direct payment subsidies of approximately 7.3% or \$75,286 in Fiscal Year 2015. While the Bipartisan Budget Act of 2013, passed in December 2013, officially ended sequestration, the cuts in subsidies to direct pay bonds were continued in the new legislation. The Bipartisan Budget Act of 2013 kept the reduction through federal fiscal year 2023 at a rate to be determined annually.

In addition to sequestration, the City may face reduced federal grant awards in future years as a result of overall efforts to control federal spending. The reduction to federal grant revenues is a separate issue from the estimated effects of sequestration or other potential federal cutbacks on the City’s revenues as a result of overall reduced federal funding for activities in the City and the region. In particular, the loss of federal funding for defense spending and for research by local colleges, universities and health care institutions may adversely affect the overall regional economy. However, it is not possible at this time to predict how these potential reductions may affect the regional economy and City revenues.

DEBT AND CAPITAL PROGRAMS

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

As of October 1, 2014, the principal balance of the City's outstanding bonds, equaled \$665,480,000.00.

Principal Amount of Indebtedness – Long Term Debt As of October 1, 2014

Bond Series	Date of Issuance	Original Par Amount	Final Maturity	Outstanding Par Amount
Series 2000 B ¹	08/29/2000	\$350,000,000	01/15/2030	\$274,190,000
Series 2004 C	08/12/2004	58,580,000	08/15/2021	43,730,000
Series 2006 A	04/27/2006	30,760,000	08/15/2024	26,140,000
Series 2006 B	04/27/2006	59,210,000	12/01/2025	44,370,000
Series 2006 C	06/06/2006	5,765,000	08/15/2015	510,000
Series 2007 A ²	10/01/2007	48,380,000	10/01/2026	34,995,000
Series 2009 B ²	12/15/2009	29,135,000	08/15/2028	29,135,000
Series 2009 C	12/15/2009	4,000,000	08/15/2029	4,000,000
Series 2010 B ²	07/22/2010	19,440,000	09/15/2025	16,165,000
Series 2010 C	07/22/2010	10,010,000	07/15/2018	6,860,000
Series 2012A ²	06/14/2012	67,930,000	02/15/2032	65,600,000
Series 2012B	07/12/2012	55,225,000	08/15/2021	42,780,000
Series 2013A	07/11/2013	14,290,000	08/15/2018	10,425,000
Series 2014A	08/28/2014	66,580,000	07/01/2034	66,580,000
TOTAL		\$819,305,000		\$665,480,000

Source: City of Bridgeport

Note: Total may not add due to rounding.

¹ Pension Obligation Bonds

² Includes City general obligation debt for WPCA projects, but does not include Section 108 loans.

Other Long Term Commitments

Connecticut Resources Recovery Authority / Solid Waste and Recyclables Disposal

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 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, waste oil, storage batteries and scrap metal.

HUD Loans

The City has entered into three (3) Section 108 loan guarantee contracts with the U.S. Department of Housing and Urban Development (HUD) in the aggregate amount of \$14,045,000 for the following three community and economic development projects:

<u>Project</u>	<u>Loan Guarantee Amount</u>	<u>Loan Balance</u>
1. Lower East Side Development Corp. (LESDCO)	\$5,000,000	\$743,000
2. Marin Garfield	7,295,000	2,219,000
3. Grow Bridgeport Fund	<u>1,750,000</u>	<u>372,000</u>
	\$14,045,000	\$3,334,000

The first two loans were used for capital improvements and community facilities projects in the East Side of the City. Since there are no third party sources of repayment, the City used its community development block grant (CDBG) to pay the annual debt service on these two loans. These loans are also secured by the full faith and credit of the City in the event that CDBG funds are not available to satisfy the City's obligations. Only \$2,850,000 of the \$5,000,000 guaranteed loan was disbursed to LESDCO. In June 2010, the City of Bridgeport formally requested the de-obligation of the remaining \$2,150,000 balance of the LESDCO loan.

For the third loan, the City lent the \$1,750,000 in proceeds to the Grow Bridgeport Fund, now known as the Community Capital Fund (the "Fund"), as part of its initial fund capitalization. As of February 28, 2014, the Fund had an asset base of \$17.5 million. The loan proceeds have been lent to a series of third party business borrowers, who have also provided supplemental collateral for the loans. It is expected that principal and interest on this loan will be payable first from third party business borrowers of the Fund. This loan is secured by the City's annual appropriation of block grants. This loan is not secured by the full faith and credit of the City.

Water Pollution Control Authority

The City is also liable on the debt obligations of the WPCA. The City expects these obligations to be satisfied out of the user fees and other revenues of the WPCA. Loans to the WPCA under the State's Clean Water Fund program are guaranteed, however, by the full faith and credit of the City. Loans to the WPCA from City bond proceeds are made under agreements between the City and the WPCA by which the WPCA agrees to repay to the City the debt service on the bonds from user fees. As of October 31, 2014, the balance of WPCA loans outstanding was \$43,100,114. This amount represents \$39,571,982 of the outstanding loan balance for completed and active major WPCA projects and the outstanding balance of certain bonds of the City: \$170,000 from the City's 2007 bond issue; \$1,493,917 from the City's 2009 bond issue; \$353,651 from the City's 2010 bond issue; and \$1,510,654 from the City's 2012 bond issue.

Detail of WPCA Borrowings

WPCA Major Project Loans				Loan Balance as of October 31, 2014	
CLEAN WATER FUND PROJECTS:	CWF No.	Date of Loan	Loan Amount¹		
Completed Projects	206D	9/30/1994	\$ 2,810,440	\$	-
	218C	7/31/1997	34,259,604		2,970,653
	206C	01/31/1997	32,033,046		9,140,835
	416C	7/23/2004	3,384,911		1,479,975
	572C	1/31/2006	624,067		350,399
	102CSL	6/30/2010	4,608,318		3,302,629
	625CSL	01/31/2011	1,672,257		1,275,062
	613C	3/31/2011	960,201		770,749
	208D	06/28/1995	706,148		21,047
	208C	5/31/1998	3,889,832		476,537
	372C	12/31/1999	3,211,547		669,072
	372CD1	12/31/1999	1,858,034		443,683
	372CD2	01/31/2002	649,570		177,479
	409D	04/03/2001	611,285		254,815
	409C	10/31/2006	1,911,688		1,122,239
	559C	1/31/2006	1,236,190		674,542
	575C	3/31/2009	2,323,916		1,554,636
	621D	7/31/2009	1,260,771		1,161,525
	452C2	3/7/2008	6,824,081		6,684,100
Total Completed Projects			<u>\$ 104,835,906</u>	\$	<u>32,529,976</u>
Active Projects	621C	2/15/2011	4,095,423		2,770,858
	628C	10/31/2012	7,813,250		2,060,474
	213CSL	2/28/2013	3,544,000		2,145,563
	658C		365,157		65,111
Total Active CWF Project Loans			<u>\$ 15,817,830</u>	\$	<u>7,042,006</u>
TOTAL CWF DEBT			<u>\$ 120,653,736</u>	\$	<u>39,571,982</u>
2007 BONDS			490,000		170,000
2009 BONDS			1,845,000		1,493,917
2010 BONDS			425,300		353,651
2012 BONDS			1,564,217		1,510,564
TOTAL WPCA DEBT			<u>\$ 124,978,253</u>	\$	<u>43,100,114</u>

Source: WPCA for the City of Bridgeport

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

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

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

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

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

<u>Fiscal Year</u>	<u>2014</u> ²	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Bond Anticipation Notes	\$ --	\$ --	\$ --	\$ --	\$ --
Long-Term Debt ¹	<u>622,395</u>	<u>657,515</u>	<u>689,265</u>	<u>651,890</u>	<u>662,665</u>
	<u>\$622,395</u>	<u>\$657,515</u>	<u>\$689,265</u>	<u>\$651,890</u>	<u>\$662,665</u>

Source: City of Bridgeport Annual Financial Report

1. Includes City general obligation debt for WPCA projects, but does not include Section 108 loans.
2. Unaudited, as of June 30, 2014. Does not include 2014 Series A Bonds issued on August 28, 2014.

DEBT STATEMENT
As of October 1, 2014

General Obligation Debt:

General Purpose Bonds	\$ 256,651,301
School Bonds	134,638,699
Pension Obligation Bonds ¹	<u>274,190,000</u>
Total General Obligation Debt²	\$ 665,480,000

Less:

School Construction Grants Receivable ³ - Principal Portion Only	<u>(9,499,116)</u>
Total Overall Net Debt⁴	<u>\$ 655,980,884</u>

Source: City of Bridgeport

1. See the "FINANCIAL INFORMATION -- Pension Programs" herein.
2. Does not include (i) WPCA self-supporting debt, or (ii) the HUD Section 108 Loans
3. School construction grants are receivable in substantially equal installments over the life of outstanding school bonds, obtained from the Grants Management Office, State of Connecticut. The total is as of July 1, 2014.
4. The City of Bridgeport, Connecticut is not subject to the debt of overlapping governments.

CURRENT DEBT RATIOS
As of October 1, 2014

Population ¹	144,229
Net Taxable Grand List 10/1/13 (70%) ²	\$ 6,986,771,000
Estimated Full Value of Taxable Grand List 10/1/13 (100%)	\$ 10,231,503,389
Equalized Net Taxable Grand List 10/1/12	\$ 7,112,821,998
Personal Income Per Capita ¹	\$ 19,979

	<u>Total Debt</u>	<u>Net Total Debt</u>	<u>Total Debt (excluding Pension Obligation Bonds)</u>	<u>Net Total Debt (excluding Pension Obligation Bonds)</u>
Per Capita	\$4,614	\$4,548	\$2,713	\$2,647
Ratio to Net Taxable Grand List	9.52%	9.39%	5.60%	5.46%
Ratio to Estimated Full Value	6.50%	6.41%	3.82%	3.73%
Ratio to Equalized Net Taxable Grand List	9.36%	9.22%	5.50%	5.37%
Per Capita to Personal Income Per Capita	23.09%	22.76%	13.58%	13.25%

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

Ratio of Annual Debt Service Expenditures to General Fund Expenditures

<u>Fiscal Year</u>	<u>Annual Debt Service¹</u>	<u>General Fund Expenditures</u>	<u>Percent</u>
2013	\$67,172,412	\$511,511,329	13.13%
2012	70,974,002	497,630,374	14.26%
2011	71,949,542	470,136,457	15.30%
2010	72,194,167	462,276,451	15.62%
2009	72,194,166	489,471,659	14.75%
2008	72,009,393	492,348,971	14.63%
2007	67,441,349	462,031,673	14.60%
2006	67,335,830	460,218,044	14.63%
2005	66,557,526	447,886,784	14.86%
2004	61,989,852	432,983,647	14.32%

Source: City of Bridgeport Comprehensive Annual Financial Reports.
 1 Includes debt service related to the City's outstanding Pension Bonds.

DEBT LIMITATION AND DEBT MARGIN COMPUTATION

Statement of Statutory Debt Limitation and Debt Margin

As of October 1, 2014

Debt Limitation Base

Unaudited total tax collections (including interest and lien fees) for the year ended June 30, 2014	\$ 292,168,562
Plus Reimbursement for revenue loss:	
Tax Relief for the elderly	<u>\$ 810,220</u>
Base	<u>\$ 292,978,782</u>
Debt Limit (7 x Base)	\$ 2,050,851,474

Computation of Debt Limitation and Debt Margin

	<u>General Purpose</u>	<u>Unfunded Past Benefit Obligation</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>
Multiple of Base					
2 ¼ times base	\$ 659,202,260				
3 times base	--	\$ 878,936,346			
4 ½ times base	--	--	\$ 1,318,404,519		
3 ¾ times base	--	--	--	\$ 1,098,670,433	
3 ¼ times base	--	--	--	--	\$ 952,181,042
Total Debt Limitation	<u>\$ 659,202,260</u>	<u>\$ 878,936,346</u>	<u>\$ 1,318,404,519</u>	<u>\$ 1,098,670,433</u>	<u>\$ 952,181,042</u>
Indebtedness					
Bonds and Notes Payable ¹	\$ 256,651,301	\$ 274,190,000	\$ 134,638,699	\$ 44,267,320	\$ 3,334,000
Bonds authorized-but-unissued ²	29,064,596	--	75,937,109	389,773	--
Less: School construction grants	--	--	(9,499,116)	--	-
Total Net Indebtedness	<u>\$ 285,715,897</u>	<u>\$ 274,190,000</u>	<u>\$ 201,076,692</u>	<u>\$ 44,657,093</u>	<u>\$ 3,334,000</u>
Total Bonding Availability	<u>\$373,486,363</u>	<u>\$ 604,746,346</u>	<u>\$ 1,117,327,827</u>	<u>\$ 1,054,013,340</u>	<u>\$ 948,847,042</u>

Source: City of Bridgeport Finance Department.

1. As of October 1, 2014.
2. Includes authorizations through adoption of City's Fiscal Year 2015-2019 Capital Plan.

Debt Limitation in Excess of Outstanding and Authorized Debt

In accordance with Connecticut General Statutes, municipalities may not incur indebtedness through the issuance of bonds which will cause aggregate indebtedness to be exceeded by class as outlined above and in no case shall total indebtedness exceed seven times the Debt Limitation Base calculated above, or \$1,998,466,953. Total net indebtedness currently issued or authorized, is \$808,973,682.

Debt Authorization

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

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

Five-Year Capital Plan

The City's Five-Year Capital Plan for Fiscal Years 2015-2019 was approved by the City Council on April 21, 2014, and includes anticipated capital expenditures of approximately \$81.7 million over the next five years, with approximately \$42.3 million approved and appropriated for Fiscal Year 2015. The capital improvements in the City's five year plan are broken down into four distinct categories: Board of Education, Economic Development, Public Facilities and Other Departments.

Adopted Capital Improvement Program

Project Description	FY2015	FY2016	FY2017	FY2018	FY2019	Total 2015-2019
Board of Education						
BOE Maintenance Projects/HVAC	\$ 4,250,000	\$ -	\$ -	\$ -	\$ -	\$ 4,250,000
BOE Asbestos Removal	300,000	-	-	-	-	300,000
Dunbar School	2,500,000	-	-	-	-	2,500,000
Cross School	400,000	-	-	-	-	400,000
Bassick High School Roof	1,500,000	-	-	-	-	1,500,000
Bassick High School Heating System	-	6,000,000	-	-	-	6,000,000
Facilities Equipment	150,000	-	-	-	-	150,000
Classroom Computers	1,500,000	800,000	-	-	-	2,300,000
Maintenance Vehicles	247,238	-	-	-	-	247,238
District Wide Energy Conservation	500,000	-	-	-	-	500,000
Paving Lots	500,000	-	-	-	-	500,000
BOE Fire Alarms Phase II	665,000	-	-	-	-	665,000
TOTAL BOE	\$ 12,512,238	\$ 6,800,000	\$ -	\$ -	\$ -	\$ 19,312,238
Economic Development						
Downtown Capital Improvements	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000
Traffic Improvements, Lighting, Intersections	2,000,000	-	-	-	-	2,000,000
City Wide Waterfront Development	1,500,000	-	-	-	-	1,500,000
Land Management/Acquisition	1,500,000	-	-	-	-	1,500,000
Marina Village Replacement / Demo, Site Work	2,600,000	-	-	-	-	2,600,000
Blight Removal/Demolition Clean Up	1,000,000	1,000,000	1,000,000	-	-	3,000,000
TOTAL OPED	\$ 10,600,000	\$ 1,000,000	\$ 1,000,000	\$ -	\$ -	\$ 12,600,000
Public Facilities						
Roadway Paving, Culverts, Intersections	\$ 2,000,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 12,000,000
Knowlton/Barnum Waterfront Development	2,519,000	-	-	-	-	2,519,000
City/Neighborhood Beautification	500,000	500,000	500,000	500,000	-	2,000,000
Public Facilities Equipment	250,000	350,000	350,000	250,000	-	1,200,000
Muni Building HVAC/Heating/Elec/Facilities	500,000	500,000	500,000	500,000	-	2,000,000
City Wide Building & Security Improvements	250,000	250,000	250,000	250,000	-	1,000,000
Facilities Assessments/Planning Studies	250,000	250,000	-	-	-	500,000
Energy Renewable Source Projects	250,000	-	-	-	-	250,000
Energy Conservation/Conversion Program	250,000	200,000	200,000	200,000	200,000	1,050,000
HarborYard Ballpark Upgrades	250,000	-	-	-	-	250,000
Runway Sweeper and Vacuum Truck	210,000	-	-	-	-	210,000
FAA AARF Index Rapid Response Fire Truck	-	400,000	-	-	-	400,000
Maintenance Garage Apron Paving	-	-	100,000	100,000	-	200,000
Parks Maintenance Equipment	100,000	50,000	50,000	275,000	-	475,000
Various Park Improvement Projects	3,500,000	3,000,000	5,835,236	-	-	12,335,236
Pleasure Beach Water and Park Accessibility	5,215,585	-	-	-	-	5,215,585
TOTAL PUBLIC FACILITIES	\$ 16,044,585	\$ 8,000,000	\$ 10,285,236	\$ 4,575,000	\$ 2,700,000	\$ 41,604,821
Other Departments						
Police Command Division Vehicles	\$ 210,000	\$ -	\$ -	\$ -	\$ -	\$ 210,000
Central Grants Revolving (match)	250,000	-	-	-	-	250,000
Fire Apparatus Replacement Program/Vehicles	1,600,000	650,000	735,000	640,000	640,000	4,265,000
Technology Enhancements/Systems Improvement	500,000	300,000	250,000	250,000	-	1,300,000
WPCA Sewer Separation Program	125,000	-	-	-	-	125,000
IT Telephony & Computer Replacement Program	500,000	500,000	500,000	500,000	-	2,000,000
TOTAL OTHER	\$ 3,185,000	\$ 1,450,000	\$ 1,485,000	\$ 1,390,000	\$ 640,000	\$ 8,150,000
TOTAL ALL DEPARTMENTS	\$ 42,341,823	\$ 17,250,000	\$ 12,770,236	\$ 5,965,000	\$ 3,340,000	\$ 81,667,059

Water Pollution Control Authority

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

WPCA Plan

	Budget Fiscal	Budget Fiscal	Actual Fiscal
	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
Revenues			
User Fees	\$ 38,853,787	\$ 39,519,399	\$27,691,343
Income From Operations	<u>877,571</u>	<u>795,537</u>	<u>963,359</u>
Total Revenues	\$ 39,731,358	\$ 40,314,936	\$28,654,702
Expenditures			
Operating	\$ 30,467,433	\$ 31,101,796	\$20,852,299
Bad Debt ²	2,993,182	2,542,432	(425,000)
Debt Service ¹	400,581	379,062	303,079
State Loan Funding	<u>5,870,162</u>	<u>6,291,646</u>	<u>6,445,511</u>
Total Expenditures	\$ 39,731,358	\$ 40,314,936	\$27,175,889

Source: City of Bridgeport, WPCA

1. Debt Service: Fiscal Year 2013 includes costs related to bonds that were issued in Fiscal Years 2007, 2009, 2010 and 2012 by the City. Fiscal Years 2014 and 2015 budgets include these same related bond costs.
2. Bad Debt: Fiscal 2013 was a negative amount due to reserve adjustments.

The WPCA approved rates per hundred cubic feet of \$4.334 in Fiscal Year 2012, \$4.403 in Fiscal Year 2013, \$5.946 in Fiscal Year 2014 and \$5.946 in Fiscal Year 2015.

The City currently has a long-term operations and management contract with Severn Trent Environmental Services, Inc. (“ST”) which began on January 1, 2014 for the operation of the wastewater treatment and field operations function of WPCA. The areas covered by the contract operation represent approximately 57.65% of WPCA’s Fiscal Year 2015 budget, which includes the billing and collection of current sewer user invoices, and budgeted operation and maintenance expenses. The WPCA is engaged in a long-term capital program that is expected to cost \$244 million through Fiscal Year 2019 in total, of which \$152 million is to be from State low-cost loans, \$89 million from State grants, and \$3 million provided by the City. To date, \$183 million of projects costs have been expended leaving \$61 million of project costs to be completed. A number of these capital programs are mandated by a consent decree between the Connecticut Department of Energy and Environmental Protection and the City with respect to the wastewater treatment facility and the sanitary and storm collection system as a result of a court settlement. It is anticipated that \$31 million of these future project costs will be borrowed from the State at an interest rate of 2%. The remaining \$29 million of future project costs are expected to be provided by State grants and local share. The borrowings and any future borrowings are general obligations of the City with repayments expected to be made from sewer user fees imposed by the WPCA.

TAX BASE DATA

Assessments

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

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

Public Act 14-19 of the 2014 State legislative session allows municipalities, with local legislative approval, to delay implementation of the revaluation for the 2013 assessment year until the 2015 assessment year. On May 12, 2014, the Bridgeport City Council approved the delay of the revaluation scheduled to be implemented in the October 1,

2013 assessment year until the October 1, 2015 assessment year. The Tax Assessor has certified the grand list for the 2013 assessment year based upon the assessments for the October 1, 2012 assessment year, but subject to transfers of ownership, additions for new construction and reductions for demolitions.

Any taxpayer who is unsatisfied with any new assessment may file a written appeal of such assessment with the City's Board of Assessment Appeals and may receive, subject to the discretion of the Board of Assessment Appeals, an appeal hearing and final determination of any increase or decrease from the property's original assessment. Each year the Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted.

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

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

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

Levy

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

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

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

Comparative Assessed Valuations of Taxable Property

<u>Grand List 10/1</u>	<u>Fiscal Year</u>	<u>Real Estate Property Percent</u>	<u>Personal Property Percent</u>	<u>Motor Vehicle Percent</u>	<u>Gross Taxable Grand List (000's Omitted)</u>	<u>Less Exemptions (000's Omitted)</u>	<u>Net Taxable Grand List (000's Omitted)</u>	<u>Percent Increase/Decrease</u>
2013	2015	84.1%	9.8%	6.1%	\$7,111,268	\$124,597	\$6,986,671	(0.94%)
2012	2014	84.1	9.9	5.9	7,193,167	141,048	7,052,118	0.94
2011	2013	84.9	9.2	5.9	7,152,536	166,364	6,986,172	(.52)
2010	2012	84.6	9.8	5.5	7,168,799	146,094	7,022,705	(1.1)
2009	2011	83.7	10.9	5.3	7,176,696	75,320	7,101,376	5.58

Property Tax Levies and Collections

<u>Grand List 10/1</u>	<u>Fiscal Year</u>	<u>Net Taxable Grand List (000's Omitted)</u>	<u>Mill Rate</u>	<u>Adjusted Annual Levy¹</u>	<u>Estimated Percent of Annual Levy Collected at End of Fiscal Year</u>	<u>Percent of Annual Levy Uncollected at End of Fiscal Year</u>
2013	2015	\$ 6,986,771	\$42.198	\$298,189,222	N/A	N/A
2012	2014	7,052,118	41.855	298,129,882	96.96% ⁽⁴⁾	3.04% ⁽⁴⁾
2011	2013	6,986,171	41.11	285,048,701	97.25	2.75
2010	2012	7,022,705	39.64	275,342,274	97.25	2.75
2009	2011	7,101,376	39.64	248,796,430	97.52	2.48
2008 ³	2010 ³	6,726,359 ³	38.74	262,590,658 ³	97.14	2.86
2007	2009	5,540,266	44.58	249,988,602	97.44	2.56
2006	2008	5,414,024	41.28	258,206,710	97.04	2.96
2005	2007	5,327,616	42.28	225,576,836	96.22	3.78
2004	2006	5,214,243	40.30	212,031,146	96.33	3.67
2003 ²	2005 ²	5,165,361 ²	39.00	197,205,819 ²	95.86	4.14

Source: City of Bridgeport.

1. Adjusted Annual Levy includes amounts levied against Payment in Lieu of Taxes (PILOT) properties. Adjustments are processed throughout the year based upon actual payment date of PILOT receipts.
 2. Implementation of the October 1, 2003 revaluation.
 3. Implementation of the October 1, 2008 revaluation.
 4. Without Wheelabrator appeal, rate would be 97.63%
- N/A = Fiscal Year 2015 not completed

THE CITY'S TAX BASE

After being granted a 30 day extension the City Assessor submitted the Assessor's 2013 Grand List on February 28, 2014. The official Board of Assessment Appeals Grand List was filed in May 2014. For additional information, please reference "TAX BASE DATA – Assessments".

Principal Taxpayers

As of March 1, 2014

<u>Principal Taxpayers</u>	<u>Nature of Business</u>	<u>2013 Assessed Value</u>	<u>Percentage of Assessed Value</u>
US Bank National Assoc./ Wheelabrator ¹	Utility	\$310,699,301	4.38%
United Illuminating Co., Inc.	Utility	219,812,200	3.10
PSEG Power Connecticut LLC	Utility	105,314,595	1.49
Peoples United Bank	Bank	54,148,846	0.76
Connecticut Light & Power	Utility	53,581,584	0.79
Bridgeport Energy LLC.	Utility	48,955,405	0.69
Southern Conn Gas Co	Utility	39,739,915	0.56
Watermark 3030 Park LLC	Assisted Living	30,405,390	0.43
AT&T	Utility	30,096,332	0.42
Total 2013 Net Grand List		<u>\$6,986,671,000</u>	

Source: City of Bridgeport

1. Subject to pending tax appeal. Please refer to "LEGAL AND OTHER INFORMATION – Litigation".

ECONOMIC AND DEMOGRAPHIC INFORMATION

Age Distribution of the Population

<u>Age</u>	<u>City of Bridgeport</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
0-4	10,731	7.4%	202,106	5.7%
5-19	30,289	21.1	713,670	19.9
20-34	36,234	25.1	648,275	18.2
35-54	39,074	27.1	1,060,035	29.6
55-64	13,413	9.3	443,452	12.4
65+	14,488	10.1	506,559	12.4
Total	<u>144,229</u>	<u>100.0%</u>	<u>3,574,097</u>	<u>100.0%</u>

<u>Median Age</u>	<u>2000</u>	<u>2010</u>
City of Bridgeport	31.4	32.6
Fairfield County	37.3	39.5
State of Connecticut	37.4	40.0

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

Income Distribution				
Income for Households	City of Bridgeport		State of Connecticut	
	Families	Percent	Families	Percent
\$0 - \$ 9,999	2,933	9.3 %	29,554	3.3 %
\$10,000 - \$14,999	1,488	4.7	19,067	2.1
\$15,000 - \$24,999	3,693	11.7	46,703	5.1
\$25,000 - \$34,999	4,122	13.0	56,959	6.3
\$35,000 - \$49,999	4,569	14.5	86,314	9.5
\$50,000 - \$74,999	5,630	17.8	145,557	16.0
\$75,000 - \$99,999	3,951	12.5	135,431	14.9
\$100,000 - \$149,999	3,670	11.6	190,762	21.0
\$150,000 - \$199,999	1,000	3.2	89,839	9.9
\$200,000 or more	<u>562</u>	<u>1.8</u>	<u>107,414</u>	<u>11.8</u>
Total:	31,618	100.0 %	907,600	100.0 %

Source: U.S. Department of Commerce, Bureau of the Census, Census of Population and Housing, 2000; American Community Survey 2008-2012. Note: As of the 2010 Census, this data is no longer a part of the Census and will be measured as a part of the annual American Community Survey administered by the Census Bureau.

Educational Attainment
(Years of School Completed, Age 25 and over)

Educational Attainment	City of Bridgeport		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9 th grade	11,301	12.7 %	109,410	4.5 %
9 th to 12 th grade, no diploma	11,923	13.4	158,037	6.5
High school graduate	29,097	32.7	678,344	27.9
Some college, no degree	17,084	19.2	427,916	17.6
Associate's degree	5,428	6.1	177,488	7.3
Bachelor's degree	8,987	10.1	493,562	20.3
Graduate or professional degree	5,161	5.8	384,152	15.8
Percent high school graduate or higher		73.9 %		89.0 %
Percent Bachelor's degree or higher		15.9 %		36.2 %

Source: U.S. Department of Commerce, Bureau of the Census, Census of Population and Housing, 2000; American Community Survey 2008-2012.

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

Number and Size of Households

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

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

Age Distribution of Housing

Year Built	City of Bridgeport		State of Connecticut	
	Units	Percent	Units	Percent
Built in 2010 or later.....	73	0.1 %	2,422	0.2 %
Built in 2000-2009.....	1,483	2.5	99,443	6.7
Built in 1990-1999.....	1,892	3.2	110,651	7.4
Built in 1980-1989.....	5,178	8.9	193,255	13.0
Built in 1970-1979.....	5,772	9.9	202,110	13.6
Built in 1960-1969.....	6,728	11.5	200,398	13.5
Built in 1950-1959.....	9,419	16.1	228,672	15.4
Built in 1940-1949.....	7,866	13.5	105,863	7.1
Built in 1939 or earlier.....	<u>20,064</u>	<u>34.3</u>	<u>342,631</u>	<u>23.1</u>
Total.....	58,475	100.0 %	1,485,445	100.0 %

Source: U.S. Department of Commerce, Bureau of the Census, and 2000 Census of Population and Housing; American Community Survey, 2008-2012

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

Number of Housing Units

<u>Fiscal Year</u>	<u>New Construction</u>	<u>Net Increase (Reduction)¹</u>	<u>Total Housing Units²</u>
2011	126	61	55,578
2010	69	67	55,517
2009	92	43	55,450
2008	128	42	55,407
2007	243	38	55,321
2006	305	82	55,116
2005	75	65	55,034
2004	153	18	54,969
2003	81	(361) ³	54,951
2002	52	(72)	55,312
2001	76	(128)	55,384

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

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

Housing Unit Inventory and Vacancy Rates

<u>Housing Units</u>	<u>City of Bridgeport</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Units in structure:				
1 unit, detached	13,716	25.2%	816,706	58.9%
1 unit, attached	4,277	7.9	71,185	5.1
2 to 4 units	20,805	38.2	246,617	17.8
5 to 9 units	3,943	7.3	76,836	5.5
10 or more units	11,581	21.3	162,437	11.7
Mobile home, trailer, other	45	0.1	12,194	0.9
Total Units	<u>54,367</u>	<u>100.0%</u>	<u>1,385,975</u>	<u>100.0%</u>
Occupied housing units ¹	51,255	89.9	1,371,087	92.1
Vacant housing units ¹	<u>5,757</u>	<u>10.1</u>	<u>116,804</u>	<u>7.9</u>
Total units ¹	<u>57,012</u>	<u>100.0%</u>	<u>1,487,891</u>	<u>100.0%</u>
Mean number of rooms per unit	4.7	--	5.6	--
Homeowner vacancy rate	--	2.8%	--	1.9%
Rental vacancy	--	8.6%	--	6.9%

Source: U.S. Department of Commerce, Bureau of the Census, Census of Population and Housing, 2000.

1. Source: 2010 Census data

Owner-Occupied Housing Units

	<u>City of Bridgeport</u>	<u>State of Connecticut</u>
Total owner-occupied units	22,123	929,560
Persons per unit	2.80	2.66
Median number of rooms	4.8	5.7
Lower quartile	\$ 150,700	\$ 201,100
Median quartile	\$ 206,300	\$ 285,900
Upper quartile	\$ 288,200	\$ 423,500

	<u>City of Bridgeport</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
<i>Specified owner-occupied units</i>				
Less than \$50,000.....	1,001	4.5 %	17,515	1.9 %
\$ 50,000 to \$ 99,999.....	1,867	8.4	21,595	2.3
\$100,000 to \$149,999.....	2,583	11.7	60,303	6.5
\$150,000 to \$199,999.....	5,159	23.3	129,791	14.0
\$200,000 to \$299,999.....	6,721	30.4	272,261	29.3
\$300,000 to \$499,999.....	4,274	19.3	262,321	28.2
\$500,000 to \$999,999.....	419	1.9	121,757	13.1
\$1,000,000 or more.....	<u>99</u>	<u>0.4</u>	<u>44,017</u>	<u>4.7</u>
Total.....	22,123	100.0 %	929,560	100.0 %

Source: U.S. Department of Commerce, Bureau of the Census, Census of Population and Housing, 2000; American Community Survey 2008-2012

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

Building Permits

<u>Fiscal Year</u>	<u>Number</u>	<u>Value</u>
2014	2,942	\$ 175,166,590
2013	3,114	78,809,066
2012	3,346	65,398,271
2011	2,425	48,862,472
2010	2,522	80,959,003
2009	2,683	173,761,841
2008	2,478	131,211,799
2007	2,386	195,631,366
2006	2,724	183,273,790
2005	2,381	108,551,386
2004	2,527	51,673,720

Source: Provided by Building Department, City of Bridgeport.

Land Use Summary

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

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

LEGAL AND OTHER INFORMATION

Litigation

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

Personal Injury and Other Actions

There are presently pending certain major personal injury and other claims and lawsuits that the City is actively defending for which, in the event the City is held liable, the amount of recovery could under certain circumstances total between \$10 and \$20 million dollars in the aggregate. Any recovery under such actions will be paid by the City, which is self-insured for such risks.

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 and 2013 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 - \$5,704,846.65 for real property and \$538,414.91 for personal property; 2008 - \$10,891,255.52 for real property and \$286,353.46 for personal property; 2009 - \$11,144,279.00 for real property and \$1,535,398.59 for personal property; 2010 - \$11,308,437.72 for real property and \$1,290,862.41 for personal property; 2011 - \$12,772,848.26 for real property and \$1,367,586.48 for personal property; 2012 - \$13,004,319.24 for real property and \$1,402,211.87 for personal property; and for 2013 - \$13,110,889.10 for real property and \$1,403,210.18 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.

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 is due on October 24, 2014. The tax bills pertaining to Wheelabrator's real property will not be changed unless required by subsequent judicial action.

As described above under "TAX BASE DATA - Assessments," the City, pursuant to state statutory authority, postponed the revaluation scheduled for the 2013 assessment year until the 2015 assessment year. The Tax Assessor certified the Grand List for the 2013 assessment year based upon the assessments for the 2012 assessment year, subject to transfers of ownership, additions for new construction and reductions for demolitions. As a result, Wheelabrator's tax valuation appeal and the resultant court action will also apply to the 2013 and 2014 Grand Lists.

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.

Tax Exemption of the Bonds and the Notes

Federal Taxes. In the opinion of Pullman & Comley, LLC, Bond Counsel, under existing law, interest on the Notes and the Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax.

Bond Counsel's opinion with respect to the Notes and the Bonds will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the City with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Notes and the Bonds in order that interest on the Notes and the Bonds be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Notes and the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes and the Bonds irrespective of the date on which such noncompliance occurs. In the Tax Compliance Agreement, which will be delivered concurrently with the issuance of the Notes and the Bonds, the City will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code including, but not limited to, investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Note and Bond proceeds and certain other matters. The opinions of Bond Counsel delivered on the date of issuance of the Notes and the Bonds is conditioned upon compliance by the City with such requirements.

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

Original Issue Discount. The initial public offering prices of the Bonds of certain maturities may be less than the stated principal amount. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the Bonds will constitute original issue discount. The offering prices relating to the yields set forth on the cover page of this Official Statement for such Bonds is expected to be the initial offering

prices to the public (excluding bond houses and brokers) at which a substantial amount of the Bonds are sold. Under existing law, original issue discount on the Bonds accrued and properly allocable to the owners thereof under the Code is excludable from gross income for federal income tax purposes if interest on the Bonds is excludable from gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in a Bond purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such Bond and will be added to the owner's basis. Original issue discount will accrue on a constant-yield-to-maturity method based on regular compounding. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of such a Bond. For certain corporations (as defined for federal income tax purposes), a portion of the original issue discount that accrues in each year to such Bond will be included in the calculation of the corporation's federal alternative minimum tax liability. As a result, ownership of such a Bond by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

Prospective purchasers of Bonds at an original issue discount should consult their own tax advisors as to the calculation of accrued original issue discount, the accrual of original issue discount in the case of Bondowners purchasing such Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such Bonds.

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

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

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

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

Accrued original issue discount on a Bond is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

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

Owners of the Notes and the Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Notes and the Bonds and the disposition thereof.

Proposed Legislation and Other Matters. Tax legislation and administrative actions taken by tax authorities (whether currently proposed, proposed in the future, or enacted) and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes and the Bonds under federal or state law or otherwise prevent beneficial owners of the Notes and the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation, actions or decisions could affect the market price for, or the marketability of, the Notes and the Bonds.

Prospective purchasers of the Notes and the Bonds should consult their own tax advisers regarding the foregoing matters.

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

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

Ratings

The City has received underlying ratings from Standard & Poor's Ratings Services ("S&P") on the Notes and the Bonds of SP-1+ and A, respectively. Moody's Investors Service ("Moody's") and S&P are each expected to assign the insured ratings of A2 (stable) and AA (stable), respectively, with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp.

Such ratings reflect only the views of such organizations, and an explanation of the significance of such ratings may be obtained from Moody's and S&P. There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by such rating agencies, if in the judgment of Moody's or S&P circumstances so warrant. A downward revision or withdrawal of any such ratings may have an adverse effect on the market price of the Notes or the Bonds.

Financial Advisor

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

Underwriting

The Notes are being purchased by Raymond James & Associates, Inc. (the "Underwriter") pursuant to the terms of a purchase contract for the Notes with the City (the "Note Purchase Agreement"). Pursuant to the Note Purchase Agreement, the Underwriter has agreed to purchase the Notes at the net aggregate purchase price of \$50,172,713.65, which is equal to the par amount of the Notes plus original premium of \$240,000.00 and less an underwriter's discount of \$67,286.35. Pursuant to the Note Purchase Agreement, the City has agreed to indemnify the Underwriter against certain liabilities, including certain liabilities arising under federal and state securities laws. The Underwriter may offer and sell the Notes to certain dealers (including dealers depositing Notes into unit investment trusts) and others at prices lower or yields higher than the public offering prices or yields stated on the inside cover page hereof. The initial offering prices or yields may be changed from time to time by the Underwriter.

The Bonds are being purchased by the Underwriter pursuant to the terms of a purchase contract for the Bonds with the City (the "Bond Purchase Agreement"). Pursuant to the Bond Purchase Agreement, the Underwriter has agreed to purchase the Bonds at the net aggregate purchase price of \$35,267,755.30, which is equal to the par amount of the Bonds plus net original premium of \$2,963,432.70 and less an underwriter's discount of \$130,677.40. Pursuant to the Bond Purchase Agreement, the City has agreed to indemnify the Underwriter against certain liabilities, including certain liabilities arising under federal and state securities laws. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at prices lower or yields higher than the public offering prices or yields stated on the inside cover page hereof. The initial offering prices or yields may be changed from time to time by the Underwriter.

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

Legal Matters

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

Availability of Information

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

Anne Kelly-Lenz
Director of Finance
City of Bridgeport
999 Broad Street
Bridgeport, CT 06604
Telephone: (203) 576-7251

William Fazioli
Senior Managing Consultant
Public Financial Management, Inc.
10 Weybosset Street, Suite 902
Providence, RI 02903
Telephone: (401) 709-5112

Continuing Disclosure

The City will enter into Continuing Disclosure Agreements with respect to the Notes and the Bonds in accordance with the requirements of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). The Underwriter's obligation to purchase the Notes and the Bonds shall be conditioned upon their receiving, at or prior to the delivery of the Notes and the Bonds, executed copies of the Continuing Disclosure Agreements.

Over the last five years, the City has not failed to comply, in all material respects, on any of its obligations under any Continuing Disclosure Agreement for the benefit of holders of its debt obligations to provide annual financial information or event notices pursuant to the Rule, except for a failure to file with the Municipal Securities Rulemaking Board's EMMA system the Fiscal Year 2009 annual financial information until February 24, 2011, due to an oversight. A notice of such failure to file was filed with EMMA.

In accordance with State law, the City prepares annual audited financial statements and files annual audits with the State of Connecticut, Office of Policy and Management. Under its Continuing Disclosure Agreements for bonded indebtedness, the City files its annual audits within 275 days of the end of each fiscal year. The City filed its Fiscal Year 2013 annual audit with EMMA on March 4, 2014. The City provides, and will continue to provide, to the rating agencies ongoing disclosure in the form of its annual financial report, recommended and adopted budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

Concluding Statement

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

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

By /s/ Bill Finch _____
Mayor

By /s/ Anne Kelly-Lenz _____
Director of Finance

By /s/ Ronald Preston _____
Treasurer

Dated as of November 6, 2014

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APPENDIX A – COMPREHENSIVE ANNUAL FINANCIAL REPORT

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BlumShapiro

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, 2013, 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. 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, 2013 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.

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 A-3 through A-15 and the budgetary comparison information on pages A-67 through A-71 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.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 20, 2013

City of Bridgeport, Connecticut
Management's Discussion and Analysis
June 30, 2013

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, 2013. We encourage readers to consider the information presented here along with additional information we have furnished in our letter of transmittal, as well as the City's basic financial statements that follow this section.

Financial Highlights

- ◆ On a government-wide basis, the assets of the City exceeded its liabilities resulting in total net position at the close of the fiscal year of \$296,214,644. Total net position for Governmental Activities at fiscal year-end was \$203,886,761 and total net position for Business-Type Activities were \$92,327,883. The total unrestricted net deficit at June 30, 2013 was \$(430,851,332).
- ◆ On a government-wide basis, during the year, the City's net position increased by \$51,961,897 from \$244,252,747 to \$296,214,644. Net position increased by \$49,141,738 for Governmental Activities and increased by \$2,820,159 for Business-Type Activities. Government-wide expenses for governmental activities were \$648.0 million, while revenues were \$697.1 million.
- ◆ At the close of the year, the City's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$83.7 million, a decrease of \$25.2 from the prior fiscal year. Of the total fund balance as of June 30, 2013, \$4.6 million represents the restricted fund balance, \$67.3 million committed or assigned and \$11.4 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 \$12.9 million: \$12.6 million is unassigned. Available general fund, fund balance at year-end represents 2.4% of total general fund expenditures (\$540 million).
- ◆ The City's total long term debt decreased by \$33.9 million during fiscal 2013.

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 2004.

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 nonmajor 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 used on a budgetary basis can be found on exhibits RSI 1 and RSI 2.

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

Proprietary funds. The City of Bridgeport maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in government-wide financial statements. The City of Bridgeport uses an enterprise fund to account for its Water Pollution Control Authority. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the City of Bridgeport's various functions. The City of Bridgeport uses an internal service fund to account for its health, workers compensation and heart and hypertension self-insurance plan 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 28-67 of this report.

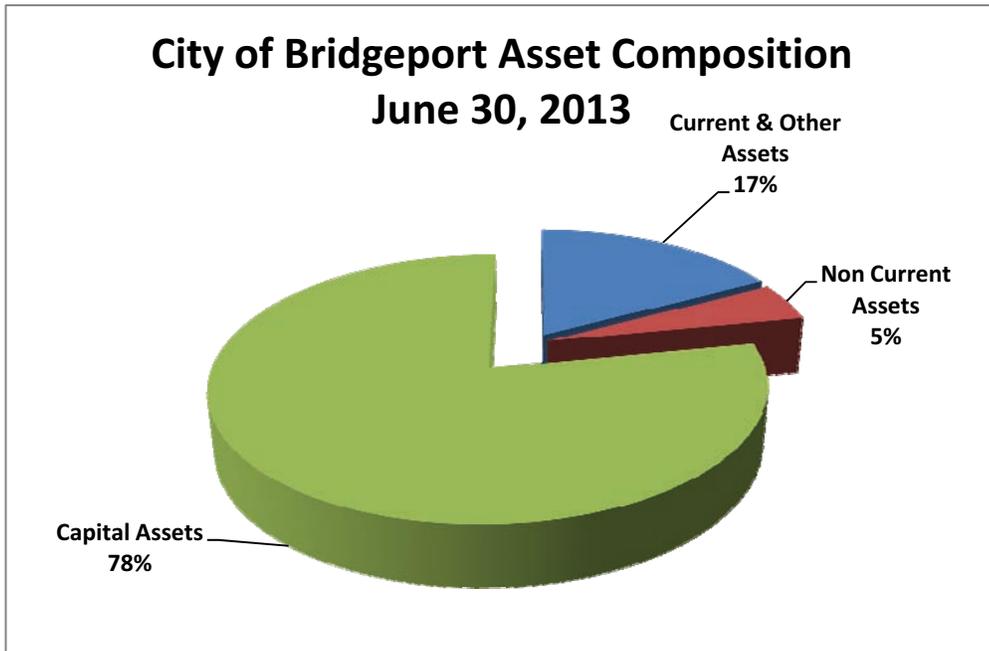
The notes to this report also contain certain information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

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 exceeded its liabilities by \$296,214,644 at June 30, 2013. This is an increase of \$51,961,897 from last year's net position of \$244,252,747.

CITY OF BRIDGEPORT, CONNECTICUT NET POSITION (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 229,138	\$ 240,920	\$ 12,002	\$ 11,998	\$ 241,140	\$ 252,918
Noncurrent	66,657	72,930			66,657	72,930
Capital assets	967,164	897,034	129,035	127,462	1,096,199	1,024,496
Total assets	<u>1,262,959</u>	<u>1,210,884</u>	<u>141,037</u>	<u>139,460</u>	<u>1,403,996</u>	<u>1,350,344</u>
Other liabilities	167,434	151,459	9,075	8,382	176,509	159,841
Long-term debt outstanding	891,639	904,680	39,634	41,570	931,273	946,250
Total liabilities	<u>1,059,073</u>	<u>1,056,139</u>	<u>48,709</u>	<u>49,952</u>	<u>1,107,782</u>	<u>1,106,091</u>
Net position:						
Net investment in capital assets	637,950	552,339	83,954	80,642	721,904	632,981
Restricted	5,161	3,161			5,161	3,161
Unrestricted	<u>(439,225)</u>	<u>(400,755)</u>	<u>8,374</u>	<u>8,866</u>	<u>(430,851)</u>	<u>(391,889)</u>
Total Net Position	<u>\$ 203,886</u>	<u>\$ 154,745</u>	<u>\$ 92,328</u>	<u>\$ 89,508</u>	<u>\$ 296,214</u>	<u>\$ 244,253</u>



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

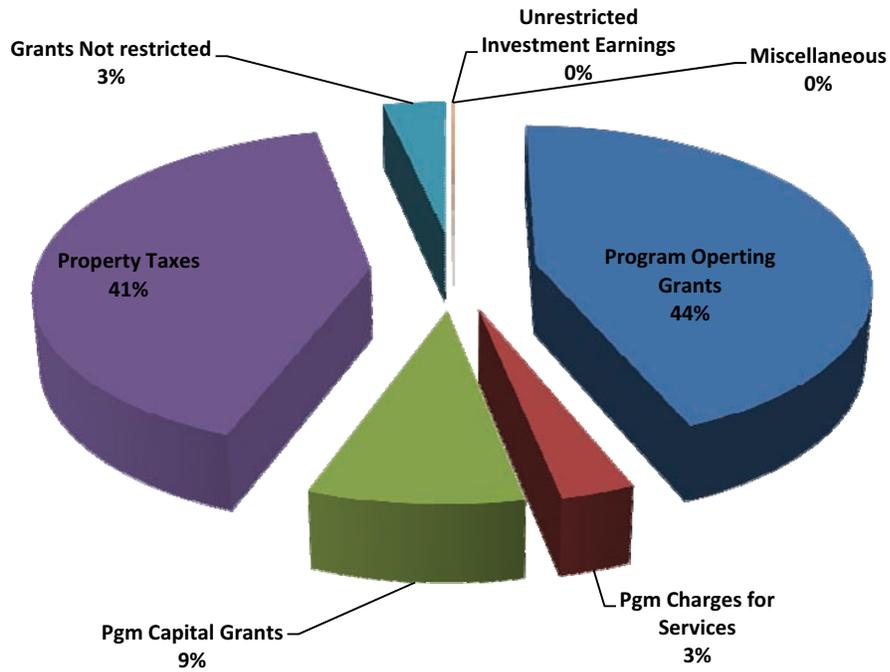
The portion of the City's net position \$721,904,728 reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment), net of any outstanding debt related to these assets. The City uses these capital assets to provide services to citizens; consequently, these 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 are restricted, \$5,161,248 represents resources that are subject to external restrictions on how they may be used. Unrestricted net deficit of \$(430,851,332) may not be used to meet the government's ongoing obligations to citizens and creditors, due to the negative balance. The primary reason for the large negative balance is due to the issuance of the August 2000 General Obligation Taxable Pension Bonds, which were issued to properly fund pension plans, which were previously funded on a "pay-as-you-go" basis, which has a net outstanding balance of \$282,850,000. On a government-wide basis, during the year, the City's net position increased by \$51,961,897 from \$244,252,747 to \$296,214,644. Net position increased by \$49,141,738 for Governmental Activities and net position increased by \$2,820,159 for Business-Type Activities. Government-wide expenses were \$676.4 million, while revenues were \$728.4 million. The increase in net position can primarily be explained by the decrease in noncurrent liabilities which are due in more than one year.

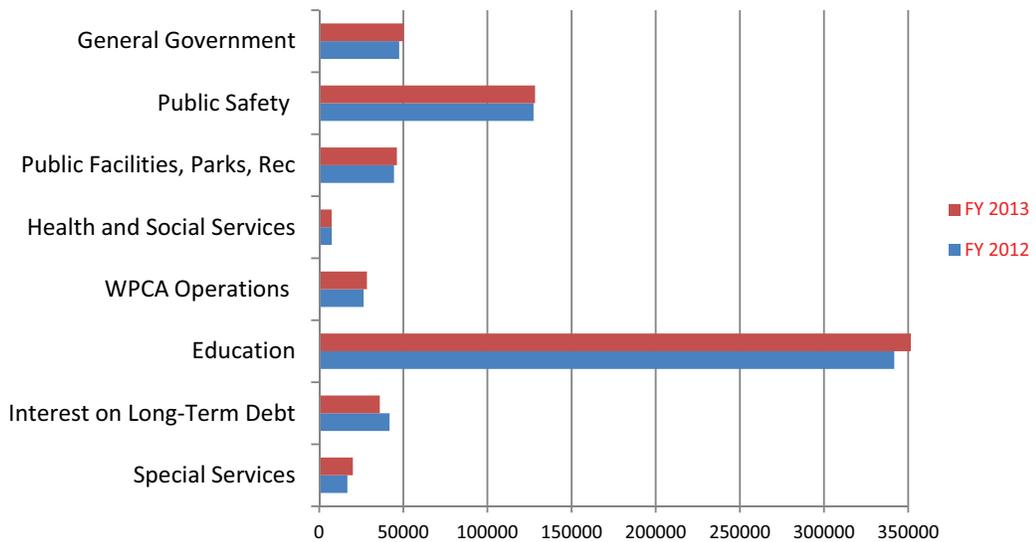
CITY OF BRIDGEPORT, CONNECTICUT
CHANGES IN NET POSITION
(In Thousands)

	Governmental Activities		Business-Type Activities		Total Government-Wide	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 21,153	\$ 19,576	\$ 28,159	\$ 28,083	\$ 49,312	\$ 47,659
Operating grants and contributions	305,713	285,924			305,713	285,924
Capital grants and contributions	61,732	36,939	3,053	4,284	64,785	41,223
General revenues:						
Property taxes	284,380	278,056			284,380	278,056
Grants not restricted to specific programs	23,821	21,237			23,821	21,237
Unrestricted investment earnings	308	306	8	12	316	318
Miscellaneous	23				23	
Total revenues	<u>697,130</u>	<u>642,038</u>	<u>31,220</u>	<u>32,379</u>	<u>728,350</u>	<u>674,417</u>
Expenses:						
General government	50,230	47,585			50,230	47,585
Public safety	128,335	127,416			128,335	127,416
Public facilities, parks and recreation, planning and development	46,160	44,443			46,160	44,443
Health and social services	7,373	7,515			7,373	7,515
Operations			28,400	26,387	28,400	26,387
Education	358,685	341,739			358,685	341,739
Interest on long-term debt	36,009	41,870			36,009	41,870
Special services	21,197	16,738			21,197	16,738
Total expenses	<u>647,989</u>	<u>627,306</u>	<u>28,400</u>	<u>26,387</u>	<u>676,389</u>	<u>653,693</u>
Change in net position	49,141	14,732	2,820	5,992	51,961	20,724
Net Position, beginning	<u>154,745</u>	<u>140,013</u>	<u>89,508</u>	<u>83,516</u>	<u>244,253</u>	<u>196,233</u>
Net Position, Ending	<u>\$ 203,886</u>	<u>\$ 154,745</u>	<u>\$ 92,328</u>	<u>\$ 89,508</u>	<u>\$ 296,214</u>	<u>\$ 244,253</u>

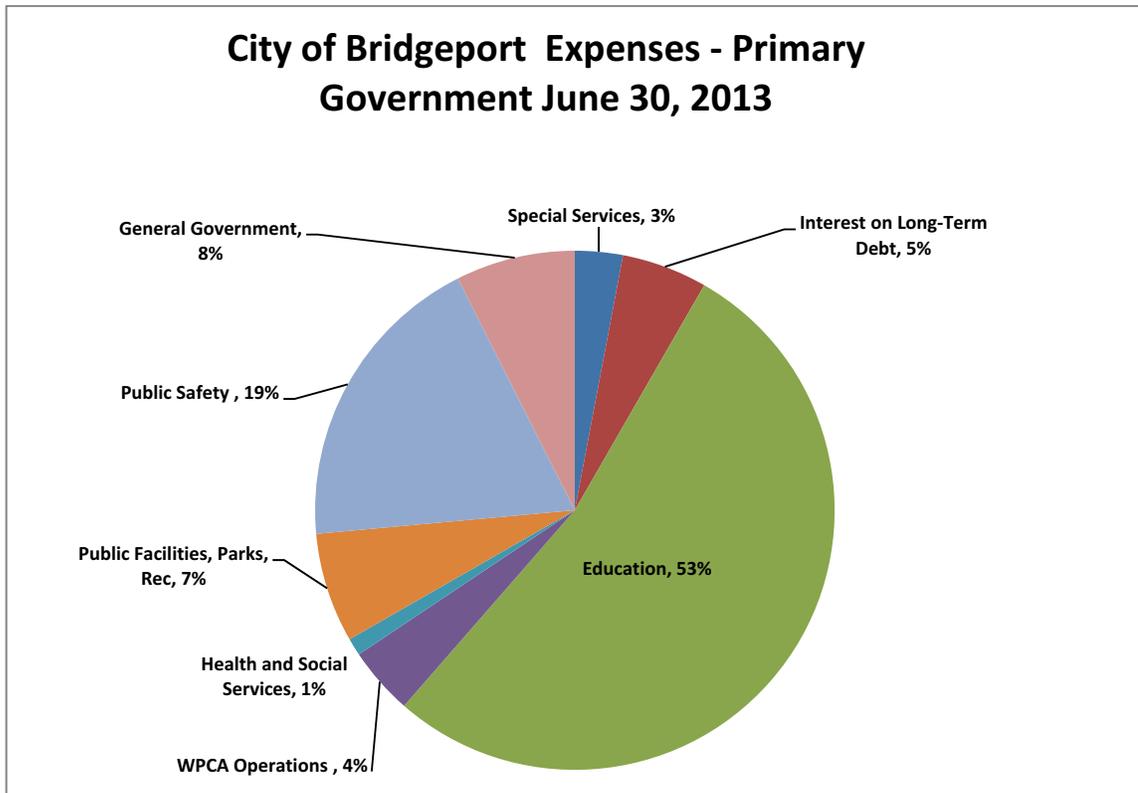
City of Bridgeport FY13 Revenues



City of Bridgeport Primary Government Expenditures FY2012 v FY2013 (in Millions)



City of Bridgeport Expenses - Primary Government June 30, 2013



Bridgeport's net position increased by \$51,961,897 during the fiscal year, with the net position of Governmental Activities increasing by \$49,141,738 million, and net position of Business-Type Activities increasing by \$2,820,159. The increase in net position represents the degree in decreases for claims and worker's compensation in the Internal Service Fund.

Governmental Activities

Program revenues represented 44% of total revenues, followed by property taxes at 41%, and program capital other unrestricted grants at 3% and program charges for service at 3 0%.

Major revenue factors included:

- ◆ Property tax revenues recorded for fiscal year 2013 represents an increase of \$6.3 million from the prior fiscal year ended June 30, 2012.
- ◆ Program Revenue increased \$45.0 million from \$342.4 million in the prior fiscal year to \$388.6 million for the fiscal year ended June 30, 2013.

For Government Wide Activities, 53% of the City's expenses relate to education; 19% relate to public safety; 3% relate to special services; 5% relate to interest payments on long-term debt; 7% relate to public facilities, parks and recreation; 4% 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 2012-2013 budget process, discretionary expenses held stable.
- ◆ Police, Fire and Public Facility overtime increased due to major storms which hit the City.

Business-Type Activities

Water Pollution Control Authority (WPCA) revenue for charges for services remain constant for 2013 from prior year at \$28 million while their expenses increased slightly from \$26.3 million to \$28.4 million.

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 \$83.7 million, a decrease of \$25,197,013 from the prior year. Total General Fund balance increased \$203,568 from \$12.7 million to \$12.9 million. \$12.6 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 \$12.9 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 2.4% of total General Fund expenditures.

The Capital Bond Issue Fund has a total fund balance of \$60.9 million down from \$90.8 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 \$10.5 million, up from \$6.0 million in the prior year, mainly due to lower expenses in these funds.

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 were \$92.3 million, as compared to \$89.5 million in the prior year.

The unrestricted net position of the Water Pollution Control Authority were \$8.4 million. The Water Pollution Control Authority experienced operating revenues of \$28.2 million from user fees. There was a total operating loss for the WPCA of \$(232,572) before capital contributions of \$3.1 million. The change in net position for the fiscal year ended June 30, 2013 was \$2.8 million.

Net position of the Internal Service Fund were \$(88.7) million, as compared to \$(93.8) million in the prior year. This decrease is due to the lower accrued liability of Claims and judgments.

General Fund Budgetary Highlights

The City's fiscal 2013 budget was a balanced budget which kept the 1 mill rate increase for the library funding which was a voter-approved millage increase. Total expenditures and other financing use budget was \$508,256,333 of which actual was \$511,511,329 showing total expenditures and other financing uses actual higher than budget by 3,254,996.

Over all total property taxes were over the budgetary results for fiscal year 2013 by \$1.4 million, while current tax collection rates remained strong at a 97.39%. The collection for the arrears was over budgetary expectations by \$.3 million. Total revenues and other financing sources with a budgetary base of \$508,256,333 showed an actual of \$511,714,897 resulting in actual above budgetary revenues of \$3,458,564.

The City of Bridgeport's General Fund ended the FY 2012-2013 with a modest surplus of \$203,568.

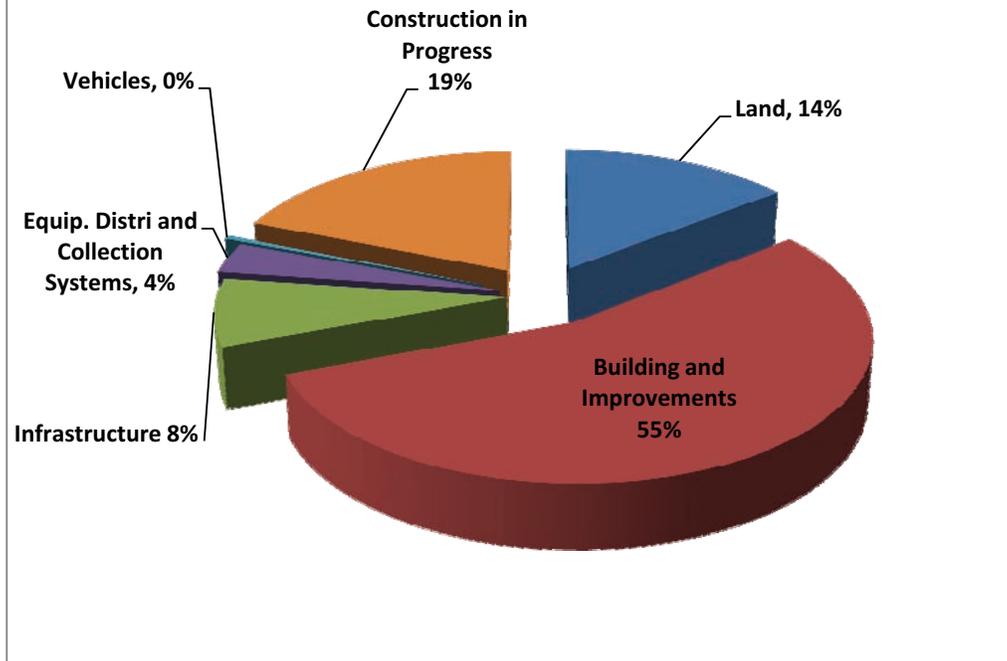
Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities, as of June 30, 2013, amounted to \$1,096.2 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 \$71.7 million.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Land	\$ 139,235	\$ 139,235	\$	\$	\$ 139,235	\$ 139,235
Buildings and improvements	531,379	538,027	46,162	50,280	577,541	588,307
Infrastructure	76,113	69,394			76,113	69,394
Equipment, distribution and collection systems	33,960	30,666	63,273	63,965	97,233	94,631
Vehicles	4,133	6,011	347	291	4,480	6,302
Construction in progress	182,344	113,701	19,253	12,926	201,597	126,627
Total	\$ 967,164	\$ 897,034	\$ 129,035	\$ 127,462	\$ 1,096,199	\$ 1,024,496

City Bridgeport Capital Assets - Primary Government - June 30, 2013



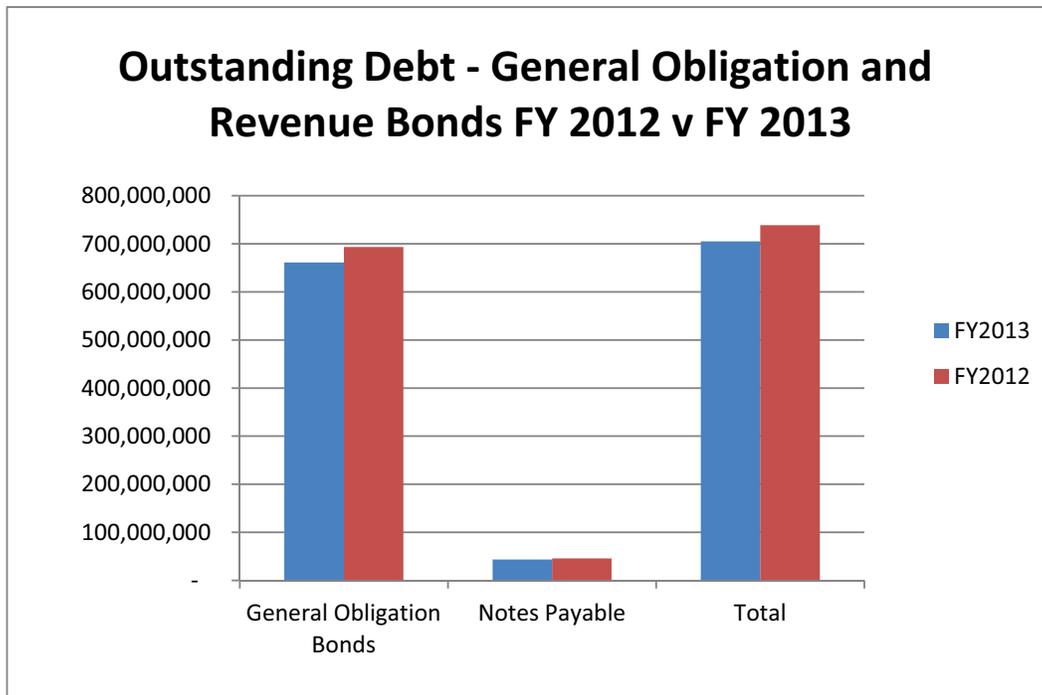
Major capital asset events during the current fiscal year included the following:

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

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

CITY OF BRIDGEPORT, CONNECTICUT OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 657,515,000	\$ 689,265,000	\$ 3,874,164	\$ 4,008,491	\$ 661,389,164	\$ 693,273,491
Notes payable	2,396,000	2,843,000	41,206,817	42,811,617	43,602,817	45,654,617
Totals	\$ 659,911,000	\$ 692,108,000	\$ 45,080,981	\$ 46,820,108	\$ 704,991,981	\$ 738,928,108



Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$704,991,981. 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 \$43,602,817 through user fee charges.

The City’s total long term debt decreased by \$33.9 million during fiscal 2013.

Moody’s Investors Service, Inc. (Moody’s), Standard & Poor’s Rating Group (Standard & Poor’s) and FitchRatings, Inc. (Fitch) have each assigned their underlying municipal bond rating of “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 \$1.998 billion. As of June 30, 2013, the City recorded long-term debt of \$659.9 million related to Governmental Activities and \$45.1 million related to Business-Type Activities, well below its statutory debt limit.

Additional information on the City of Bridgeport’s long-term debt can be found in Note 9 of this report.

Economic Factors and Next Year’s Budgets and Rates

The City, surrounding towns, and the State have not been immune from the effects of the national economic downturn but all are starting to show a small decline in their unemployment rate. As of June 30, 2013, the unemployment rate for the Bridgeport Labor Market Area was 12.37%, down from 12.6% in the prior year. Connecticut’s overall unemployment rate decreased to 8.0% from 8.1%, 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.

CITY OF BRIDGEPORT, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 135,237,090	\$ 4,673,470	\$ 139,910,560
Temporarily restricted cash and cash equivalents	2,500,000		2,500,000
Investments	1,380,680		1,380,680
Receivables, net of allowances for collection losses:			
Property taxes	34,696,569		34,696,569
Sewer user fees and liens		6,006,975	6,006,975
Federal and state governments	40,684,977		40,684,977
Other	11,881,281	1,729,092	13,610,373
Internal balances	407,864	(407,864)	-
Other assets	2,350,000		2,350,000
Total current assets	<u>229,138,461</u>	<u>12,001,673</u>	<u>241,140,134</u>
Noncurrent:			
Bond issuance costs	5,534,254		5,534,254
Capital assets not being depreciated	321,578,529	19,252,709	340,831,238
Capital assets being depreciated, net of depreciation	645,585,472	109,782,686	755,368,158
Net pension assets	61,123,134		61,123,134
Total noncurrent assets	<u>1,033,821,389</u>	<u>129,035,395</u>	<u>1,162,856,784</u>
Total assets	<u>1,262,959,850</u>	<u>141,037,068</u>	<u>1,403,996,918</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	45,883,086	3,628,204	49,511,290
Due to fiduciary funds	2,696,805		2,696,805
Unearned revenue	14,531,845		14,531,845
Notes payable	25,000,000		25,000,000
Accrued interest payable	15,561,181		15,561,181
Current maturities of long-term obligations	63,761,420	5,447,241	69,208,661
Total current liabilities	<u>167,434,337</u>	<u>9,075,445</u>	<u>176,509,782</u>
Noncurrent liabilities:			
Due in more than one year	891,638,752	39,633,740	931,272,492
Total liabilities	<u>1,059,073,089</u>	<u>48,709,185</u>	<u>1,107,782,274</u>
Net Position:			
Net investment in capital assets	637,950,314	83,954,414	721,904,728
Restricted for:			
Debt service and capital improvements			
Permanent funds, expendable	108,717		108,717
Permanent funds, nonexpendable	552,531		552,531
Self-insured claims	4,500,000		4,500,000
Unrestricted	(439,224,801)	8,373,469	(430,851,332)
Total Net Position	<u>\$ 203,886,761</u>	<u>\$ 92,327,883</u>	<u>\$ 296,214,644</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, 2013

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	\$ (50,229,529)	\$ 3,766,901	\$ 704,873	\$	\$ (45,757,755)	\$	\$ (45,757,755)
Public safety	(128,334,652)	6,077,391	64,006		(122,193,255)		(122,193,255)
Public facilities, parks and recreation	(42,355,324)	4,217,714	1,619,514	1,205,943	(35,312,153)		(35,312,153)
Planning and economic development	(3,804,545)	2,904,860	12,587,947		11,688,262		11,688,262
Health and social services	(7,373,284)	2,013,222	3,892,593		(1,467,469)		(1,467,469)
Education	(358,684,463)	704,164	276,324,293	60,215,806	(21,440,200)		(21,440,200)
Special services	(21,196,639)	1,468,921	8,993,807	310,000	(10,423,911)		(10,423,911)
Interest on long-term debt	(36,008,703)		1,526,001		(34,482,702)		(34,482,702)
Total governmental activities	(647,987,139)	21,153,173	305,713,034	61,731,749	(259,389,183)		(259,389,183)
Business-type activities:							
Water Pollution Control Authority	(28,399,775)	28,159,305		3,052,731		2,812,261	2,812,261
Total	\$ (676,386,914)	\$ 49,312,478	\$ 305,713,034	\$ 64,784,480	(259,389,183)	2,812,261	(256,576,922)
General revenues:							
Property taxes					284,379,599		284,379,599
Grants and contributions not restricted to specific programs					23,820,702		23,820,702
Unrestricted investment earnings					307,620	7,898	315,518
Gain on sale of capital assets							
Miscellaneous					23,000		23,000
Total general revenues					308,530,921	7,898	308,538,819
Change in net position					49,141,738	2,820,159	51,961,897
Net Position, Beginning of Year					154,745,023	89,507,724	244,252,747
Net Position, End of Year					\$ 203,886,761	\$ 92,327,883	\$ 296,214,644

The accompanying notes are an integral part of the financial statements

CITY OF BRIDGEPORT, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	<u>General</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	\$ 40,684,619	\$ 414,439	\$ 84,692,031	\$ 8,736,392	\$ 134,527,481
Investments				1,380,680	1,380,680
Receivables, net of allowances for collection losses:					
Property taxes	34,696,569				34,696,569
Intergovernmental	32,184,568	2,260,381	389,047	5,850,981	40,684,977
Other	2,194,123		101,929	9,585,229	11,881,281
Due from other funds	20,366,365	3,659,649	27,025	2,064,513	26,117,552
Other assets	<u>350,000</u>				<u>350,000</u>
Total Assets	<u>\$ 130,476,244</u>	<u>\$ 6,334,469</u>	<u>\$ 85,210,032</u>	<u>\$ 27,617,795</u>	<u>\$ 249,638,540</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 14,457,832	\$ 1,801,079	\$ 11,659,882	\$ 1,012,292	\$ 28,931,085
Payroll and other accrued liabilities	15,611,688	409,494		335,851	16,357,033
Due to other funds	20,234,140	756,866	11,721,400	7,191,245	39,903,651
Deferred revenues	42,248,502	3,970,691	934,031	8,576,218	55,729,442
Notes payable	25,000,000				25,000,000
Total liabilities	<u>117,552,162</u>	<u>6,938,130</u>	<u>24,315,313</u>	<u>17,115,606</u>	<u>165,921,211</u>
Fund balances:					
Nonspendable	350,000				350,000
Restricted				4,592,021	4,592,021
Committed			60,894,719	6,439,371	67,334,090
Assigned					
Unassigned	12,574,082	(603,661)		(529,203)	11,441,218
Total fund balances	<u>12,924,082</u>	<u>(603,661)</u>	<u>60,894,719</u>	<u>10,502,189</u>	<u>83,717,329</u>
Total Liabilities and Fund Balances	<u>\$ 130,476,244</u>	<u>\$ 6,334,469</u>	<u>\$ 85,210,032</u>	<u>\$ 27,617,795</u>	<u>\$ 249,638,540</u>

(Continued on next page)

CITY OF BRIDGEPORT, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2013

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	\$ 83,717,329
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	\$ 1,281,863,105
Less accumulated depreciation	<u>(314,699,104)</u>
Net capital assets	967,164,001
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:	
Property tax receivables greater than 60 days	15,992,012
Interest receivable on property taxes	17,100,210
Receivable from the state for school construction projects	8,105,375
Bond issuance costs	5,534,254
Net pension asset	61,123,134
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.	(88,659,057)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and notes payable	(659,911,000)
Deferred for issuance premiums	(17,015,149)
Deferred amounts for refunding	3,967,743
Compensated absences	(28,111,327)
Landfill closure	(104,558)
State Department of Education loan	(3,500,000)
OPEB obligation	(144,507,188)
Net pension obligation	(1,447,837)
Interest payable on bonds and notes	<u>(15,561,181)</u>
Net Position of Governmental Activities (Exhibit I)	<u>\$ 203,886,761</u>

The accompanying notes are an integral part of the financial statements

CITY OF BRIDGEPORT, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	<u>General</u>	<u>Education Grants</u>	<u>Capital Bond Issue</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 285,962,925	\$	\$	\$	\$ 285,962,925
Intergovernmental	234,019,361	70,619,922	62,819,825	23,734,241	391,193,349
Fees, permits and licenses	15,953,121				15,953,121
Interest	50,325		226,383	30,331	307,039
Other	3,089,863		609,891	3,346,719	7,046,473
Total revenues	<u>539,075,595</u>	<u>70,619,922</u>	<u>63,656,099</u>	<u>27,111,291</u>	<u>700,462,907</u>
Expenditures:					
Current:					
General government	39,039,354			652,280	39,691,634
Public safety	121,687,093				121,687,093
Public facilities	36,166,380				36,166,380
Planning and economic development	3,804,545				3,804,545
Health and social services	4,796,618			2,166,312	6,962,930
Libraries	5,604,767			562,114	6,166,881
Education	261,470,234	70,619,922		2,420	332,092,576
Special services	995,299			19,242,068	20,237,367
Debt service:					
Principal retirements	27,717,065				27,717,065
Interest and other charges	38,484,830				38,484,830
Capital outlay			93,042,777		93,042,777
Total expenditures	<u>539,766,185</u>	<u>70,619,922</u>	<u>93,042,777</u>	<u>22,625,194</u>	<u>726,054,078</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(690,590)</u>	<u>-</u>	<u>(29,386,678)</u>	<u>4,486,097</u>	<u>(25,591,171)</u>
Other Financing Sources (Uses):					
Transfers in	500,000				500,000
Transfers out			(500,000)		(500,000)
Bond refunding issue	55,225,000				55,225,000
Premium on bonds issued	4,874,093				4,874,093
Payment to escrow agent	(59,704,935)				(59,704,935)
Total other financing sources (uses)	<u>894,158</u>	<u>-</u>	<u>(500,000)</u>	<u>-</u>	<u>394,158</u>
Net Change in Fund Balances	203,568		(29,886,678)	4,486,097	(25,197,013)
Fund Balances at Beginning of Year	<u>12,720,514</u>	<u>(603,661)</u>	<u>90,781,397</u>	<u>6,016,092</u>	<u>108,914,342</u>
Fund Balances at End of Year	<u>\$ 12,924,082</u>	<u>\$ (603,661)</u>	<u>\$ 60,894,719</u>	<u>\$ 10,502,189</u>	<u>\$ 83,717,329</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, 2013

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) \$ (25,197,013)

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	95,714,103
Depreciation expense	(25,583,863)

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

Property tax receivable - accrual basis change	(1,620,835)
Property tax interest and lien revenue - accrual basis change	(45,508)
School building grant receipts	(1,745,386)
Net pension assets	(1,747,756)

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:

Refunding bonds issued	(55,225,000)
Bond and note principal payments	27,717,065
Payments to refunding bond escrow agent	59,704,935

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 deferred amounts for issuance premiums	(2,759,954)
Change in deferred amounts on refunding	(114,671)
Compensated absences	(1,473,137)
Landfill post closure care	24,806
OPEB obligation	(24,323,339)
Net pension obligation	175,356
Change in bond issuance costs	(442,142)
Accrued interest	918,801

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.

5,165,276

Change in Net Position of Governmental Activities (Exhibit II) \$ 49,141,738

The accompanying notes are an integral part of the financial statements

CITY OF BRIDGEPORT, CONNECTICUT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2013

	Business-Type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
Assets:		
Current:		
Cash and cash equivalents	\$ 4,673,470	\$ 709,609
Receivables, net of allowances for collection losses:		
Unbilled usage charges	6,006,975	
Other receivables	1,729,092	
Due from other funds		11,497,926
Prepaid asset		2,000,000
Total current assets	<u>12,409,537</u>	<u>14,207,535</u>
Noncurrent:		
Restricted cash and cash equivalents		2,500,000
Capital assets not being depreciated	19,252,709	
Capital assets being depreciated, net of accumulated depreciation	109,782,686	
Total noncurrent assets	<u>129,035,395</u>	<u>2,500,000</u>
Total assets	<u>141,444,932</u>	<u>16,707,535</u>
Liabilities:		
Current:		
Current portion of long-term debt	5,447,241	
Accounts payable and accrued expenses	2,376,330	594,968
Accrued interest payable	399,281	
Construction contracts payable	718,100	
Due to other funds	407,864	768
Deferred revenue	134,493	
Claims payable - current portion		18,001,471
Total current liabilities	<u>9,483,309</u>	<u>18,597,207</u>
Noncurrent:		
Claims payable - noncurrent portion		86,769,385
Long-term debt less current portion	39,633,740	
Total noncurrent liabilities	<u>39,633,740</u>	<u>86,769,385</u>
Total liabilities	<u>49,117,049</u>	<u>105,366,592</u>
Net Position:		
Net invested in capital assets	83,954,414	
Restricted for self-insured claims		4,500,000
Unrestricted	8,373,469	(93,159,057)
Total Net Position	<u>\$ 92,327,883</u>	<u>\$ (88,659,057)</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, 2013

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
Operating revenues:		
Sewer user fees	\$ 27,138,996	\$
Other operating income	1,020,309	
Charges for services		112,002,316
Total operating revenues	<u>28,159,305</u>	<u>112,002,316</u>
Operating expenses:		
Operation and maintenance	20,728,362	
Depreciation	6,810,808	
Claims		106,837,040
Total operating expenses	<u>27,539,170</u>	<u>106,837,040</u>
Operating income	<u>620,135</u>	<u>5,165,276</u>
Nonoperating revenue (expense):		
Interest income	7,898	
Interest expense	(860,605)	
Total nonoperating expense	<u>(852,707)</u>	<u>-</u>
Income (loss) before capital contributions	(232,572)	5,165,276
Capital contributions	<u>3,052,731</u>	<u>-</u>
Change in Net Position	2,820,159	5,165,276
Net Position, Beginning of Year	<u>89,507,724</u>	<u>(93,824,333)</u>
Net Position, End of Year	<u>\$ 92,327,883</u>	<u>\$ (88,659,057)</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, 2013

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
Cash flows from operating activities:		
Receipts from customers and users	\$ 28,785,202	\$
Payments to suppliers	(19,417,432)	
Payments to employees	(768,958)	
Cash received (paid) for interfund services used	65,481	(6,711,310)
Cash received from charges for services		110,002,316
Cash paid to vendors and beneficiaries		(103,657,012)
Net cash provided by (used in) operating activities	<u>8,664,293</u>	<u>(366,006)</u>
Cash flows from capital and related financing activities:		
Principal payments on debt	(5,061,148)	
Interest paid on debt	(712,538)	
Proceeds from notes payable	3,322,021	
Proceeds received on capital grants	3,052,731	
Purchase of capital assets	(8,570,938)	
Net cash used in capital and related financing activities	<u>(7,969,872)</u>	<u>-</u>
Cash flows from investing activities:		
Interest received on investments	7,898	
Net cash provided by investing activities	<u>7,898</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	702,319	(366,006)
Cash and cash equivalents at beginning of year	<u>3,971,151</u>	<u>3,575,615</u>
Cash and Cash Equivalents at End of Year	<u>\$ 4,673,470</u>	<u>\$ 3,209,609</u>
Reconciliation to Statement of Net Position:		
Cash and cash equivalents	\$ 4,673,470	\$ 709,609
Restricted cash and cash equivalents		<u>2,500,000</u>
	<u>\$ 4,673,470</u>	<u>\$ 3,209,609</u>
Reconciliation of Operating Income to Net Cash Provided by (Used in)		
Operating Activities:		
Operating income	\$ 620,135	\$ 5,165,276
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation	6,810,808	
Decrease in accounts receivable and unbilled usage charges	160,753	
(Increase) decrease in other receivables	768,010	(2,000,000)
Decrease in provision for uncollectible accounts	(295,377)	
(Increase) decrease in due to (from) other funds	65,481	(6,711,310)
Increase in accounts payable and accrued expenses	541,972	594,968
Decrease in deferred revenues	(7,489)	
Increase in claims payable		<u>2,585,060</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 8,664,293</u>	<u>\$ (366,006)</u>

The accompanying notes are an integral part of the financial statements

CITY OF BRIDGEPORT, CONNECTICUT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS

JUNE 30, 2013

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
Assets:		
Cash and cash equivalents	\$ 28,826,468	\$ 436,636
Investments:		
U.S. Government Agency Obligation	10,674,183	
U.S. Government Security Obligations	11,157,315	
Corporate Bonds	20,731,484	
Common Stocks	130,502,284	
Private Hedge Fund	10,712,574	
Mutual Funds - Equities	50,126,947	
Alternative Investments	9,788,000	
Total investments	<u>243,692,787</u>	<u>-</u>
Due from other funds	<u>2,696,805</u>	
Total assets	<u>275,216,060</u>	<u>436,636</u>
Liabilities:		
Other liabilities	186	
Due to student groups		436,636
Total liabilities	<u>186</u>	<u>436,636</u>
Net Position Held in Trust for Pension Benefits	<u>\$ 275,215,874</u>	<u>\$ -</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, 2013

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 17,331,552
Plan members	1,762,673
Annuity proceeds	1,995,146
Total contributions	<u>21,089,371</u>
Investment income:	
Net appreciation in fair value of investments	16,665,131
Interest and dividends	6,702,628
	<u>23,367,759</u>
Less investment expenses:	
Investment management fees	<u>(1,332,659)</u>
Net investment income	<u>22,035,100</u>
Total additions	<u>43,124,471</u>
Deductions:	
Benefits	40,348,390
Administration	170,666
Distribution of assets to State Municipal Employees' Retirement Fund - Note 12	63,614,083
Total deductions	<u>104,133,139</u>
Change in Net Position	(61,008,668)
Net Position, Beginning of Year	<u>336,224,542</u>
Net Position, End of Year	<u>\$ 275,215,874</u>

The accompanying notes are an integral part of the financial statements

CITY OF BRIDGEPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied for. Intergovernmental grants and entitlements and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, except for debt service expenditures and expenditures related to compensated absences which are recorded only when payment is due (matured).

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

The City reports the following major governmental funds.

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

The 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.

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.

Accounting Estimates

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

Cash and Cash Equivalents

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

Investments

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

Property Taxes

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

Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the WPCA during the current fiscal year was \$860,605. Of this amount, \$176,008 was included as part of the cost of capital assets under construction in connection with wastewater treatment facilities' construction projects.

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

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

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

Claims and Judgments

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

Compensated Absences

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

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

The governmental fund financial statements recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pension Accounting

Pension Trust Funds:

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

Governmental Funds:

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

Fund Equity and Net 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 Town Council (resolution) to remove or revise the limitations.

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, this includes 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.

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.

2. BUDGETS AND BUDGETARY ACCOUNTING

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

- ◆ The Mayor shall submit to the City Council, no later than 120 days before July 1, the proposed operating and capital budgets.
- ◆ The Mayor shall submit to the City Council, with the proposed budgets, a certificate that the budget is consistent with a three-year financial plan, and that operating within the budget is feasible.
- ◆ Expenditures may not legally exceed appropriations at the department level (legal level of control).
- ◆ Budgets must include appropriations which, among others, allow funding of expenditures required by law, those for debt service, and for elimination of prior deficits, as well as those properly attributable to the fiscal year.

- ◆ Budgeted revenues cannot exceed certain actual amounts of prior year's revenues unless justification for each item has been approved by the City Council.
- ◆ Budgets must include schedules of cash disbursements and cash receipts for the fiscal year on a monthly basis, with sufficient detail for City Council to determine estimated need for cash-flow borrowings during the year.
- ◆ The City Council shall approve the three-year financial plan, with the budget forming the first year of the financial plan, once it determines that such plan is complete.
- ◆ Transfers and supplemental appropriations of budgeted amounts that change a department's total budgeted expenditures must be adopted by resolutions of the City Council. There were no supplemental appropriations during the year ended June 30, 2013. In addition, per City Ordinance, all requests for transfers of \$10,000 or more in the aggregate in any one fiscal year between sub-line items must also be requested through the City Council with appropriate documentation. Also, any transfers between line item accounts (salary, overtime, fringe benefits and operating and special services) shall be submitted with appropriate documentation, for Council approval regardless of the dollar amount.

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

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

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

	<u>Revenues and Other Sources</u>	<u>Expenditures and Other Financing Uses</u>
Balance, GAAP basis fund financial statements	\$ 599,674,688	\$ 599,471,120
Bond refunding transactions:		
Bond refunding issue	(55,225,000)	
Premium on bond refunding	(4,874,093)	
Payment to escrow agent		(59,704,935)
Bond refunding cost		(394,158)
State Teachers' Retirement payments made by State Department of Education on behalf of the City, not recognized for budgetary purposes	(23,333,888)	(23,333,888)
Excess cost payments made by State Department of Education on behalf of the City, not recognized for budgetary purposes	<u>(4,526,810)</u>	<u>(4,526,810)</u>
Balance, Budgetary Basis	<u>\$ 511,714,897</u>	<u>\$ 511,511,329</u>

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

During the year ended June 30, 2013, the following line items had overexpended appropriations:

	Final Appropriation	Expenditures, Encumbrances and Other Financing Uses	Balance Overexpended
Mayor's Office	\$ 950,242	\$ 962,332	\$ 12,090
Central grants	409,859	438,524	28,665
Registrar of voters	703,596	718,222	14,626
Labor relations/benefits/pensions	20,474,171	20,485,353	11,182
Police department	86,222,961	90,299,130	4,076,169
Fire department	53,858,040	57,213,813	3,355,773
Emergency operation center	4,940,590	5,539,523	598,933
Airport	1,128,155	1,274,492	146,337
Municipal garage	2,467,001	2,572,192	105,191
Public facilities administration	11,692,500	11,726,895	34,395
Sanitation	5,732,796	5,912,367	179,571
Parks	2,412,269	2,412,677	408
Building department	1,132,631	1,211,438	78,807
Health and social services administration	268,192	352,835	84,643
Communicable disease clinic	456,079	460,656	4,577
Environmental health	733,869	756,553	22,684
Housing code enforcement	573,789	588,436	14,647
Lead prevention program	152,361	154,676	2,315
Lighthouse/Youth Services	1,715,640	1,727,756	12,116
Schools	219,825,522	219,831,123	5,601

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.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

Deposits

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$99,523,641 of the City’s bank balance of \$101,960,277 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 89,371,277
Uninsured and collateral held by the pledging bank’s trust department, not in the City’s name	<u>10,152,364</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 99,523,641</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, 2013 the City's cash equivalents amounted to \$78,761,415. 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*	
JP Morgan Chase*	
Morgan Stanley*	

*Not rated

Cash and cash equivalents are restricted for the following uses at June 30, 2013:

Proprietary Fund:	
Self Insurance Programs	\$ 2,500,000

B. Investments

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

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

The pension fund asset allocation parameters are as follows:

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

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

Concentrations: The City's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from 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.

Investments of the City consist of the following at June 30, 2013:

Investments:

Permanent Trust Fund:

U.S. Government Securities	\$ <u>476,564</u> *
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Special Revenue Fund:

U.S. Government Securities	<u>904,116</u> *
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Pension Trust Funds:

U.S. Government Agencies	10,674,183 *
Corporate Bonds	20,731,484 *
U.S. Government Securities	11,157,315 *
Alternative Investments	9,788,000 *
Common and Preferred Stocks	130,502,284 *
Mutual Funds	50,126,947
Private Hedge Fund	<u>10,712,574</u>
	<u>243,692,787</u>

Total Investments	\$ <u><u>245,073,467</u></u>
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* 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	\$ 139,910,560
Restricted cash and cash equivalents	2,500,000
Investments	<u>1,380,680</u>
	<u>141,293,740</u>
Fiduciary funds:	
Cash and cash equivalents	29,263,104
Investments	<u>243,692,787</u>
	<u>272,955,891</u>
Total Cash, Cash Equivalents and Investments	<u>\$ 414,249,631</u>

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

	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-10 Years</u>	<u>Over 10 Years</u>
Type of Investment:				
U.S. Government securities	\$ 12,537,995	\$	\$ 9,485,053	\$ 3,052,942
U.S. Government agencies	10,674,183	838,625	9,442,471	393,087
Corporate Bonds	<u>20,731,484</u>	<u>1,926,108</u>	<u>17,838,604</u>	<u>966,772</u>
Total	<u>\$ 43,943,662</u>	<u>\$ 2,764,733</u>	<u>\$ 36,766,128</u>	<u>\$ 4,412,801</u>

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

<u>Average Rating</u>	<u>Corporate Bonds</u>	<u>U.S. Government Agency Obligation</u>
Aaa	\$	\$ 14,074,637
Aa1		
Aa2	299,283	
Aa3	1,090,830	195,706
A1	4,650,242	331,035
A2	3,597,331	
A3	3,469,923	
Baa1	2,247,235	83,845
Baa2	3,343,120	
Baa3	1,017,421	
Ba1	530,000	37,037
Ba2		231,670
Ba3	129,930	581,072
B1		754,379
B2		723,081
B3		1,590,258
Caa1	249,765	68,725
Caa2		195,890
Caa3		330,059
Ca		139,431
C		45,498
Unrated	<u>106,404</u>	<u>3,829,855</u>
	<u>\$ 20,731,484</u>	<u>\$ 23,212,178</u>

4. RECEIVABLES - FUND BASIS

Receivables at June 30, 2013 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	\$ 43,085,637	\$	\$	\$	\$	\$ 43,085,637
Interest on property taxes	17,100,210					17,100,210
Contributions						
Sewer user fees				9,805,890		9,805,890
Intergovernmental	32,184,568	2,260,381	389,047		5,850,981	40,684,977
Other	<u>2,194,123</u>		<u>101,929</u>	<u>1,729,092</u>	<u>9,585,229</u>	<u>13,610,373</u>
Gross receivables	94,564,538	2,260,381	490,976	11,534,982	15,436,210	124,287,087
Less allowance for collection losses	<u>25,489,278</u>			<u>3,798,915</u>		<u>29,288,193</u>
Net Receivables	<u>\$ 69,075,260</u>	<u>\$ 2,260,381</u>	<u>\$ 490,976</u>	<u>\$ 7,736,067</u>	<u>\$ 15,436,210</u>	<u>\$ 94,998,894</u>

5. INTERFUND ACCOUNTS

As of June 30, 2013, amounts due from and to other funds were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 20,366,365	\$ 20,234,140
Education grants	<u>3,659,649</u>	<u>756,866</u>
Capital Bond Issue Fund	<u>27,025</u>	<u>11,721,400</u>
Special revenue funds:		
Health and sanitation	301,466	
Public safety		3,436,852
Facility and miscellaneous	922,024	653,035
Social services	82,837	202,315
Community Development Block Grant		1,155,651
Housing Opportunities AIDS		805,225
HOME Program	25,246	790,469
Section 108 Loan Guarantee		743,882
Development administration state grant	676,719	
Library	2,421	
Library operations		420,777
Miscellaneous grants	58,174	
General government	619,184	
Total special revenue funds	<u>2,688,071</u>	<u>8,208,206</u>
Capital projects funds:		
Conversion capital projects	<u>392,635</u>	
Permanent trust funds:		
Education	<u>768</u>	
Enterprise funds:		
WPCA		<u>407,864</u>
Pension trust funds:		
Public Safety Plan A	<u>2,696,805</u>	
Internal service fund:		
City health insurance	<u>11,497,926</u>	<u>768</u>
Nonmajor governmental fund elimination	<u>(1,016,961)</u>	<u>(1,016,961)</u>
Total	<u>\$ 40,312,283</u>	<u>\$ 40,312,283</u>

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

Interfund transfers during the year ended June 30, 2013 were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Capital Bond Issue	\$ 500,000

Transfers are used to account for unrestricted revenues collected mainly in the General Fund to finance various programs accounted for in other funds in accordance with budget authorizations.

6. BULK LIEN SALES

During the year ended June 30, 2013, the City executed a bulk sale of property tax liens and collected proceeds of \$7,927,516. The City retains no interest in the assigned liens. The purchaser bears all risks relating to its ability to collect the amounts owed and, should it acquire title to the underlying real estate through foreclosure or otherwise, will bear all risks associated with the ownership and sale of the real property.

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposal/ Transfers</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 139,235,293	\$	\$	\$ 139,235,293
Construction in progress	<u>113,701,047</u>	<u>68,642,189</u>	<u> </u>	<u>182,343,236</u>
Total capital assets not being depreciated	<u>252,936,340</u>	<u>68,642,189</u>	<u> </u>	<u>321,578,529</u>
Capital assets being depreciated:				
Buildings and improvements	689,433,137	8,619,495		698,052,632
Machinery and equipment	50,946,447	6,537,613		57,484,060
Infrastructure	151,507,144	8,982,548		160,489,692
Vehicles	<u>41,325,934</u>	<u>2,932,258</u>	<u> </u>	<u>44,258,192</u>
Total capital assets being depreciated	<u>933,212,662</u>	<u>27,071,914</u>	<u> </u>	<u>960,284,576</u>
Less accumulated depreciation for:				
Buildings and improvements	151,406,234	15,267,503		166,673,737
Machinery and equipment	20,280,365	3,243,597		23,523,962
Vehicles	35,315,254	4,809,651		40,124,905
Infrastructure	<u>82,113,388</u>	<u>2,263,112</u>	<u> </u>	<u>84,376,500</u>
Total accumulated depreciation	<u>289,115,241</u>	<u>25,583,863</u>	<u> </u>	<u>314,699,104</u>
Total capital assets being depreciated, net	<u>644,097,421</u>	<u>1,488,051</u>	<u> </u>	<u>645,585,472</u>
Governmental Activities Capital Assets, Net	<u>\$ 897,033,761</u>	<u>\$ 70,130,240</u>	<u>\$ -</u>	<u>\$ 967,164,001</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	\$ 12,926,142	\$ 6,326,567	\$ -	\$ 19,252,709
Capital assets being depreciated:				
Buildings and improvements	103,714,088	41,418	-	103,755,506
Machinery and equipment	17,233,583	854,176	-	18,087,759
Distribution and collection systems	74,781,230	988,960	-	75,770,190
Vehicles	2,669,399	172,896	-	2,842,295
Total capital assets being depreciated	<u>198,398,300</u>	<u>2,057,450</u>	<u>-</u>	<u>200,455,750</u>
Less accumulated depreciation for:				
Buildings and improvements	53,434,239	4,159,220	-	57,593,459
Machinery and equipment	10,647,945	925,041	-	11,572,986
Distribution and collection systems	17,402,043	1,609,660	-	19,011,703
Vehicles	2,378,029	116,887	-	2,494,916
Total accumulated depreciation	<u>83,862,256</u>	<u>6,810,808</u>	<u>-</u>	<u>90,673,064</u>
Total capital assets being depreciated, net	<u>114,536,044</u>	<u>(4,753,358)</u>	<u>-</u>	<u>109,782,686</u>
Business-Type Activities Capital Assets, Net	<u>\$ 127,462,186</u>	<u>\$ 1,573,209</u>	<u>\$ -</u>	<u>\$ 129,035,395</u>

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

Governmental Activities:

General government	\$ 4,398,671
Public safety	2,511,495
Public facilities, parks and recreation	6,447,254
Health and social services	19,908
Libraries	224,613
Education	<u>11,981,922</u>

Total Depreciation Expense - Governmental Activities \$ 25,583,863

Business-Type Activities:

WPCA	<u>\$ 6,810,808</u>
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8. UNEARNED REVENUE/DEFERRED REVENUE

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

	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>
General Fund:		
Taxes and accrued interest on delinquent property taxes	\$ 33,092,222	\$
School construction receivable	8,105,375	
Other		1,050,905
Education Grants Fund		3,970,691
Capital Bond Issue Fund		934,031
Nonmajor Funds:		
Grants		<u>8,576,218</u>
Total Unavailable/Unearned Revenue for Governmental Funds	<u>\$ 41,197,597</u>	<u>\$ 14,531,845</u>

9. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2013 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	\$ 689,265,000	\$ 55,225,000	\$ 86,975,000	\$ 657,515,000	\$ 34,580,000
Notes payable	2,843,000		447,000	2,396,000	282,000
Deferred amounts:					
Refunding	(4,082,414)	(1,599,935)	(1,714,606)	(3,967,743)	
Premium	14,255,195	4,874,093	2,114,139	17,015,149	2,159,271
Total bonds and notes payable	<u>702,280,781</u>	<u>58,499,158</u>	<u>87,821,533</u>	<u>672,958,406</u>	<u>37,021,271</u>
Claims and judgments	102,185,796	106,837,040	104,251,980	104,770,856	18,001,471
Compensated absences	26,638,190	9,178,748	7,705,611	28,111,327	6,713,872
Landfill closure costs	129,364		24,806	104,558	24,806
State Department of Education loan	3,500,000			3,500,000	2,000,000
OPEB obligation	120,183,849	24,323,339		144,507,188	
Net pension obligation	<u>1,623,193</u>		<u>175,356</u>	<u>1,447,837</u>	
Governmental Activity Long-Term Liabilities	<u>\$ 956,541,173</u>	<u>\$ 198,838,285</u>	<u>\$ 199,979,286</u>	<u>\$ 955,400,172</u>	<u>\$ 63,761,420</u>
Business-type activities:					
Bonds and notes payable:					
General obligation bonds	\$ 4,008,491		\$ 134,327	\$ 3,874,164	\$ 194,888
Notes payable	<u>42,811,617</u>	<u>3,322,021</u>	<u>4,926,821</u>	<u>41,206,817</u>	<u>5,252,353</u>
Business-Type Activity Long-Term Liabilities	<u>\$ 46,820,108</u>	<u>\$ 3,322,021</u>	<u>\$ 5,061,148</u>	<u>\$ 45,080,981</u>	<u>\$ 5,447,241</u>

Compensated absences, OPEB obligation and net pension obligation are generally liquidated by the General Fund.

Notes Payable

Notes payable as of June 30, 2013 include the following:

Governmental Activities:

Department of Housing and Urban Development Section 108 Loans, due in varying installments plus interest at 2.00% - 7.64% through 2016	\$ 2,396,000
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Business-Type Activities:

Clean Water Program, due in varying installments, plus interest at 2% through 2039	<u>41,206,817</u>
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Total	\$ <u><u>43,602,817</u></u>
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General Obligation Bonds

As of June 30, 2013, the City had the following general obligation bonds outstanding:

Governmental Activities:

Pension, 2.5% to 7.6%	\$ 282,850,000
General Purpose, 2.5% to 6.6%	249,296,848
School, 4.0% to 6.8%	<u>125,368,152</u>
	\$ <u><u>657,515,000</u></u>

Business-Type Activities:

General Purpose, 1.68% to 6.388%	\$ <u><u>3,874,164</u></u>
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A schedule of bonds at June 30, 2013 is presented below:

Governmental Activities:

<u>Date</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Original Issue</u>	<u>Debt Outstanding</u>	<u>Date of Fiscal Year</u>
8/29/2000	Pension	6.92 - 7.64%	\$ 350,000,000	\$ 282,850,000	2030
12/12/2003	General Purpose	1.41 - 5.03%	18,925,000	2,995,000	2015
12/12/2003	General Purpose-Refunding	2.0 - 5.0%	21,268,600	8,580,400	2016
12/12/2003	Schools-Refunding	2.0 - 5.0%	6,716,400	2,709,600	2016
8/12/2004	General Purpose	3.0 - 5.25%	9,945,600	3,405,850	2025
8/12/2004	Schools	3.0 - 5.25%	16,934,400	5,799,150	2025
8/12/2004	General Purpose	3.0 - 5.50%	48,035,600	40,454,700	2022
8/12/2004	Schools	3.0 - 5.50%	10,544,400	8,880,300	2022
4/27/2006	General Purpose-Refunding	4.0 - 4.5%	18,456,000	15,861,000	2025
4/27/2006	Schools-Refunding	4.0 - 4.5%	12,304,000	10,574,000	2025
6/6/2006	General Purpose	4.0- 5.0%	30,789,200	24,489,400	2025
6/6/2006	Schools	4.0- 5.0%	28,420,800	22,605,600	2025
6/6/2006	General Purpose-Refunding	4.0- 5.0%	4,669,650	1,259,550	2016
6/6/2006	Schools-Refunding	4.0- 5.0%	1,095,350	295,450	2016
6/28/2007	General Purpose	4.125 - 6.0%	16,449,200	13,379,000	2027
6/28/2007	Schools	4.125 - 6.0%	31,930,800	25,971,000	2027
12/15/2009	General Purpose	2.0 - 2.4%	7,508,522	3,191,490	2015
12/15/2009	Schools	2.0 - 2.4%	196,478	83,510	2015
12/15/2009	General Purpose	3.98 - 6.571%	13,614,785	13,614,785	2029
12/15/2009	Schools	3.98 - 6.571%	15,520,215	15,520,215	2029
12/15/2009	Schools	6.821%	4,000,000	4,000,000	2030
7/22/2010	General Purpose	1.68 - 6.388%	19,440,000	17,830,000	2030
7/22/2010	General Purpose-Refunding	2.50 - 3.0%	6,324,318	6,324,318	2019
7/22/2010	Schools-Refunding	2.50 - 3.0%	3,685,682	3,685,682	2019
6/14/2012	General Purpose	3.0 - 5.0%	55,940,355	55,940,355	2032
6/14/2012	Schools	3.0 - 5.0%	11,989,645	11,989,645	2032
7/12/2012	General Purpose-Refunding	2.0 - 5.0%	41,993,800	41,971,000	2022
7/12/2012	Schools-Refunding	2.0 - 5.0%	13,261,200	13,254,000	2022
			<u>\$ 819,960,000</u>	<u>\$ 657,515,000</u>	

Business Type Activities:

	<u>Original Issue</u>	<u>Debt Outstanding</u>	<u>Date of Fiscal Year</u>
2007 General Obligation Bonds issued by the City on behalf of the WPCA, bearing interest at 4% to 6%	\$ 490,000	\$ 275,000	2018
2009 General Obligation Bonds issued by the City on behalf of the WPCA, bearing interest at 2%-5.7%	1,845,000	1,644,870	2030
2011 General Obligation Bonds issued by the City on behalf of the WPCA, bearing an interest rate 1.68%-6.388%	425,300	390,077	2030
2012 General Obligation Bonds issued by the City on behalf of the WPCA, bearing interest at 3%-5%	1,564,217	<u>1,564,217</u>	2032
Total		\$ <u>3,874,164</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 elects to designate the 2010 Series B Bonds as “Build America Bonds” for purposes of the Recovery Act and to receive BAB Subsidy Payments from the United States Treasury in connection therewith. BAB Subsidy Payments for the 2010 Series B Bonds will be paid to the City on or about each interest payment date; the holders of the 2010 Series B Bonds are not entitled to a tax credit. Such BAB Subsidy Payments are not pledged to pay the 2010 Series B Bonds, nor is their receipt by the City a condition of payment of any portion of the principal and interest on the 2010 Series B Bonds.

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
2014	\$ 34,862,000	\$ 38,825,472	\$ 73,687,472	\$ 5,447,242	\$ 1,211,578	\$ 6,658,820
2015	38,918,000	37,032,062	75,950,062	5,383,141	810,186	6,193,327
2016	39,773,000	35,030,031	74,803,031	5,503,946	884,059	6,388,005
2017	41,548,000	32,874,355	74,422,355	3,854,350	642,744	4,497,094
2018	41,585,000	30,603,139	72,188,139	3,597,304	563,590	4,160,894
2019	43,565,000	28,274,363	71,839,363	3,389,603	487,809	3,877,412
2020	44,335,000	25,818,470	70,153,470	3,242,168	417,554	3,659,722
2021	37,790,000	23,589,729	61,379,729	1,712,368	359,698	2,072,066
2022	39,925,000	21,390,407	61,315,407	1,655,291	320,566	1,975,857
2023	36,460,000	19,170,992	55,630,992	1,653,621	279,860	1,933,481
2024	38,645,000	16,907,272	55,552,272	1,486,263	243,192	1,729,455
2025	37,110,000	14,582,933	51,692,933	1,480,844	204,309	1,685,153
2026	36,785,000	12,321,233	49,106,233	1,414,082	168,726	1,582,808
2027	34,105,000	10,071,383	44,176,383	1,316,972	134,287	1,451,259
2028	32,490,000	7,865,947	40,355,947	1,286,142	100,549	1,386,691
2029	34,725,000	5,534,464	40,259,464	1,137,752	66,639	1,204,391
2030	37,115,000	3,035,998	40,150,998	928,410	35,774	964,184
2031	4,965,000	508,750	5,473,750	303,578	16,842	320,420
2032	5,210,000	260,500	5,470,500	254,606	8,123	262,729
2033				17,415	409	17,824
2034				6,759	256	7,015
2035				5,345	123	5,468
2036				1,106	65	1,171
2037				1,106	43	1,149
2038				1,106	21	1,127
2039				461	2	463
Total	\$ 659,911,000	\$ 363,697,500	\$ 1,023,608,500	\$ 45,080,981	\$ 6,957,004	\$ 52,037,985

The State of Connecticut reimburses the City for eligible school bond principal and interest costs. The amount of such reimbursement for the year ended June 30, 2013 was \$2,224,597. Additional principal and interest reimbursements of \$9,428,398 are expected to be received through the bonds' maturity dates.

Legal Debt Limit

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

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 642,364,378	\$ 318,455,388	\$ 323,908,990
Schools	1,284,728,756	206,575,102	1,078,153,654
Sewers	1,070,670,296	61,429,324	1,009,177,972
Urban renewal	927,859,657	2,396,000	925,463,657
Unfunded pension benefit obligation	856,485,837	282,850,000	573,635,837

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$1,998,466,953. 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	\$ 44,158,540
Sewer	16,348,343
Schools	<u>89,312,325</u>
	<u>\$ 149,819,208</u>

Tax Anticipation Notes Payable

On October 25, 2012, the City issued a tax anticipation note in the amount of \$71,460,000 to fund cash flows for operating expenses. The note matured on February 12, 2013 with an interest rate of 1.25%.

On March 20, 2013, the City issued a tax anticipation note in the amount of \$25,000,000 to fund cash flows for operating expenses. The note matured on August 15, 2013 with an interest rate of 1.5%.

On October 16, 2013, the City issued a tax anticipation note in the amount of \$71,500,000 to fund cash flows for operating expenses. The note will mature on February 18, 2014 with an interest rate of 1.00%.

General Obligation Bonds Refunding

On July 12, 2012, the City issued \$55,225,000 of general obligation refunding bonds with interest rates ranging from 2.0% to 5.0%. The bonds were issued to refund all or a portion of the aggregate outstanding principal amounts of general obligation bonds of the City dated July 18, 2001, June 15, 2002 and November 1, 2003. The net proceeds of \$59,704,935 (after an original issue premium of \$4,874,093 and payment of \$394,157 in underwriter's fees and other issuance costs) were deposited in an irrevocable trust fund under an escrow agreement dated July 12, 2012 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 \$7,034,987 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$6,893,537.

Prior Year Defeasance of Debt

In prior years, the City defeased various bond issues. As of June 30, 2013, the amount of defeased debt outstanding but removed from the governmental activities column of the statement of net position amounted to \$41,480,000.

State of Connecticut Department of Education Loan

The State of Connecticut Department of Education provided the City with a loan of \$3.5 million for the purpose of inclusion in the budgeted appropriation for education for the fiscal year ended June 30, 2012 to cover education expenditures incurred during that year. Certain criteria have been established that will make the loan forgivable over the three years. If the criteria are not met, the City agrees that it shall repay the State of Connecticut for any funds loaned under the Agreement in accordance with the following schedule:

Before September 1, 2013	\$ 1,000,000
Before July 1, 2014	1,000,000
Before July 1, 2015	<u>1,500,000</u>
Total	<u>\$ 3,500,000</u>

10. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2013 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				3,930,773	3,930,773
Library trust fund				552,531	552,531
Education trust fund				108,717	108,717
Committed to:					
Various capital projects			60,894,719	4,299,039	65,193,758
Library				1,897,667	1,897,667
Education				242,665	242,665
Assigned to:					
Unassigned	<u>12,574,082</u>	<u>(603,661)</u>	<u> </u>	<u>(529,203)</u>	<u>11,441,218</u>
Total Fund Balances	<u>\$ 12,924,082</u>	<u>\$ (603,661)</u>	<u>\$ 60,894,719</u>	<u>\$ 10,502,189</u>	<u>\$ 83,717,329</u>

11. COMMITMENTS AND CONTINGENCIES

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

Personal Injury and Other Actions

There are presently pending certain major personal injury and other claims and lawsuits that the City is actively defending for which, in the event the City is held liable, the amount of recovery could, under certain circumstances, total between \$10 and \$20 million dollars in the aggregate. Any recovery under such actions will be paid by the City, which is self-insured for such risks.

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

Wheelabrator Bridgeport L.P. (Wheelabrator), operator of the solid waste-to-energy facility that is currently the City's largest taxpayer, has filed tax valuation appeals for the 2007, 2008, 2009 and 2010 Tax Grand Lists. These appeals are presently pending in Bridgeport Superior Court. It is anticipated that until the valuation of the Wheelabrator real and personal property is judicially determined or the case is settled, Wheelabrator will continue to add subsequent tax years to its pending court action -- at least until the next revaluation, which is currently underway based on the October 1, 2013 assessment year.

The City has 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 \$7.5 million for personal property; for 2009 - \$281 million for real property and \$39 million for personal property; and for 2010 - \$285 million for real property and \$32.5 million for personal property.

These assessed valuations formed the basis for tax bills as follows: For the last six months of 2007 - \$5,704,847 for real property and \$538,415 for personal property; 2008 - \$10,891,256 for real property and \$286,353 for personal property; 2009 - \$11,144,279 for real property and \$1,535,399 for personal property; and for 2010 - \$11,308,438 for real property and \$1,290,862 for personal property. In prior years, Wheelabrator paid an escalating contractual payment in lieu of taxes, most recently in an amount of approximately \$3 million per annum.

Except for its July 1, 2011 personal property tax bills, Wheelabrator has been paying 90% of its tax bills as required by state law to avoid arrears collection activity and Wheelabrator is expected to continue such payments during the pendency of the tax appeal. With respect to the July 1, 2011 and Wheelabrator paid half of the July 1, 2011 tax bill.

The trial on the tax valuation appeals concluded in March 2012. At trial, Wheelabrator maintained that the facility is worth less than one half of the value the City has assigned to it. The City asserted its valuations are substantially accurate. The City raised both valuation and legal issues. The burden was on Wheelabrator to prove all claims raised.

The trial Court rendered its decision generally favorable to the City's position. Cross appeals are pending before the Connecticut Appellate Court.

Beardsley Zoo

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

The City also entered into a service agreement with the Society in which the City is required to provide operating assistance to the Society for such costs as personnel, supplies, services, materials, utilities, maintenance, equipment and vehicles, that it currently provides to the Zoo, which approximated \$1,289,785 during the year ended June 30, 2013, 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 \$336,632 was received for the year ended June 30, 2013. The Society retains any revenues from admissions, vending, concessions, other grants or bequests.

WPCA Privatization Agreement

On April 11, 2003, the WPCA entered into a ten-year agreement with an independent contractor (the Contractor) to provide operations, maintenance and management services to its two wastewater treatment facilities and systems. There was an assignment of contractual rights and obligations from the original Contractor (PSG) to the successor operating Contractor (KGI). The WPCA issued an RFP for a successor operator, and extended its contractual relationship with KGI through December 31, 2013, at which time a new operating contractor (Severn Trent) is scheduled to take over operations and management.

The WPCA is actively exploring the possibility of entering into a plan with neighboring communities to create a regional WPCA.

Consent Decrees

Under various consent decrees issued by the State of Connecticut Department of Environmental Protection (consent decrees), the WPCA is required to bring both of its treatment facilities in compliance with federal standards and eliminate certain combined storm and sanitary sewers. The estimated cost of these improvements is \$244,000,000. As of June 30, 2013, approximately \$180,000,000 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 six years. Funding for these improvements is being provided by the State of Connecticut's Clean Water Fund in the form of loans and grants. As of June 30, 2013, the State is committed to providing the WPCA additional funding in the form of loans and grants of approximately \$13,666,000 and \$10,137,000, respectively.

Municipal Solid Waste Service Agreement

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

Bridgeport is one of twelve municipalities that had entered into a 2009 Successor Municipal Service Agreement (the 2009 MSA) with the Authority for the disposal of solid waste through the System. Each municipality that 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. This Successor Agreement expires June 30, 2014.

For fiscal year ending June 30, 2013, the Authority is billing each Participating Municipality a fixed charge of approximately \$66.46 per ton of Acceptable Waste actually delivered by or on behalf of each Participating Municipality. Each Participating Municipality has agreed to pay Municipal Disposal Fees to the Authority for the acceptance and processing and/or disposing of Acceptable Waste. The Municipal Disposal Fees, which are payable on a monthly basis, include i) disposal fees of the Authority to the Company under a Solid Waste Disposal Agreement, and ii) an Authority Administrative Fee.

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

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

The City and various other local communities are presently contemplating entering into a multi-year Greater Bridgeport Regional Solid Waste Interlocal Agreement to negotiate for disposal of solid waste and to procure electrical power generated by a solid waste disposal facility as a consortium of municipalities, to be effective commencing July 1, 2014.

The City is also part of an Inter-Community Agreement dated September 15, 1989 establishing a regional recycling program. The Southwest Connecticut Regional Recycling Operating Committee (SWEROC) was established to implement a regional recycling program to meet the State of Connecticut mandated program for recycling, per Sections 22a-241 through 22a-241i of the Connecticut General Statutes. The City was one of 17 “Contracting Communities” participating in the SWEROC recycling program. The City is committed to supply recyclables annually consisting of food and beverage containers made of glass, metal and certain plastics, and newspapers. Other defined residential recyclables are cardboard, waste oil, storage batteries and scrap metal. The City is now party to a single-stream recycling project with the Authority to deliver its recyclable to the Stratford IPC for haul to the Authority’s recycling facility in Hartford, having entered into a three-year contract along with approximately a dozen other former SWEROC participating communities.

12. PENSION PLANS

Connecticut Municipal Employees’ Retirement Fund

All full-time employees of the City, except for Board of Education personnel, police, firefighters, janitors and engineers who participate in other plans described below, participate in the Connecticut Municipal Employees’ Retirement Fund B (CMERF), a cost-sharing multiple employer public employee retirement system administered by the State of Connecticut.

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

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

CMERF also provides death and disability benefits.

Benefits and other plan provisions are established by State statute. Covered employees are required by Connecticut statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings upon which no Social Security tax is paid. The City is required to make contributions as set by the State Retirement Commission to fund the remaining cost. The employer contribution represents 11.65% of covered payroll for the current year. The City’s contributions for the years ended June 30, 2013, 2012, and 2011 were \$12,847,194, \$9,589,103 and \$7,199,397, respectively, equal to the required contributions for each year. The contributions increased for FY 2013 due to the Fire department joining CMERF.

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

State Teachers’ Retirement System

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Section 10.183 of the Connecticut General Statutes, which is administered by the Connecticut State Teachers’ Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut or has attained any age and has accumulated 35 years of credited service, at least 25 of which are service in the public schools of Connecticut. The financial statements of the Plan are available from the Connecticut Office of the State Comptroller, 55 Elm Street, Hartford, CT 06106.

Certain part-time and full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The City does not and is not legally responsible to contribute to the plan. The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual municipality basis.

In addition, the City has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were \$23,333,888 for the year ended June 30, 2013.

Single Employer Defined Benefit Plans

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 CMERF and the State Teachers' Retirement System. The costs of administering the plans are paid by each individual plan. Stand alone plan reports are not available for these plans. The four City plans are as follows:

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

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

In August 1985, the City purchased an annuity contract for approximately \$75 million to fund a portion of the net pension obligation for Plan A. The plan assets available for benefits and the net pension obligation amounts for Plan A exclude the plan assets and pension obligations covered by the above-mentioned annuity contract. For the year ended June 30, 2013, \$1,995,146 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 Plan 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 (\$336,963,074 based on the July 1, 2012 actuarial valuation) or 2) the amount of the Plan A Trust assets in excess of 110% of the present value of accrued Plan benefits.

Under State statutes regarding pension obligation bonds, the City is required to make its "Actuarially Recommended Contribution," defined as the lesser of the Employer's Normal Cost or the Annual Required Contribution as defined by GASB Statement No. 25. In addition, the City could have to make additional contributions as it is required to fund Plan A at approximately the same funding level as immediately following the bond issuance (79%).

The City, police, and firefighters' union negotiated a contract whereby all active bargaining unit members were transferred to the MERS retirement plan. The Fire transfer was effective April 1st 2012 and the police was July 1st 2013. The Plan B Police board transferred \$23,491,194 from the Police Retirement Plan and Plan B fire board transferred \$40,122,889 from the Firefighter's Retirement Plan to the State of Connecticut Treasurer.

Provisions of Pension Plans	Public Safety Plan A	Police Plan B	Firefighters' Plan B	Janitors' and Engineers' Retirement Fund
Employees covered	All police and fire employed before 6/4/81 and 1/1/84, respectively	All police employed on or after 6/4/81	All firefighters employed on or after 1/1/84	All employees hired before 1985
Number of retirees receiving benefits	830	119	64	39
Terminated employees entitled to future benefits		4	15	
Current employees:				
Fully vested	23	365		
Nonvested		41		
Total number of participants	<u>853</u>	<u>529</u>	<u>79</u>	<u>39</u>
Benefit provisions	50% of compensation plus 2-1/2% for each year of service in excess of 20 years, maximum 75%	2% of annual salary for each full year of service plus 50% of subsequent compensation increase, maximum 70%	2% of annual salary for each year of service plus 50% of subsequent compensation increase, maximum 70%	2% of 3 year average compensation for each year of service, up to 33 years plus 1% of 3 year compensation thereafter
Definition of "Compensation"	Maximum yearly compensation currently being paid to members in the department in the same position that the employee held at the time of retirement	Maximum yearly compensation currently being paid to members in the department in the same position which the employee held at the time of retirement	Maximum yearly compensation currently being paid to members in the department in the same position which the employee held at the time of retirement	Average of three highest years
Eligibility requirements	Vest after 10 years of service	Vest after 5 years of service	Vest after 5 years of service	Vest after the earlier of 10 years of continuous or 15 years of aggregate service
Obligation to contribute in accordance with funding policy:				
Employee	8% of earnings	6% of earnings	6% of earnings	5% of earnings
Employer	\$11,554,504 (Normal Cost)	\$7,792,559	\$-	"Pay as you go"
Authority under which benefit provisions established	Contract negotiation	Contract negotiation	Contract negotiation	Contract negotiation

Provisions of Pension Plans	Public Safety Plan A	Police Plan B	Firefighters' Plan B	Janitors' and Engineers' Retirement Fund
<u>Funding Status and Progress</u>				
Date of actuarial valuation	July 1, 2012	July 1, 2012	July 1, 2012	July 1, 2012
Significant actuarial assumptions				
• Investment rate of return	8.0%	8.0%	8.0%	8.00%
• Projected annual salary increases	N/A	3.5%	3.5%	N/A
• Inflation	3.0%	3.0%	3.0%	3.0%
• Disability Rate:				
Age 20	.05%	.05%	.05%	None
30	.05%	.05%	.05%	
40	.09%	.09%	.09%	
50	.40%	.40%	.40%	
60	1.74%	1.74%	1.74%	
Actuarial asset valuation method	Asset smoothing plus/minus 30% of the difference between expected actuarial value and market value	Asset smoothing plus/minus 30% of the difference between expected actuarial value and market value	Asset smoothing plus/minus 30% of the difference between expected actuarial value and market value	Market value
Funding Policy	Actuarial, Normal Cost	Actuarial, based on valuation when available	Actuarial, based on valuation when available	"Pay as you go"
Actuarial cost method	Entry age normal	Entry age Normal	Entry age normal	Projected unit credit cost
Amortization method	Level dollar, closed	Level percent of payroll, closed period	Level percent of payroll, closed period	Level Dollar Amount Closed
Period for amortizing any unfunded actuarial liability	26 years remaining	10 years remaining	10 years remaining	10 years remaining
Authority under which contributions are established	City Council	City Council	City Council	City Council

	Public Safety Plan A	Janitors' and Engineers' Retirement Fund
Annual required contribution	\$ 11,554,504	\$ 892,501
Interest on net pension obligation	(4,745,217)	129,855
Adjustment to annual required contribution	<u>(3,352,942)</u>	<u>261,384</u>
Annual pension cost	10,162,229	760,972
Contributions made	<u>10,500,000</u>	<u>936,328</u>
Increase in net pension asset	(337,771)	(175,356)
Net pension obligation (asset), July 1, 2012	<u>(59,315,213)</u>	<u>1,623,193</u>
Net Pension Obligation (Asset), June 30, 2013	<u>\$ (59,652,984)</u>	<u>\$ 1,447,837</u>

	Police Plan B	Firefighters' Plan B
Annual required contribution	\$ 7,792,559	\$
Interest on net pension obligation	(243,554)	(28,126)
Adjustment to annual required contribution	<u>(398,629)</u>	<u>(61,243)</u>
Annual pension cost	7,947,634	33,117
Contributions made	<u>5,895,224</u>	<u></u>
Decrease in net pension asset	2,052,410	33,117
Net pension asset, July 1, 2012	<u>(3,044,295)</u>	<u>(511,382)</u>
Net Pension Asset, June 30, 2013	<u>\$ (991,885)</u>	<u>\$ (478,265)</u>

TREND INFORMATION

Fiscal Year	Annual Pension Cost (APC) (\$000)	Percentage of APC Contributed	Net Pension Obligation (Asset) (\$000)
Public Safety			
Plan A:			
2013	\$ 10,162	103.3%	\$ (59,653)
2012	8,276	84.6%	(59,315)
2011	14,432	34.6%	(60,591)
Police Retirement			
Plan B:			
2013	\$ 7,948	74.2%	\$ (992)
2012	6,476	84.5%	(3,044)
2011	5,557	111.1%	(4,046)
Firefighters' Retirement			
Plan B:			
2013	\$ 33	0.0%	\$ (478)
2012	4,378	67.1%	(511)
2011	4,043	104.0%	(1,951)
Janitors' and Engineers' Retirement Plan:			
2013	\$ 761	123.0%	\$ 1,448
2012	775	118.0%	1,623
2011	776	114.8%	1,763

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

<u>Year Ended June 30,</u>	<u>Public Safety Plan A</u>		<u>Janitors' and Engineers' Retirement Plan</u>	
	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2013	\$ 11,555	90.9%	\$ 892	104.9%
2012	9,794	71.5%	895	102.2%
2011	13,557	36.9%	906	98.4%
2010	12,352	38.3%	877	112.3%
2009	9,621	85.4%	877	117.7%
2008	8,876	51.3%	897	112.9%

<u>Year Ended June 30,</u>	<u>Police Retirement Plan B</u>		<u>Firefighters' Retirement Plan B</u>	
	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2013	\$ 7,793	75.7%	\$ -	N/A
2012	6,314	86.7%	4,300	68.4%
2011	5,351	115.4%	3,936	106.9%
2010	4,481	96.8%	3,351	98.5%
2009	3,544	95.8%	2,505	106.9%
2008	3,617	126.9%	2,157	115.2%

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Under)/ Over Funded AAL (UAAL)/ OAAL	Funded Ratio %	Covered Payroll	(UAAL)/ OAAL as a Percentage of Covered Payroll
Public Safety Plan A						
July 1, 2012	\$ 147,699	\$ 336,963	\$ (189,264)	43.8	\$ 1,675	(11,299.3)
July 1, 2011	173,208	338,253	(165,045)	51.2	2,077	(7,946.3)
July 1, 2010	192,669	339,216	(146,547)	56.8	2,556	(5,733.5)
July 1, 2009	213,387	348,461	(135,074)	61.2	2,551	(5,294.9)
July 1, 2008	251,075	355,017	(103,942)	70.7	3,070	(3,385.7)
July 1, 2007	263,902	360,619	(96,717)	73.2	3,617	(2,674.0)
Police Retirement Plan B						
July 1, 2012	\$ 129,726	\$ 165,561	\$ (35,835)	78.4	\$ 26,876	(133.3)
July 1, 2011	122,295	150,984	(28,689)	81.0	25,620	(112.0)
July 1, 2010	113,272	136,819	(23,547)	82.8	24,797	(95.0)
July 1, 2009	109,017	127,768	(18,751)	85.3	23,937	(78.3)
July 1, 2008	104,661	113,453	(8,792)	92.3	24,832	(35.4)
July 1, 2007	94,546	105,973	(11,427)	89.2	22,511	(50.8)
Firefighters' Retirement Plan B						
July 1, 2012	\$ 74,312	\$ 41,988	\$ 32,324	177.0	\$ N/A	N/A
July 1, 2011	72,667	93,605	(28,689)	77.6	15,918	(180.2)
July 1, 2010	65,956	84,768	(28,689)	77.8	16,163	(177.5)
July 1, 2009	62,013	77,496	(28,689)	80.0	15,815	(181.4)
July 1, 2008	62,016	69,277	(28,689)	89.5	16,017	(179.1)
July 1, 2007	56,504	62,960	(28,689)	89.7	14,364	(199.7)
Janitors' and Engineers' Retirement Plan						
July 1, 2012	\$ 3	\$ 7,386	\$ (7,383)	0.04	\$ -	-
July 1, 2010	3	8,021	(8,018)	0.04	-	-
July 1, 2008	3	9,478	(9,475)	0.03	-	-
July 1, 2006	3	9,870	(9,867)	0.03	-	-
July 1, 2004	3	10,448	(10,445)	0.03	29	36,418.70
July 1, 2002	3	10,575	(10,572)	0.03	156	6,783.30

**SCHEDULE OF PLAN NET POSITION
JUNE 30, 2013**

	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	\$ 8,411,326	\$ 19,659,473	\$ 752,236	\$ 3,433	\$ 28,826,468
Investments, at fair value:					
U.S. Government Agency Bonds		6,155,079	4,519,104		10,674,183
U.S. Government Security Bonds	11,157,315				11,157,315
Corporate bonds		15,491,679	5,239,805		20,731,484
Common stocks	64,729,344	43,873,973	21,898,967		130,502,284
Private hedge fund	10,712,574				10,712,574
Mutual funds - equities	15,518,262	30,706,599	3,902,086		50,126,947
Alternative investments	9,788,000				9,788,000
Total investments	<u>111,905,495</u>	<u>96,227,330</u>	<u>35,559,962</u>	<u>-</u>	<u>243,692,787</u>
Due from other funds of the City of Bridgeport	<u>2,696,805</u>				<u>2,696,805</u>
Total assets	<u>123,013,626</u>	<u>115,886,803</u>	<u>36,312,198</u>	<u>3,433</u>	<u>275,216,060</u>
Liabilities:					
Other liabilities	<u>186</u>				<u>186</u>
Total Net Position	<u>\$ 123,013,440</u>	<u>\$ 115,886,803</u>	<u>\$ 36,312,198</u>	<u>\$ 3,433</u>	<u>\$ 275,215,874</u>

**SCHEDULE OF CHANGES IN
PLAN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013**

	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	\$ 10,500,000	\$ 5,895,224	\$ -	\$ 936,328	\$ 17,331,552
Plan members	156,065	1,606,608	-	-	1,762,673
Annuity proceeds	1,995,146	-	-	-	1,995,146
Total contributions	<u>12,651,211</u>	<u>7,501,832</u>	<u>-</u>	<u>936,328</u>	<u>21,089,371</u>
Investment income:					
Net appreciation in					
fair value of investments	8,125,574	5,567,362	2,972,195	-	16,665,131
Interest and dividends	2,348,587	2,766,570	1,587,471	-	6,702,628
	10,474,161	8,333,932	4,559,666	-	23,367,759
Less investment management fees	(604,347)	(368,719)	(359,593)	-	(1,332,659)
Net investment income	<u>9,869,814</u>	<u>7,965,213</u>	<u>4,200,073</u>	<u>-</u>	<u>22,035,100</u>
Total additions	<u>22,521,025</u>	<u>15,467,045</u>	<u>4,200,073</u>	<u>936,328</u>	<u>43,124,471</u>
Deductions:					
Benefits	33,684,049	3,655,045	2,072,968	936,328	40,348,390
Administration	-	166,600	4,066	-	170,666
Distribution of assets to State Municipal Employees' Retirement Fund - Note 12	-	23,491,194	40,122,889	-	63,614,083
Total deductions	<u>33,684,049</u>	<u>27,312,839</u>	<u>42,199,923</u>	<u>936,328</u>	<u>104,133,139</u>
Change in net position	(11,163,024)	(11,845,794)	(37,999,850)	-	(61,008,668)
Net position - beginning of year	<u>134,176,464</u>	<u>127,732,597</u>	<u>74,312,048</u>	<u>3,433</u>	<u>336,224,542</u>
Net Position - End of Year	<u>\$ 123,013,440</u>	<u>\$ 115,886,803</u>	<u>\$ 36,312,198</u>	<u>\$ 3,433</u>	<u>\$ 275,215,874</u>

13. OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description

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

At July 1, 2012 plan membership consisted of the following:

Number of members:	
Active	4,067
Retired members	<u>3,359</u>
Total Participants	<u><u>7,426</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, 2013, 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 Town are also negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums as follows:

Eligibility:

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

Medical Benefit:

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

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

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

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

Annual OPEB Cost and Net OPEB Obligations

The City'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)	\$ 47,743,386
Interest on net OPEB obligation	6,610,112
Adjustment to annual required contribution	<u>(4,226,465)</u>
Annual OPEB cost (expense)	50,127,033
Contributions made	<u>25,803,694</u>
Increase in net OPEB obligation	24,323,339
Net OPEB obligation, Beginning of year	<u>120,183,849</u>
Net OPEB Obligation, End of Year	<u><u>\$ 144,507,188</u></u>

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

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
6/30/2011	\$ 58,323,050	\$ 29,617,984	50.8%	\$ 90,365,866
6/30/2012	62,892,629	33,074,646	52.6	120,183,849
6/30/2013	50,127,033	25,803,694	51.5	144,507,188

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

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Underfunded AAL (OAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	OAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2008	\$ -	\$ 861,812,200	\$ 861,812,200	0.0%	\$ 221,789,000	388.6%
7/1/2010	-	915,806,973	915,806,973	0.0	180,948,566	506.1
7/1/2012	-	723,711,649	723,711,649	0.0	221,438,910	326.8

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2008	\$ 47,314,000	65.5%
2009	50,744,800	59.3
2010	54,129,700	59.0
2011	57,100,111	51.9
2012	61,100,372	54.1
2013	47,743,386	54.0

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

In the July 1, 2012 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 a 5.5% discount rate and projected salary increase of 5.5%. The medical assumption begins at 10.5% and decreases to a 5.0% long-term trend rate for all healthcare benefits after 11 years. The dental assumption begins at 4.5% and decreases to 4.0% long-term trend rate for all health care benefits after one year.

14. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

A portion of the Bridgeport Seaside Landfill was used for disposal of materials classified as hazardous waste from 1974 until late 1981 when it stopped accepting waste. The hazardous waste area of the landfill is subject to federal and state laws and regulations that required that the City close the facility in a manner that minimizes the need for further maintenance; and controls, minimizes or eliminates, to the extent necessary to protect human health and the environment, postclosure escape of hazardous waste, hazardous constituents, leachate, contaminated run-off, or hazardous waste decomposition products to the ground or surface waters or to the atmosphere. In addition, the City is required to perform certain maintenance and monitoring functions at the hazardous waste site for 30 years after closure. The estimated total current cost of the postclosure care of \$104,558 is based on the estimated amount to be paid for all equipment, facilities and services required to close, monitor and maintain the site as of June 30, 2013. The actual cost of postclosure care costs may be higher due to inflation, changes in technology or changes in federal, state or local laws and regulations.

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

15. RISK MANAGEMENT

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

Workers' Compensation

The City carries no insurance coverage for losses arising out of workers' compensation claims. These claims are paid from the 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 3,826 employees and 3,758 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 prior contract required the City to maintain a \$2,500,000 certificate of deposit, which is recorded as restricted cash in the accompanying balance sheet. Cash is to be returned to City during the 2014 year. In addition, the new contract requires that \$2,000,000 be deposited with amount being recorded as a prepaid asset in the accompanying balance sheet.

Reconciliation of Liabilities

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

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Fiscal Year Liability</u>
2012	\$ 109,987,266	\$ 99,431,453	\$ 107,232,923	\$ 102,185,796
2013	102,185,796	106,837,040	104,251,980	104,770,856

The current portion of claims incurred but not reported as of June 30, 2013 is \$18,001,471, which relates to Group Health Insurance Claims of \$7,800,253 and \$10,201,218 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 \$86,769,385 is recorded as long-term obligations.

16. FUND DEFICITS

The following funds have fund deficits as of June 30, 2013:

Special Revenue Fund:

Education Grants	\$	603,661
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Nonmajor Governmental Funds:

Special Revenue Funds:

Social Services	107,031
Library Operations	421,577
General Government	595

Proprietary Funds:

Internal Service Fund	88,659,057
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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.

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, 2013

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues and Other Financing Sources:				
Property taxes:				
Current taxes	\$ 277,469,550	\$ 277,469,550	\$ 278,447,367	\$ 977,817
Interest - current	1,705,480	1,705,480	1,911,390	205,910
Arrears - principal	4,061,746	4,061,746	4,394,296	332,550
Arrears - interest	1,160,000	1,160,000	1,046,170	(113,830)
Lien fees	175,000	175,000	163,702	(11,298)
Total property taxes	284,571,776	284,571,776	285,962,925	1,391,149
Intergovernmental:				
Elderly exemption refund	701,000	701,000	764,013	63,013
Elderly freeze program	16,334	16,334	14,000	(2,334)
DCA tax abatement			135,701	135,701
Distressed municipalities	319,515	319,515	218,829	(100,686)
Education cost sharing	167,699,571	164,195,344	163,978,224	(217,120)
School construction refunds	2,224,597	2,224,597	2,224,598	1
Transportation	1,623,838	1,623,838	1,575,990	(47,848)
Aid to non-public schools	165,000	165,000	154,373	(10,627)
Town aid roads	665,404	665,404	685,121	19,717
Legally blind	143,550	143,550	90,948	(52,602)
Miscellaneous PILOTs	1,109,311	1,109,311	1,228,690	119,379
Tax exempt colleges and hospitals	8,537,526	8,537,526	8,045,926	(491,600)
Breakfast program:				
State	206,064	206,064	187,496	(18,568)
Federal	4,459,647	4,459,647	4,525,555	65,908
Nutrition Center:				
Federal	152,000	152,000	152,086	86
State	8,533,765	8,533,765	8,150,552	(383,213)
Mashantucket Pequot funds	6,237,305	6,237,305	6,170,270	(67,035)
Manufacturing Machinery & Equipment	797,626	797,626	3,638,613	2,840,987
Beardsley Zoo subsidy			336,632	336,632
Build America Bonds subsidy	723,018	723,018	1,046,789	323,771
State-owned property	2,927,289	2,927,289	2,834,257	(93,032)
Total intergovernmental	207,242,360	203,738,133	206,158,663	2,420,530
Fees, permits and licenses:				
Finance:				
Comptroller Copies/Books/Miscellaneous	25,100	25,100	22,840	(2,260)
Comptroller Court Fine/CARC	5,000	5,000	58,445	53,445
Information Technology Services	250	250	932	682
Total finance	30,350	30,350	82,217	51,867
Town Clerk:				
Licenses and Town Fund	1,200	1,200	2,550	1,350
Notaries/late fees	2,800	2,800	2,402	(398)
Farm fund			19,161	19,161
Assignments	1,100,000	1,100,000	838,991	(261,009)
Certification	425,000	425,000	589,561	164,561
Other licenses	23,100	23,100	3,455	(19,645)
Total town clerk	1,552,100	1,552,100	1,456,120	(95,980)

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

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Building Department:				
Building permits	\$ 3,144,500	\$ 3,144,500	\$ 2,384,176	\$ (760,324)
Sign permits	18,000	18,000	10,900	(7,100)
Certificate of occupancy fees	50,000	50,000	60,351	10,351
Copies	500	500	448	(52)
Total building department	<u>3,213,000</u>	<u>3,213,000</u>	<u>2,455,875</u>	<u>(757,125)</u>
Police Department:				
Traffic violations	1,100,000	1,100,000	958,253	(141,747)
Photocopy fees	14,000	14,000	18,176	4,176
Outside overtime	4,948,000	4,948,000	4,444,563	(503,437)
Overtime surcharge			99,175	99,175
Reclaimed dog fees	2,000	2,000	2,065	65
Vendor annual registration fees	25,000	25,000	29,220	4,220
Towing fines	177,000	177,000	156,885	(20,115)
Alarms	25,600	25,600	23,577	(2,023)
Ordinance violations	12,000	12,000		(12,000)
Other	70,950	70,950	79,561	8,611
Total police department	<u>6,374,550</u>	<u>6,374,550</u>	<u>5,811,475</u>	<u>(563,075)</u>
Public facilities:				
Dump license fees	18,000	18,000	22,800	4,800
Commercial dump fees	57,000	57,000	60,704	3,704
Street excavation license	3,300	3,300	650	(2,650)
Public facility enforcement	6,900	6,900	19,013	12,113
Sewer permits	4,000	4,000	3,570	(430)
Congress Plaza	10,000	10,000	15,600	5,600
Annual rent	445,000	445,000	333,659	(111,341)
Parking meters	400,000	400,000	416,352	16,352
Engineering map sales	5,000	5,000	5,476	476
Contractors license	117,500	117,500	110,400	(7,100)
Zoning appeals fees	37,000	37,000	28,395	(8,605)
Tavern zoning permits	168,400	168,400	209,419	41,019
Other revenues	175,500	175,500	165,583	(9,917)
Total public facilities	<u>1,447,600</u>	<u>1,447,600</u>	<u>1,512,150</u>	<u>64,550</u>
Parks and recreation:				
Golf course revenues	1,800,000	1,800,000	1,568,643	(231,357)
Wonderland of Ice	137,106	137,106	84,000	(53,106)
90 Acre	2,250	2,250		(2,250)
Kennedy Stadium	10,000	10,000	8,200	(10,000)
Leases/W.I.C.C.	10,500	10,500	10,500	-
Flea market/ballfield	67,000	67,000	51,620	(15,380)
Miscellaneous	321,000	321,000	382,859	61,859
Parking stickers	50,000	50,000	11,763	(38,237)
Apartment rental	6,000	6,000	4,400	(1,600)
City concessions	10,000	10,000	4,000	(6,000)
Total parks and recreation	<u>2,413,856</u>	<u>2,413,856</u>	<u>2,125,985</u>	<u>(287,871)</u>
Civil service:				
Label/Admin fees	90,100	90,100	7,670	(82,430)

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CITY OF BRIDGEPORT, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Health Department:				
Vital statistics	\$ 443,250	\$ 443,250	\$ 474,402	\$ 31,152
Business license	354,200	354,200	324,359	(29,841)
Housing code	23,000	23,000	18,020	(4,980)
Total health department	<u>820,450</u>	<u>820,450</u>	<u>816,781</u>	<u>(3,669)</u>
Education and Nutrition Center:				
Cafeteria	641,235	641,235	666,691	25,456
High school ticket sales	11,000	11,000	11,663	663
Summer school tuition	50,000	50,000	25,810	(24,190)
Total Education and Nutrition Center	<u>702,235</u>	<u>702,235</u>	<u>704,164</u>	<u>1,929</u>
Sikorsky Airport:				
Airport fees	48,200	48,200	56,545	8,345
Shared revenue	74,600	74,600	93,513	18,913
Airport leases	719,340	719,340	637,815	(81,525)
Total Sikorsky Airport	<u>842,140</u>	<u>842,140</u>	<u>787,873</u>	<u>(54,267)</u>
Fire Department:				
Firewatch reimbursement	113,150	113,150	109,916	(3,234)
Copies	1,500	1,500	729	(771)
Permit	86,775	86,775	78,066	(8,709)
Tank installation	3,000	3,000	4,100	1,100
Total fire department	<u>204,425</u>	<u>204,425</u>	<u>192,811</u>	<u>(11,614)</u>
Total fees, permits and licenses	<u>17,690,806</u>	<u>17,690,806</u>	<u>15,953,121</u>	<u>(1,737,685)</u>
Interest	<u>200,000</u>	<u>200,000</u>	<u>50,325</u>	<u>(149,675)</u>
Other:				
Property rental			720	720
O.T.B. income	450,000	450,000	437,955	(12,045)
State Bingo	200	200	49	(151)
Weights and measures	76,000	76,000	73,105	(2,895)
Sale of City-owned property	100,000	100,000	315,511	215,511
Miscellaneous	14,100	14,100	636,972	622,872
Foreclosure cost recovery	5,000	5,000	2,565	(2,435)
Restitution	5,000	5,000	59,005	54,005
Comptroller miscellaneous revenue	905,318	905,318	1,563,981	658,663
Total other	<u>1,555,618</u>	<u>1,555,618</u>	<u>3,089,863</u>	<u>1,534,245</u>
Total revenues	<u>511,260,560</u>	<u>507,756,333</u>	<u>511,214,897</u>	<u>3,458,564</u>
Other financing sources:				
Transfers in	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Total Revenues and Other Financing Sources	<u>\$ 511,760,560</u>	<u>\$ 508,256,333</u>	<u>\$ 511,714,897</u>	<u>\$ 3,458,564</u>

CITY OF BRIDGEPORT, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
General government:				
Mayor's office	\$ 950,242	\$ 950,242	\$ 962,332	\$ (12,090)
Central grants	409,860	409,859	438,524	(28,665)
Finance divisions	5,788,409	5,788,409	5,125,333	663,076
Registrar of voters	703,596	703,596	718,222	(14,626)
City clerk	392,606	392,606	335,720	56,886
City attorney	4,050,124	4,875,124	4,732,554	142,570
Archives and records	87,350	87,349	83,495	3,854
Civil service	843,253	843,252	750,339	92,913
Labor relations/benefits/pensions	20,505,202	20,474,171	20,485,353	(11,182)
Town Clerk	756,168	756,168	658,028	98,140
Legislative department	287,446	287,446	125,523	161,923
Office of policy and management	734,386	734,386	618,146	116,240
Ethics commission	3,344	3,344	960	2,384
Chief administrative officer	1,069,931	1,069,930	1,022,417	47,513
Information technology service	3,173,099	3,173,091	2,781,051	392,040
Minority business enterprise office	230,183	230,183	201,357	28,826
Total general government	<u>39,985,199</u>	<u>40,779,156</u>	<u>39,039,354</u>	<u>1,739,802</u>
Public Safety:				
Police department	86,198,374	86,222,961	90,299,130	(4,076,169)
Fire department	53,858,041	53,858,040	57,213,813	(3,355,773)
Weights and measures	125,913	125,913	125,692	221
Emergency Operation Center	4,940,591	4,940,590	5,539,523	(598,933)
Total public safety	<u>145,122,919</u>	<u>145,147,504</u>	<u>153,178,158</u>	<u>(8,030,654)</u>
Public facilities:				
Airport	1,128,155	1,128,155	1,274,492	(146,337)
Engineering	400,440	400,440	365,962	34,478
Harbor master	181,592	181,592	176,796	4,796
Maintenance	10,721,935	10,721,935	10,334,342	387,593
Municipal garage	2,467,001	2,467,001	2,572,192	(105,191)
Public facilities administration	11,692,500	11,692,500	11,726,895	(34,395)
Roadway	3,681,271	3,681,270	3,613,688	67,582
Sanitation	5,732,796	5,732,796	5,912,367	(179,571)
Transfer station	1,940,215	1,940,215	1,888,668	51,547
Recreation	933,539	933,539	917,926	15,613
Department on aging	463,078	463,077	418,507	44,570
Parks administration	426,341	426,341	379,685	46,656
Parks	2,412,267	2,412,269	2,412,677	(408)
Zoo	1,447,916	1,447,918	1,365,009	82,909
Golf course	1,426,346	1,426,346	1,422,084	4,262
Total public facilities	<u>45,055,392</u>	<u>45,055,394</u>	<u>44,781,290</u>	<u>274,104</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, 2013

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
Planning and Economic Development:				
OPED administration	\$ 9,342,051	\$ 9,342,051	\$ 9,106,223	\$ 235,828
Building department	1,132,631	1,132,631	1,211,438	(78,807)
Zoning board of appeals	87,076	87,076	83,655	3,421
Zoning commission	471,966	471,966	460,995	10,971
Total planning and economic development	<u>11,033,724</u>	<u>11,033,724</u>	<u>10,862,311</u>	<u>171,413</u>
Health and social services:				
Health and social services administration	268,192	268,192	352,835	(84,643)
Vital statistics	311,152	311,152	306,644	4,508
Communicable disease clinic	449,635	456,079	460,656	(4,577)
Environmental health	733,869	733,869	756,553	(22,684)
Housing code enforcement	573,789	573,789	588,436	(14,647)
Lead prevention program	152,361	152,361	154,676	(2,315)
Human services administration	112,413	112,413	96,154	16,259
Persons with disabilities	53,336	53,337	14,197	39,140
Veterans' affairs	145,386	145,385	120,963	24,422
Lighthouse/Youth services	1,585,640	1,715,640	1,727,756	(12,116)
Social services	224,124	224,124	217,748	6,376
Total health and social services	<u>4,609,897</u>	<u>4,746,341</u>	<u>4,796,618</u>	<u>(50,277)</u>
Libraries	<u>6,748,214</u>	<u>6,748,214</u>	<u>5,974,980</u>	<u>773,234</u>
Special services:				
Miscellaneous expenses	2,021,217	1,196,214	495,826	700,388
Supportive contributions	495,275	495,275	476,381	18,894
Citywide memberships	24,000	24,000	23,092	908
Debt service	3,750,531	3,750,531	3,496,590	253,941
Total special services	<u>6,291,023</u>	<u>5,466,020</u>	<u>4,491,889</u>	<u>974,131</u>
Education:				
Schools	215,843,895	219,825,522	219,831,123	(5,601)
Food services	22,293,104	14,677,265	13,778,413	898,852
Board of education debt service	14,777,193	14,777,193	14,777,193	-
Total education	<u>252,914,192</u>	<u>249,279,980</u>	<u>248,386,729</u>	<u>893,251</u>
Total Expenditures and Other Financing Uses	<u>\$ 511,760,560</u>	<u>\$ 508,256,333</u>	<u>\$ 511,511,329</u>	<u>\$ (3,254,996)</u>

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APPENDIX B – FORM OF LEGAL OPINIONS

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November ____, 2014

City of Bridgeport
999 Broad Street
Bridgeport, Connecticut 06604

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Bridgeport, Connecticut (the “City”) in connection with the issuance of the City’s \$32,435,000 General Obligation Refunding Bonds, 2014 Series B (the “Bonds”), dated November 18, 2014.

The Bonds are issued in the form of registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof. The Bonds are originally registered in the name of Cede & Co., as nominee of the Depository Trust Company, for the purpose of affecting a book-entry system for ownership and transfer of the Bonds.

The Bonds are issued pursuant to various resolutions adopted by the Bridgeport City Council (the “Proceedings”). The Bonds are subject to an Indenture of Trust dated as of May 1, 1996, by and between the City and Fleet National Bank, as amended by a First Supplemental Indenture of Trust dated as of March 1, 1997, by and between the City and Fleet National Bank, as amended by a Second Supplemental Indenture of Trust dated as of January 15, 2000, by and between the City and State Street Bank and Trust Company, successor to Fleet National Bank, as amended by a Third Supplemental Indenture of Trust dated as of August 15, 2000, by and between the City and State Street Bank and Trust Company, as amended by a Fourth Supplemental Indenture of Trust dated as of July 1, 2001, by and between the City and State Street Bank and Trust Company, as amended by a Fifth Supplemental Indenture of Trust dated as of June 15, 2002, by and between the City and State Street Bank and Trust Company, as amended by a Sixth Supplemental Indenture of Trust dated as of November 1, 2003, by and between the City and U.S. Bank National Association, as successor to State Street Bank and Trust Company, as amended by a Seventh Supplemental Indenture of Trust dated as of August 12, 2004, by and between the City and U.S. Bank National Association, as amended by an Eighth Supplemental Indenture of Trust dated as of April 15, 2006, by and between the City and U.S. Bank National Association, as amended by a Ninth Supplemental Indenture of Trust dated as of June 1, 2006, by and between the City and U.S. Bank National Association, as amended by a Tenth Supplemental Indenture of Trust dated as of June 1, 2007, by and between the City and U.S. Bank National Association; as amended by an Eleventh Supplemental Indenture of Trust dated as of December 1, 2009, by and between the City and U.S. Bank National Association, as amended by a Twelfth Supplemental Indenture of Trust dated as of July 1, 2010, by and between the City and U.S. Bank National Association, as amended by a Thirteenth Supplemental Indenture of Trust dated as of June 1, 2012, by and between the City and U.S. Bank National Association, as amended by a Fourteenth Supplemental Indenture of Trust dated as of July 1, 2012, by and between the City and U.S. Bank National Association, as amended by a Fifteenth Supplemental Indenture of Trust dated as of July 1, 2013, by and between the City and U.S. Bank National Association, as amended by a

Sixteenth Supplemental Indenture of Trust dated as of August 1, 2014, by and between the City and U.S. Bank National Association, and as amended by a Seventeenth Supplemental Indenture of Trust dated as of November 1, 2014, by and between the City and U.S. Bank National Association (the "Trustee"). Such indenture, as supplemented hereinafter, is referred to as the "Indenture".

The Indenture is authorized by Chapter 117 (the "Act") of the Connecticut General Statutes. The Act permits a Connecticut municipality, at its option, to support its general obligations by the tax intercept procedure provided for in the Act. Through the Indenture, the City has availed itself of this option afforded by the Act. Under the Indenture, the Tax Collector of the City will deposit with the Trustee certain property taxes to fund the Debt Service Account. The funds in the Debt Service Account will be used to pay all amounts due on the Bonds or any other bonds and notes issued pursuant to the Indenture from time to time and certain other general obligations of the City (collectively, the "Supported General Obligations"). Earnings on the investments of the Debt Service Account are to be remitted to the City periodically for its general operating purposes. Any capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture.

The City has covenanted in the Indenture that it will establish and maintain the Debt Service Account, make payments to the Trustee as required to provide sufficient funds in the Debt Service Account to meet required debt service payments on all Supported General Obligations, and duly and punctually pay all such debt service. Pursuant to the Indenture, the Trustee shall hold monies in the Debt Service Account in trust for the benefit of the holders of all Supported General Obligations and is directed to pay required debt service payments out of the Debt Service Account on all Supported General Obligations as and when the same become due on a pro-rata basis and without regard to the different nature of any such Supported General Obligations.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be excludable from gross income under Section 103 of the Code. In the Tax Compliance Agreement and Certificate of even date herewith (the "Tax Compliance Agreement"), the City has made covenants and representations designed to assure compliance with such requirements of the Code. The City has covenanted in the Tax Compliance Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to ensure that interest on the Bonds shall not be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds.

In connection herewith, we have examined the law and such other materials as we have deemed necessary in order to render this opinion. We have relied upon originals or copies, certified or otherwise, identified to our satisfaction, of such public records, certificates and correspondence of public officials, including certificates of officials of the City, and such other documents as were provided to us. In making such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to original documents of documents submitted as certified or photostatic copies, and the capacity of all persons executing documents. As to questions of fact material to our opinion, we have relied upon representations of the City contained in the certified Proceedings of the City, including the Continuing Disclosure Agreement (the "Disclosure Agreement") and the Tax Compliance Agreement, and other certifications received from the City, all dated of even date herewith, in connection with the issuance and delivery of the Bonds, without undertaking to verify the same by independent investigation. After reasonable diligence, no facts have come to our attention which would lead us to believe that the certificates, documents, correspondence or public records, as supplied to us by the City, contain an untrue statement of a material fact.

Further, in rendering the below opinions regarding the Federal tax treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Compliance Agreement, and (ii) continuing compliance by the City with the covenants set forth in that agreement as to such matters.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement dated November 6, 2014 or other offering material relating to the Bonds except to the extent stated in the Official Statement and we express no opinion herein relating thereto excepting only the matters set forth as our opinion in the Official Statement.

Based upon the foregoing, we are of the opinion:

1. That the Indenture has been duly authorized, executed and delivered by the City and constitutes the valid and binding agreement of the City enforceable upon the City in accordance with its terms, and establishes a valid property tax intercept procedure and debt service payment fund in accordance with Chapter 117 of the Connecticut General Statutes, as amended.

2. That the Seventeenth Supplemental Indenture of Trust, dated as of November 1, 2014, authorizing the issuance of the Bonds has been duly authorized, executed and delivered by the City, complies with the provisions of Article XII of the Indenture and is authorized or permitted by the Indenture.

3. That the Bonds have been duly authorized and issued under the Charter of the City, the laws of the State of Connecticut and the Proceedings duly had and taken in conformity therewith.

4. That the Bonds, when authenticated by the Trustee, will be valid and legally binding general obligations of the City payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes.

5. That under existing law, interest on the Bonds is not included in gross income for Federal income tax purposes and is not an item of tax preference for purposes of the Federal alternative minimum tax; however, with respect to certain corporations (as defined for Federal income tax purposes) subject to the Federal alternative minimum tax, such interest is taken into account in computing the Federal alternative minimum tax. We express no opinion regarding other Federal income tax consequences caused by the ownership or disposition of, or receipt of interest on the Bonds.

6. That, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the Federal alternative minimum tax. We express no opinion regarding other State income tax consequences caused by the ownership or disposition of, or receipt of interest on the Bonds.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Except as stated in paragraphs 5 and 6 above, we express no opinion as to any other Federal, state or local tax consequences arising with respect to the Bonds or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason. Furthermore, we express no opinion herein as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than ourselves on the exclusion from gross income for Federal income tax purposes of interest on the Bonds.

Respectfully,

PULLMAN & COMLEY, LLC

November ___, 2014

City of Bridgeport
999 Broad Street
Bridgeport, Connecticut 06604

We have acted as bond counsel to the City of Bridgeport, Connecticut (the “City”) in connection with the issuance by the City of its \$50,000,000 General Obligation Tax Anticipation Notes, 2014 Series B, dated November 18, 2014 and maturing February 19, 2015 (the “Notes”). In such capacity, we have examined a record of proceedings of the City authorizing the Notes, a Tax Compliance Agreement of the City dated November 18, 2014 (the “Agreement”), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that the Notes have been duly authorized and issued under the Charter of the City, the laws of the State of Connecticut, and a resolution adopted by the Bridgeport City Council on February 18, 2014 and that when the Notes are duly certified by U.S. Bank National Association, the Notes will be valid and legally binding general obligations of the City payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the City and was duly authorized by the City.

The rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Notes in order that interest on the Notes be excluded from gross income under Section 103 of the Code. In the Agreement, the City has made covenants and representations designed to assure compliance with such requirements of the Code. The City has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes to ensure that interest on the Notes shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Notes.

In rendering the below opinions regarding the federal treatment of interest on the Notes, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Agreement, and (ii) continuing compliance by the City with the covenants set forth in the Agreement as to such tax matters.

In our opinion, under existing law, interest on the Notes is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax. We express no opinion regarding other federal income tax consequences caused by the ownership or disposition of, or receipt of interest on the Notes.

We are further of the opinion that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding other state income tax consequences caused by ownership or disposition of, or receipt of interest on the Notes.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated November 6, 2014 and other offering material relating to the Notes.

We have not undertaken to advise whether any events after the date of issuance of the Notes, including the adoption of federal tax legislation, may affect the tax status of interest on the Notes.

Although we have rendered an opinion that interest on the Notes is not includable in gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the Notes. We express no opinion regarding any tax consequence caused by ownership or disposition of, or receipt of interest income on, the Notes not specifically described herein.

Respectfully,

PULLMAN & COMLEY, LLC

APPENDIX C – SUMMARY OF THE INDENTURE

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APPENDIX C

SUMMARY OF THE INDENTURE

The following Summary of the Indenture provides a brief description of the terms and provisions of the Indenture (as defined herein). This summary does not purport to be complete and reference is made to the Indenture for full and complete statements of such and all provisions.

The following, in addition to the information contained in the Official Statement under the caption “THE NOTES AND THE BONDS - Security for the Bonds” herein, summarizes certain provisions of the Indenture. This summary is qualified in its entirety by reference to the Indenture of Trust dated as of May 1, 1996, by and between the City of Bridgeport (the “City”) and Fleet National Bank, as supplemented by that First Supplemental Indenture of Trust dated as of March 1, 1997 by and between the City and Fleet National Bank, as supplemented by that Second Supplemental Indenture of Trust dated as of January 15, 2000, by and between the City and State Street Bank and Trust Company, successor to Fleet National Bank, as supplemented by that Third Supplemental Indenture of Trust dated as of August 15, 2000, by and between the City and State Street Bank and Trust Company, as supplemented by that Fourth Supplemental Indenture of Trust dated as of July 1, 2001 between the City and State Street Bank and Trust Company, as supplemented by that Fifth Supplemental Indenture of Trust dated as of June 15, 2002 between the City and the State Street Bank and Trust Company as supplemented by that Sixth Supplemental Indenture of Trust dated as of November 1, 2003 between the City and U.S. Bank National Association, successor to State Street Bank and Trust Company, as supplemented by that Seventh Supplemental Indenture of Trust dated as of August 12, 2004 between the City and U.S. Bank National Association, as supplemented by that Eighth Supplemental Indenture of Trust dated as of April 15, 2006 between the City and U.S. Bank National Association, as supplemented by that Ninth Supplemental Indenture of Trust dated as of June 1, 2006 between the City and U.S. Bank National Association, as supplemented by that Tenth Supplemental Indenture of Trust dated as of June 1, 2007 between the City and U.S. Bank National Association, as supplemented by that Eleventh Supplemental Indenture of Trust dated as of December 1, 2009 between the City and U.S. Bank National Association, as supplemented by that Twelfth Supplemental Indenture of Trust dated as of July 1, 2010 between the City and U.S. Bank National Association, as supplemented by that Thirteenth Supplemental Indenture of Trust dated as of June 1, 2012 between the City and U.S. Bank National Association, as supplemented by that Fourteenth Supplemental Indenture of Trust dated as of July 1, 2012 between the City and U.S. Bank National Association, as supplemented by that Fifteenth Supplemental Indenture of Trust dated as of July 1, 2013 between the City and U.S. Bank National Association, as supplemented by that Sixteenth Supplemental Indenture of Trust dated as of August 1, 2014 between the City and U.S. Bank National Association, and as further supplemented by that Seventeenth Supplemental Indenture of Trust dated as of November 1, 2014 between the City and U.S. Bank National Association, the current trustee (the “Trustee”). Such Indenture of Trust, as supplemented, is hereinafter referred to as the “Indenture.” A copy of the Indenture is on file at the office of the Director of Finance, City of Bridgeport, 999 Broad Street, Bridgeport, CT 06604 and the Connecticut office of the Trustee at 225 Asylum Street, Corporate Trust, 23rd Floor, Hartford, CT 06103.

Definitions

The “Act” means Chapter 117 of the Connecticut General Statutes, §7-560 et. seq. which Chapter establishes the authority of the property tax intercept procedures set forth in the Indenture.

“Additional Bonds” means a bond or bonds, note or notes or other evidences of indebtedness, as the case may be, described and provided for in the Indenture.

“AGM” means Assured Guaranty Municipal Corp, a New York Stock Exchange Company.

“AMBAC Indemnity” shall mean AMBAC Indemnity Corporation, a Wisconsin domiciled stock insurance company.

“Bond” or **“Bonds”** means a bond or bonds, note or notes or other evidences of indebtedness, as the case may be, authenticated and delivered in accordance with the Indenture as supplemented or amended.

“Bond Insurer” shall mean, with respect to both the 1996 Bonds and the 1997 Series A Bonds, AMBAC Indemnity, with respect to the 2000 Bonds, the 2001 Bonds and the 2002 Bonds, FGIC, with respect to the 2003 Bonds, FSA, with respect to the 2004 Bonds, MBIA, with respect to the 2006 Bonds, FSA, with respect to the 2007 Bonds, and AGM with respect to the 2009 Bonds, the 2010 Bonds and the 2012 Series B Bonds (August 15, 2020 and 2021 maturities).

“Debt Service” means the payments due on Supported General Obligations within a given period of time.

“Debt Service Account” means the account established pursuant to the Indenture as described below in the Section entitled “Debt Service Account.”

“Debt Service Payment Account Requirement” means an amount at least equal to the aggregate amount of principal, sinking fund installments, if any, redemption premium, if any, and interest due to be paid during the then current fiscal year as the same become due and payable on the outstanding Supported General Obligations of the City which have a term of more than one year and additionally all outstanding general obligations which the City determines are to be supported by the Debt Service Account.

“Defeasance Obligation” shall have the following meanings as distinguished herein:

(a) For purposes of the City’s 1996 Bonds and 1997 Series A Bonds, as issued pursuant to that certain Indenture of Trust dated as of May 1, 1996 and that certain First Supplemental Indenture of Trust dated as of March 1, 1997, respectively, the term **“Defeasance Obligation”** shall have that meaning as set forth in the City’s Indenture of Trust dated as of May 1, 1996;

(b) For purposes of the City’s 2000 Bonds and 2002 Bonds, as issued pursuant to the City’s Second Supplemental Indenture of Trust dated as of January 15, 2000, Third Supplemental Indenture of Trust dated as of August 15, 2000, and Fifth Supplemental Indenture of Trust dated as of June 15, 2002, respectively, the term **“Defeasance Obligation”** shall mean Treasury Bonds, Treasury Notes, Treasury Bills, debt obligations of the Federal Home Loan Mortgage Corporation, debt obligations of the Federal National Mortgage Association, guaranteed mortgage backed securities and guaranteed participation certificates of the Government National Mortgage Association, consolidated debt obligations of all the Federal Home Loan Banks, and strips of non-callable obligations issued by the U.S. Treasury, none of which shall be callable or prepayable at the option of the issuer;

(c) For purposes of the City's 2001 Bonds, as issued pursuant to the City's Fourth Supplemental Indenture of Trust dated as of July 1, 2001, the term "**Defeasance Obligation**" shall mean: direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America or by an instrumentality or agency thereof, including: non-callable and non-prepayable obligations of the Federal Farm Credit Bank (formerly the Bank for Cooperatives, the Federal Intermediate Credit Bank and the Federal Land Banks), the Federal Home Loan Banks, the Federal National Mortgage Association, the Government National Mortgage Association and the Federal Home Loan Mortgage Corporation;

(d) For purposes of the City's 2003 Bonds, as issued pursuant to the City's Sixth Supplemental Indenture of Trust dated as of November 1, 2003, the term "**Defeasance Obligation**" shall mean direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America or by an instrumentality or agency thereof, including: non-callable and non-prepayable obligations of the Federal Farm Credit Bank (formerly the Bank for Cooperatives, the Federal Intermediate Credit Bank and the Federal Land Banks), the Federal Home Loan Banks, the Federal National Mortgage Association, the Government National Mortgage Association and the Federal Home Loan Mortgage Corporation;

(e) For purposes of the City's 2004 Bonds, as issued pursuant to the City's Seventh Supplemental Indenture, the term "**Defeasance Obligation**" shall mean: (i) cash; (ii) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series - "SLGs"); (iii) direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities; (iv) Resolution Funding Corp. (REFCORP), only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable; (v) pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P. If however, the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition; (vi) obligations issued by the following agencies which are backed by the full faith and credit of the U.S.: (a) U.S. Export-Import Bank (Eximbank), direct obligations or fully guaranteed certificates of beneficial ownership; (b) Farmers Home Administration (FmHA), certificates of beneficial ownership; (c) Federal Financing Bank; (d) General Services Administration, participation certificates; (e) U.S. Maritime Administration, guaranteed Title XI financing; and (f) U.S. Department of Housing and Urban Development (HUD), Project Notes, Local Authority Bonds, New Communities Debentures - U.S. government guaranteed debentures, and U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds; and (vii) obligations issued by Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac", Federal National Mortgage Association (FNMA or "Fannie Mae") or Federal Home Loan Bank, all of which are rated Aaa/AAA by Moody's and S&P, respectively; and

(f) For purposes of the City's 2006 Series A Bonds and 2006 Series B Bonds, as issued pursuant to the City's Eighth Supplemental Indenture of Trust dated as of April 15, 2006, the term "**Defeasance Obligation**" shall mean direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America or by an instrumentality or agency thereof, including: non-callable and non-prepayable obligations of the Federal Farm Credit Bank (formerly the Bank for Cooperatives, the Federal Intermediate Credit Bank and the Federal Land Banks), the Federal Home Loan Banks, the Federal National Mortgage Association, the Government National Mortgage Association and the Federal Home Loan Mortgage Corporation; and

(g) For purposes of the City's 2006 Series C Bonds, as issued pursuant to the City's Ninth Supplemental Indenture of Trust dated as of June 1, 2006, the term "**Defeasance Obligation**" shall mean direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America or by an instrumentality or agency thereof, including: non-callable and non-prepayable obligations of the Federal Farm Credit Bank (formerly the Bank for Cooperatives, the Federal Intermediate Credit Bank and the Federal Land Banks), the Federal Home Loan Banks, the Federal National Mortgage Association, the Government National Mortgage Association and the Federal Home Loan Mortgage Corporation.

(h) For purposes of the City's 2007 Series A Bonds, as issued pursuant to the City's Tenth Supplemental Indenture of Trust dated as of June 1, 2007, the term "**Defeasance Obligation**" shall mean direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America or by an instrumentality or agency thereof, including: non-callable and non-prepayable obligations of the Federal Farm Credit Bank (formerly the Bank for Cooperatives, the Federal Intermediate Credit Bank and the Federal Land Banks), the Federal Home Loan Banks, the Federal National Mortgage Association, the Government National Mortgage Association and the Federal Home Loan Mortgage Corporation.

(i) For purposes of the City's 2009 Bonds, as issued pursuant to the City's Eleventh Supplemental Indenture of Trust dated as of December 1, 2009, the term "**Defeasance Obligation**" shall have that meaning as set forth in the City's Indenture of Trust dated as of May 1, 1996.

(j) For purposes of the City's 2010 Bonds, as issued pursuant to the City's Twelfth Supplemental Indenture of Trust dated as of July 1, 2010, the term "**Defeasance Obligation**" shall have that meaning as set forth in the City's Indenture of Trust dated as of May 1, 1996.

(k) For purposes of the City's 2012 Series A Bonds, as issued pursuant to the City's Thirteenth Supplemental Indenture of Trust dated as of June 1, 2012, the term "**Defeasance Obligation**" shall have that meaning as set forth in the City's Indenture of Trust dated as of May 1, 1996.

(l) For purposes of the City's 2012 Series B Bonds, as issued pursuant to the City's Fourteenth Supplemental Indenture of Trust dated as of July 1, 2012, the term "**Defeasance Obligation**" shall have that meaning as set forth in the City's Indenture of Trust dated as of May 1, 1996.

(m) For purposes of the City's 2013 Series A Bonds, as issued pursuant to the City's Fifteenth Supplemental Indenture of Trust dated as of July 1, 2013, the term "**Defeasance Obligation**" shall have that meaning as set forth in the City's Indenture of Trust dated as of May 1, 1996.

(n) For purposes of the City's 2014 Series A Bonds, as issued pursuant to the City's Sixteenth Supplemental Indenture of Trust dated as of August 1, 2014, the term "**Defeasance Obligation**" shall have that meaning as set forth in the City's Indenture of Trust dated as of May 1, 1996.

(o) For purposes of the City's 2014 Series B Bonds, as issued pursuant to the City's Seventeenth Supplemental Indenture of Trust dated as of November 1, 2014, the term

“Defeasance Obligation” shall have that meaning as set forth in the City’s Indenture of Trust dated as of May 1, 1996.

“Designated Payments” means the amount of the Property Taxes to be deposited with the Trustee by the Tax Collector on a periodic basis in accordance with the Indenture as described below in the Section entitled “Payments Into Debt Service Account.”

“Excluded Obligations” means: 1) debt obligations of the City assumed by the WPCA on its formation and all other general obligations of both the City and the WPCA which are payable from sewer fees or other revenues of the WPCA and which are not in default; and 2) any other general obligations of the City which are payable from or secured by payments other than Property Taxes and which are not in default. Upon the occurrence of an Event of Default and during its continuance, an Excluded Obligation shall be classified as a Supported General Obligation. At the City’s election, it may treat Excluded Obligations as Supported General Obligations.

“Excluded Taxes” means any of the following: (i) any property or other tax collected for any special taxing district; (ii) any property or other tax specially pledged to support any revenue bonds or any tax incremental financing; and (iii) any proceeds or taxes which are credited or payable on property tax liens which have been sold by the City provided that the proceeds of such sale are treated as Property Taxes.

“FGIC” shall mean Financial Guaranty Insurance Company, a New York stock insurance company.

“Fiduciary” or **“Fiduciaries”** means the Trustee, the Paying Agents, the Bond Registrar, or any of them, as may be appropriate.

“FSA” means Financial Security Assurance Inc., a New York stock insurance company.

“General Obligation” means the Bonds and Obligations issued by the City and secured by the full faith and credit and taxing power of the City including any contingent obligation which is payable solely from the general fund and is subject to annual appropriation.

“MBIA” shall mean MBIA Insurance Corporation, a New York stock insurance company.

“Municipal Bond Insurance Policy” shall mean the municipal bond insurance policies issued by: (i) AMBAC Indemnity insuring the payment when due of the principal of and interest on the 1996 Bonds and the 1997 Series A Bonds, (ii) FGIC insuring the payment when due of the principal of and interest on the 2000 Bonds, the 2001 Bonds and the 2002 Bonds, all as provided in the Indenture, (iii) FSA insuring the payment when due of the principal of and interest on the 2003 Bonds, (iv) MBIA insuring the payments when due of the principal and interest on the 2004 Bonds, all as provided in the Indenture, (v) FSA insuring the payments when due of the principal and interest on the 2006 Bonds and the 2007 Bonds, all as provided in the Indenture, and (vi) AGM insuring the payments when due of the principal and interest on the 2009 Bonds, the 2010 Bonds and the 2012 Series B Bonds (August 15, 2020 and 2021 maturities), all as provided in the Indenture.

“1996 Bonds” means 1996 Series A Serial Bonds, 1996 Series A Term Bonds and 1996 Series B Bonds.

“1996 Series A Bonds” means the 1996 Series A Serial Bonds and the 1996 Series A Term Bonds.

“1996 Series A Serial Bonds” means the City’s General Obligation Refunding Serial Bonds, 1996 Series A dated May 1, 1996.

“1996 Series A Term Bonds” means the City’s General Obligation Refunding Term Bonds, 1996 Series A dated May 1, 1996.

“1996 Series B Bonds” means the City’s General Obligation Taxable Refunding Bonds, 1996 Series B dated May 1, 1996.

“1997 Series A Bonds” means the City's General Obligation Bonds, 1997 Series A dated March 1, 1997.

“Paying Agent” means any bank or trust company organized under the laws of any state of the United States of America or any national banking association designated as paying agent for the Bonds of any series, and its successor or successors hereafter appointed in the manner provided by the Indenture.

“Property Taxes” means taxes of general application on real and personal property levied by the City in accordance with the Connecticut General Statutes including any interest, penalties and other related charges, except for Excluded Taxes and interest, penalties and charges related thereto.

“Redemption Price” shall mean with respect to any Bond the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Indenture.

“Secretary” means the Secretary of the Office of Policy and Management of the State of Connecticut.

“State” means the State of Connecticut.

“Supported General Obligations” means (i) the Bonds, and (ii) any other General Obligation which has a term longer than one year, or which the City determines is to be supported hereby, other than Excluded Obligations.

“Tax Collector” means the tax collector of the City.

“Treasurer” means the Treasurer of the State of Connecticut.

“2000 Bonds” means 2000 Series A Bonds and the 2000 Series B Bonds.

“2000 Series A Bonds” means the City’s General Obligation Bonds, 2000 Series A dated January 15, 2000.

“2000 Series B Bonds” means the City’s General Obligation Taxable Pension Bonds, 2000 Series B Taxable Serial Bonds and the 2000 Series B Taxable Term Bonds, dated August 15, 2000.

“2000 Series B Taxable Serial Bonds” means the City’s General Obligation Taxable Serial Bonds, 2000 Series B dated August 15, 2000.

“2000 Series B Taxable Term Bonds” means the City’s General Obligation Taxable Term Bonds, 2000 Series B dated August 15, 2000.

“2001 Bonds” means the 2001 Series C Bonds and the 2001 Series D Bonds.

“2001 Series C Bonds” means the City’s General Obligation Bonds, 2001 Series C (Tax-exempt) Serial Bonds and the 2001 Series C (Tax-exempt) Term Bond, dated July 1, 2001.

“2001 Series C Serial Bonds” means the City’s General Obligation Tax-exempt Serial Bonds, 2001 Series C dated July 1, 2001.

“2001 Series C Term Bonds” means the City’s General Obligation Tax-exempt Term Bonds, 2001 Series C dated July 1, 2001.

“2001 Series D Bonds” means the City’s General Obligation Bonds, 2001 Series D (Taxable) Bonds dated July 1, 2001.

“2002 Bonds” means the City’s General Obligation Bonds, 2002 Series A Bonds dated June 18, 2002

“2003 Bonds” means the 2003 Series A Bonds, the 2003 Series B Bonds and the 2003 Series C Bonds.

“2003 Series A Bonds” means the City’s General Obligation Bonds, 2003 Series A (Tax-exempt) dated November 1, 2003.

“2003 Series B Bonds” means the City’s General Obligation Bonds, 2003 Series B (Taxable) Bonds dated November 1, 2003.

“2003 Series C Bonds” means the City’s General Obligation Bonds, 2003 Series C (Tax-Exempt Refunding) Bonds dated November 1, 2003.

“2004 Bonds” means the 2004 Series A Bonds, the 2004 Series B Bonds and the 2004 Series C Bonds.

“2004 Series A Bonds” means the City’s General Obligation Bonds, 2004 Series A (Tax-Exempt) dated August 12, 2004.

“2004 Series B Bonds” means the City’s General Obligation Bonds, 2004 Series B (Taxable) Bonds dated August 12, 2004.

“2004 Series C Bonds” means the City’s General Obligation Bonds, 2004 Series C (Tax-Exempt Refunding) Bonds dated August 12, 2004.

“2006 Bonds” means the 2006 Series A Bonds, the 2006 Series B Bonds and the 2006 Series C Bonds.

“2006 Series A Bonds” means the City’s General Obligation Bonds, 2006 Series A (Tax-Exempt Refunding) dated April 27, 2006.

“2006 Series B Bonds” means the City’s General Obligation Bonds, 2006 Series B (Tax-Exempt) dated April 19, 2006.

“2006 Series C Bonds” means the City’s General Obligation Bonds, 2006 Series C (Tax-Exempt Refunding) dated June 6, 2006.

“2007 Series A Bonds” means the City’s General Obligation Bonds, 2007 Series A (Tax-Exempt) dated June 28, 2007.

“2009 Bonds” means the 2009 Subseries A Bonds, the 2009 Subseries B Bonds and the 2009 Subseries C Bonds.

“2009 Subseries A Bonds” means the City’s General Obligation Bonds, 2009 Subseries A (Tax-Exempt) dated December 15, 2009.

“2009 Subseries B Bonds” means the City’s General Obligation Bonds, 2009 Subseries B (Federally Taxable – Issuer Subsidy – Build America Bonds) dated December 15, 2009.

“2009 Subseries C Bonds” means the City’s General Obligation Bonds, 2009 Subseries C (Federally Taxable – Issuer Subsidy – Recovery Zone Economic Development Bonds) dated December 15, 2009.

“2010 Bonds” means the 2010 Series A Bonds, the 2010 Series B Bonds and the 2010 Series C Bonds.

“2010 Series A Bonds” means the City’s General Obligation Bonds, 2010 Series A (Tax-Exempt) dated July 22, 2010.

“2010 Series B Bonds” means the City’s General Obligation Bonds, 2010 Series B (Federally Taxable – Issuer Subsidy – Build America Bonds) dated July 22, 2010.

“2010 Series C Bonds” means the City’s General Obligation Bonds, 2010 Series C (Tax-Exempt Refunding) dated July 22, 2010.

“2012 Series A Bonds” means the City’s General Obligation Bonds, 2012 Series A dated June 14, 2012.

“2012 Series B Bonds” means the City’s General Obligation Refunding Bonds, 2012 Series B dated July 12, 2012.

“2013 Series A Bonds” means the City’s General Obligation Refunding Bonds, 2013 Series A dated July 11, 2013.

“2014 Series A Bonds” means the City’s General Obligation Bonds, 2014 Series A dated August 28, 2014.

“2014 Series B Bonds” means the City’s General Obligation Refunding Bonds, 2014 Series B dated November 18, 2014.

2. Certification of Debt Service

Pursuant to the Indenture, prior to the commencement of each Fiscal Year, the City shall deliver to the Trustee and the Tax Collector, the Certificate of Debt Service executed by the Mayor and the Director of Finance setting forth the following:

- (a) Each payment of Debt Service maturing in that Fiscal Year, with all relevant detail including with respect to all Supported General Obligations: (a) the principal amount and date or dates of maturity thereof and the due dates of any installment of principal or mandatory sinking fund payments or redemption payments; (b) the rate or rates of interest thereon and the date or dates of payment thereof; (c) the place or places where, and the Persons to whom, such Supported General Obligations are payable, and where applicable the Paying Agent; and (d) if such Supported General Obligations are subject to redemption, the terms and conditions of such redemption.
- (b) The amount of the Debt Service for each month of the Fiscal Year and for the first month of the following Fiscal Year.
- (c) The estimated balance in the Debt Service Account at the beginning of each month during such Fiscal Year.
- (d) The Designated Payments for each month of the Fiscal Year and for the first month of the following year. If the budgeted Property Tax collection for any month is less than the Debt Service for the following month, then the Designated Payments for the preceding month shall be increased so that at the commencement of the month in which the Debt Service is due there will be sufficient funds to pay the Debt Service for such month.

3. Payments Into Debt Service Account

At the start of each month, commencing with July, 1996, the Tax Collector shall deposit with the Trustee, for credit to the Debt Service Account, all Property Taxes collected until there has been deposited with the Trustee an amount equal to the Designated Payments for the ensuing month as reflected on the Certificate of Debt Service or such greater amount as set forth on the Certificate of Debt Service. In the event that any such deposits do not become good funds for any reason, upon notice from the Trustee, the Tax Collector shall make further payments to the Trustee to replace such amounts. Once the Debt Service Account contains an amount equal to or greater than the amount required by the Certificate of Debt Service, the Tax Collector shall not be obligated to make any deposits in the Debt Service Account for such month.

In the event the City determines that there will not be sufficient funds in the Debt Service Account to pay the Debt Service as it becomes due it shall cause necessary payments to be made to the Debt Service Account or cause the Tax Collector to pay all Property Taxes collected by the City to the Trustee for deposit in the Debt Service Account until there are sufficient funds in the Debt Service Account to pay the Debt Service.

If seven days prior to a Debt Service payment date, the amount held in the Debt Service Account is insufficient to make such payment as identified in the Certificate of Debt Service, the Trustee shall give notice to the City of such insufficiency. The City shall immediately upon receipt of such notice deposit with Trustee the amount of the insufficiency and until such amount is paid and the Tax Collector has

received notice from the Trustee that it has sufficient funds to pay the Debt Service then due or becoming due, the Tax Collector shall deposit with the Trustee all Property Taxes collected.

If two days prior to a Debt Service payment date, the amount held in the Debt Service Account is insufficient to make such payment, the Trustee shall give notice to the Mayor and Director of Finance of the City and the Secretary and the Treasurer of such insufficiency. The City shall immediately upon receipt of such notice deposit with Trustee the amount of the insufficiency and until such amount is paid and the Tax Collector has received notice from the Trustee that it has sufficient funds to pay the Debt Service then due or becoming due, the Tax Collector shall deposit with the Trustee all Property Taxes collected.

Once the Debt Service Account holds sufficient assets to pay the Debt Service when due for the remainder of any Fiscal Year, upon written notice from the Trustee of that fact, the Tax Collector shall not be required to make further payments of Property Taxes for such Fiscal Year to the Debt Service Account. The determination by the Trustee shall be solely based upon the Certificate of Debt Service and the deposits then held in the Debt Service Account.

4. Debt Service Account

The Trustee shall hold moneys in the Debt Service Account in trust for the benefit of the holders of all Supported General Obligations.

The Trustee shall pay out of the Debt Service Account to the Paying Agent (i) on or before each interest payment date for any series of Bonds, the amount required for the interest payable on such date; (ii) on or before the due date for each Principal Installment, including any sinking fund installment, the amount required for the Principal Installment payable on such due date; and (ii) on or before any Redemption Date for the Bonds, the amount required for the payment of principal, interest and premium, if any, on the Bonds then to be redeemed. Such amounts shall be applied by the Paying Agent on or after the due dates thereof.

The Trustee shall from time to time from and after the date hereof pay from the Debt Service Account all amounts required for the payment as the same becomes due on all Supported General Obligations pursuant to instructions set forth in the Certificate of Debt Service prepared by the City.

The Trustee shall pay out of the Debt Service Account to the City on a monthly basis any interest or investment income earned on the Debt Service Account.

5. Covenants of the City

The City covenants for the benefit of the Trustee and to the holders of the Bonds to (1) punctually pay the principal, mandatory sinking fund payment or Redemption Price, if any, of every Bond, and the interest thereon at the dates and place, and in the manner provided in the Bond, (2) comply with the requirements of the Act and the applicable laws of the State, (3) apply the Property Taxes in such manner as required by the Indenture, (4) comply with the terms of the Tax Compliance Agreement delivered in connection with the issuance of the 2014 Series B Bonds which shall require the City to make no use of the proceeds of the 2014 Series B Bonds or of other amounts which would cause the 2014 Series B Bonds to be treated as “arbitrage bonds” within the meaning of the Internal Revenue Code of 1986, as amended and applicable regulations (the “Code”), and that the City will not take any action, or fail to take any action with respect to the proceeds of the 2014 Series B Bonds that would result in a loss of the exemption from Federal Income taxation pursuant to the Section 103(a) of the Code of interest paid on the 2014 Series B Bonds; and (5) except to the extent otherwise provided in the Indenture, the City shall

not enter into any contract or take any action by which the rights of the Trustee or the holders of the Bonds may be impaired, and shall, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of the Indenture.

6. Events of Default

Each of the following constitutes an Event of Default under the Indenture:

- (a) the City shall default in the payment of the principal or redemption price of any Bond when and as the same shall become due and payable, whether at maturity or upon call for redemption, or the City shall default in the payment of the unsatisfied balance of any sinking fund installment therefor (except when such installment is due on the maturity of such Bond), when and as such sinking fund installment shall become due and payable, and such default shall continue for a period of thirty days; or
- (b) the City shall default in the payment of any installment of interest on any Bond, when and as such interest installment shall become due and payable and such default shall continue for a period of thirty days; or
- (c) the City shall fail or refuse to perform or observe any covenant, agreement or condition on its part in the Indenture or in the Bonds, and such default shall continue for a period of sixty (60) days after written notice thereof to the City by the Trustee or to the City and to the Trustee by the owners of not less than a majority in principal amount of the Bonds outstanding.

7. Remedies of Holders of the Bonds

If an Event of Default shall occur and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed within applicable law, and upon written request of the owners of not less than 25% in principal amount of the Bonds outstanding shall proceed, to protect and enforce its rights and the rights of the owners of the Bonds under the Indenture forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against the City as if the City were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under the Indenture.

All rights of action under the Indenture may be enforced by the Trustee without the possession of any of the Bonds or the production thereof at the trial or other proceedings, and any such suit or proceedings instituted by the Trustee shall be brought in its name.

The owners of not less than 25% in principal amount of the outstanding Bonds may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, provided that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the holders of the Bonds not parties to such direction.

Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under the Indenture, the Trustee shall be entitled to exercise any and all rights

and powers conferred in the Indenture and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

Regardless of the occurrence of an Event of Default, the Trustee shall have power to, but unless requested in writing by the owners of 25% in principal amount of the outstanding Bonds to the extent provided in subsection (1) of this Section, and furnished with reasonable security, indemnity and arrangements in advance for the periodic payment of its fees, expenses and liabilities, shall be under no obligation to, institute and maintain suits and proceedings as the Trustee may be advised shall be necessary or expedient to prevent any impairment of the security under the Indenture by any acts which may be unlawful or in violation of the Indenture, or suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the holders of the Bonds.

No owner of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the Indenture or the execution of any trust under the Indenture or for any remedy under the Indenture, unless such owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default and the owners of at least 25% in principal amount of the Bonds then outstanding, to the extent provided above, shall have filed a written request with the Trustee and shall have offered it reasonable opportunity, either to exercise the powers granted in the Indenture or by the Act or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such owners shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of 60 days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by the Indenture, or to enforce any right under the Indenture, except in the manner herein provided; and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all owners of the outstanding Bonds, subject only to the provisions of this Section entitled "Remedies of Holders of the Bonds".

Nothing contained in the Indenture shall affect or impair the obligation of the City, which is absolute and unconditional, to pay at the respective dates of Maturity and places therein expressed the principal of (and premium, if any), sinking fund installments, and interest on the Bonds to the respective owners thereof, or affect or impair the right of action, which is also absolute and unconditional, of any owner to enforce such payment of his Bond.

8. Application of Taxes and Other Moneys After Default

During the continuance of an Event of Default, the Trustee shall apply all moneys, securities, funds, taxes and revenues received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture as follows and in the following order:

- (a) Expenses of Fiduciaries – to the payment of the reasonable and proper charges, expenses and liabilities of the Fiduciaries.
- (b) Principal or Redemption Price and Interest – to the payment of the interest and principal or Redemption Price then due on the Supported General Obligations, as follows:

First: Interest – to the payment to the Persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, together with accrued and unpaid interest on the Supported General Obligations theretofore called for

redemption, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; and

Second: Principal or Redemption Price – to the payment to the Persons entitled thereto of the unpaid principal, unsatisfied balance of any sinking fund installment or Redemption Price of any Supported General Obligations which shall have become due, whether at maturity or by call for redemption, in the order of their dates, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the Persons entitled thereto, without any discrimination or preference.

If and whenever all overdue installments of interest on all Supported General Obligations, together with the reasonable and proper charges, expenses and liabilities of the Trustee under the Indenture or any other agreement and all other sums payable by the City under the Indenture, including the principal and Redemption Price of and accrued unpaid interest on all Bonds which shall then be payable by declaration or otherwise, shall either be paid by or for the account of the City, or provisions satisfactory to the Trustee shall be made for such payment, and all defaults under the Indenture or the Bonds shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the City, and the Trustee shall be restored, respectively, to their former positions and rights under the Indenture. No such restoration of the City and the Trustee, to their former positions and rights shall extend to or affect any subsequent default under the Indenture or impair any right consequent thereon.

9. Notice to Bondholders

Within ninety (90) days after the occurrence of any Event of Default, the Trustee shall promptly mail written notice of such occurrence to each Owner of the Bonds then outstanding at his/her address, if any, appearing on the Bond Register.

10. Additional Bonds

In addition to the Bonds initially issued, the City may issue Additional Bonds on a parity with all Outstanding Bonds and secured by an equal charge and lien on and payable equally and ratably from the Property Taxes for any purpose.

Prior to the delivery of Additional Bonds, there shall be filed with the Trustee (i) a supplemental indenture duly executed by the City; (ii) opinion of recognized bond counsel to the effect that the Additional Bonds, when executed by the City and authenticated and delivered by the Trustee and when issued by the City, will be legal general obligations of the City entitled to the benefits of and secured by this Indenture equally and ratably with all other outstanding Bonds and that the supplemental indenture has been duly executed and delivered by the City and all applicable conditions for the Trustee's execution and delivery of such supplemental indenture have been satisfied; and (iii) instructions from the City to authenticate and deliver such Additional Bonds.

11. Amendments and Supplemental Indentures

Without the consent of any holders of any Bonds, the City, when authorized by a City Council resolution, and the Trustee at any time and from time to time, may enter into one or more amendments or indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

- (a) to evidence and provide for the acceptance of appointment by another bank or trust company as a successor Trustee hereunder with respect to one or more series of Bonds and to add to or change any of the provisions of the Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the Indenture;
- (b) to add to the covenants of the City, for the benefit of the holders of Bonds of all or any series, or to surrender any right or power herein conferred upon the City, provided that such action shall not adversely affect the interests of the holders of Bonds; or
- (c) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under the Indenture, provided that such action shall not materially and adversely affect the interests of the holders of Bonds of any series; or
- (d) to establish any additional form of Bond, as permitted hereunder and to provide for the issuance of any additional series of Bonds, as permitted under the Indenture, and to set forth the terms thereof; or
- (e) to confirm, as further assurance, any security interest, pledge or assignment under, and the subjection to any security interest, pledge or assignment created or to be created by, the Indenture of the Property Taxes, or of any other moneys, or securities; or
- (f) to modify, supplement or amend the Indenture to effect qualification under the Trust Indenture Act of 1939, as amended, or under any similar federal statute hereinafter enacted, and to add to the Indenture such other provisions as may be expressly permitted by the Trust Indenture Act of 1939, as amended, and to permit the qualification of any series of Bonds for sale under the securities laws of any state or the United States; or
- (g) to modify, supplement or amend the Indenture to effect its compliance with the Act; or
- (h) to appoint a trustee or any paying agent; or
- (i) to satisfy the requirements of the providers of credit enhancement for, or any rating agency in connection with, any of the series of Bonds if such requirements do not materially and adversely affect the rights of the holders of the Bonds; or
- (j) to grant to or confer upon the Trustee for the benefit of the holders of the Bonds any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the holders of the Bonds or the Trustee or either of them which are not contrary to or inconsistent with the Indenture as theretofore in effect, or to grant or pledge to the Trustee for the benefit of the holders of the Bonds any additional security other than that granted or pledged under the Indenture.

With the consent of the respective Bond Insurer or if the respective Municipal Bond Insurance Policy is not in effect, the consent of the holders of not less than 50% in principal amount of the outstanding Bonds of each series affected by such amendment or amendments or supplemental indenture or indentures, the City and the Trustee may enter into amendments or indentures supplemental for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of the holders of Bonds of each such series under the Indenture; provided, however, that no such amendment or supplemental indenture shall, without the consent of the holder of each outstanding Bond affected thereby:

- (a) change the maturity of the principal of, or the stated maturity of the premium, if any, on, or any installment of interest on, any Bond, or reduce the principal amount thereof or any premium thereon or the rate of interest thereon, or change the method of computing the amount of principal thereof on any date or change the coin or currency in which any Bond or any premium or interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the maturity thereof, as the case may be, (or, in the case of redemption or repayment, on or after the redemption date or the repayment date, as the case may be); or
- (b) reduce the percentage in principal amount of the outstanding Bonds of any series, the consent of whose holders is required for any such amendment or supplemental indenture or the consent of whose holders is required for any waiver (of compliance with certain provisions of the Indenture or of certain defaults thereunder and their consequences) provided for in the Indenture; or
- (c) modify any of the provisions of this Section, except to increase any such percentage or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each outstanding Bond affected thereby.

Prior to the adoption of any such supplemental indenture, the City shall give at least 15 business days written notice thereof.

It shall not be necessary for any act of holders of the Bonds under this Section to approve the particular form of any proposed amendment or supplemental indenture, but it shall be sufficient if such act shall approve the substance thereof.

Notwithstanding the provisions above, the Indenture may be amended by the City without the approval of the holders of the Bonds or Trustee upon the request of the Secretary or the Treasurer provided such amendment does not impair the rights of the holders of the Bonds.

12. Bond Insurer's Rights

Unless otherwise provided, each Bond Insurer has the exclusive vote for the holders of its respective Bonds for the following purposes: (i) execution and delivery of any supplemental indenture; (ii) removal of the Trustee and selection of a new Trustee; (iii) amending the provision of the Indenture pursuant to the section entitled "Amendments and Supplemental Indentures" herein and (iv) initiation or approval of any action not described above which requires consent of the holders of the Bonds.

Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default as defined herein, each Bond Insurer, as to their respective Bonds, shall be entitled to all of the rights of the holders of such Bonds under the Indenture including at its election to vote such

respective Bonds that there are outstanding on all matters on which the respective Bonds are entitled to vote hereunder.

In the event that the principal and/or interest due on the Bonds shall be paid by the respective Bond Insurer pursuant to the Municipal Bond Insurance Policy, the respective Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the City, and the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the City to the registered owners of such Bonds shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such registered owners.

13. State Pledge Regarding Indenture

The State pursuant to Section 7-565 of the Connecticut General Statutes has pledged to the holders of any bonds and notes issued under the Act, including the Bonds, and with those parties who may enter into or have entered into contracts for the insurance or payment of such bonds or notes with the City pursuant to the provisions of the Act, that it will not limit or alter the rights vested in the City by the Act until such obligations together with the interest thereon, are fully met and discharged and such contracts are fully performed on the part of the City, provided nothing shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the holders of such bonds and notes of the City. The State has authorized the City to include this pledge and undertaking of the State in such bonds and notes or contracts and in any indenture or supplement thereto pursuant to which bonds or notes have been issued pursuant to the Act.

14. Defeasance

If the City shall pay or cause to be paid, or there shall be otherwise paid or provision made for payment, to the Holders of all or any of the Bonds of a series then Outstanding, the principal or Redemption Price of and interest thereon, at the times and in the manner stipulated therein and in this Indenture and any supplemental indenture, and all fees and expenses of the Trustee, the Paying Agent and the City, and any and all amounts due and owing to the Bond Insurer, then the pledge of any Property Taxes or other moneys and securities hereby pledged to such Bonds or such series of Bonds and all other rights granted hereby to such Bonds or such series of Bonds shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the City, execute and deliver to the City all such instruments as may be desirable to evidence such discharge and satisfaction and the Trustee or other fiduciary shall pay or deliver to the City all moneys or securities held by it pursuant to this Indenture and any supplemental indenture which are not required for the payment or redemption of Bonds of such series not theretofore surrendered for such payment or redemption to be used by the City.

Any Bonds of a series for which moneys shall then be held by a trustee, which may be the Trustee (through deposit by the City of funds for such payment or redemption or otherwise), whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in this Section. Any Outstanding Bonds of any series shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in this Section if:

- (a) in case any of such Bonds are to be redeemed on any date prior to their maturity, the City shall have given to a trustee, which may be the Trustee, in form satisfactory to such trustee, irrevocable instructions to give notice of redemption on such date of such Bonds;
- (b) there shall have been deposited with such trustee either moneys in an amount which shall be sufficient, or Defeasance Obligations the principal of and the interest on which when

due will provide moneys which, together with the moneys, if any, deposited with such trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be; and

- (c) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the City shall have given a trustee, which may be the Trustee, in form satisfactory to such trustee, irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Bonds that the deposit required by (b) above has been made with such trustee and that such Bonds are deemed to have been paid in accordance with the Indenture and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on such Bonds.

In the event of an advance refunding of any series of Bonds and unless the Bond Insurer for such series otherwise agrees in writing:

- (a) the City shall cause to be delivered, on the deposit date and upon any reinvestment of the defeasance amount, a verification report of an accountant.
- (b) the Escrow Deposit Agreement (which shall be acceptable in form and substance to the Bond Insurer for such series) shall provide that no (A) substitution of a Defeasance Obligation shall be permitted except with another Defeasance Obligation and upon delivery of a new Verification and (B) reinvestment of a Defeasance Obligation shall be permitted except as contemplated by the original Verification or upon delivery of a new Verification; and
- (c) there shall be delivered an opinion of recognized bond counsel to the effect that the payment of such series of Bonds has been provided for in the manner set forth herein and that such series of Bonds are not longer “Outstanding” under the Indenture.

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APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENTS

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FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Agreement”) is made as of November __, 2014 by the City of Bridgeport, Connecticut (the “Issuer”), acting by its undersigned officers, duly authorized, in connection with the issuance of its \$32,435,000 General Obligation Refunding Bonds, 2014 Series B, dated November 18, 2014 (the “Bonds”), for the benefit of beneficial owners from time to time of the Bonds. The Bonds are issued pursuant to the Indenture (defined below). A copy of the Indenture may be reviewed at the office of the Director of Finance of the Issuer.

Section 1. Purpose of the Disclosure Agreement. This Agreement is being executed and delivered by the Issuer for the benefit of the Bondholders and in order to assist the underwriter in complying with SEC Rule 15c2-12.

Section 2. Definitions. For purposes of this Agreement, the following capitalized terms shall have the following meanings:

“EMMA” shall mean the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.

“Final Official Statement” shall mean the official statement of the Issuer dated November 6, 2014 prepared in connection with the Bonds.

“Fiscal Year End” shall mean the last day of the Issuer’s fiscal year, currently June 30.

“Indenture” shall mean the Indenture of Trust dated as of May 1, 1996, as amended by a First Supplemental Indenture of Trust dated as of March 1, 1997, as amended by a Second Supplemental Indenture of Trust dated as of January 15, 2000, as amended by a Third Supplemental Indenture of Trust dated as of August 15, 2000, as amended by a Fourth Supplemental Indenture of Trust dated as of July 1, 2001, as amended by a Fifth Supplemental Indenture of Trust dated as of June 15, 2002, as amended by a Sixth Supplemental Indenture of Trust dated as of November 1, 2003, as amended by a Seventh Supplemental Indenture of Trust dated as of August 12, 2004, as amended by an Eighth Supplemental Indenture of Trust dated as of April 15, 2006, as amended by a Ninth Supplemental Indenture of Trust dated as of June 1, 2006, as amended by a Tenth Supplemental Indenture of Trust dated as of June 1, 2007, as amended by an Eleventh Supplemental Indenture of Trust dated as of December 1 2009, as amended by a Twelfth Supplemental Indenture of Trust dated as of July 1, 2010, as amended by a Thirteenth Supplemental Indenture of Trust dated as of June 1, 2012, as amended by a Fourteenth Supplemental Indenture of Trust dated as of July 1, 2012, as amended by a Fifteenth Supplemental Indenture of Trust dated as of July 1, 2013, as amended by a Sixteenth Supplemental Indenture of Trust dated as of August 1, 2014, and as further amended by a Seventeenth Supplemental Indenture of Trust dated as of November 1, 2014, by and between the Issuer and U.S. Bank National Association, as Trustee.

“Listed Events” shall mean any of the events listed in Section 5 hereof.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Rule” means SEC Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 3. Provisions of Annual Reports. The Issuer shall, not later than 275 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2014, provide to the MSRB an annual report (the “Annual Report”) which is consistent with the requirements of Section 4 of this Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Agreement; provided that, if audited financial statements of the Issuer are unavailable at the time the Annual Report is due, the Issuer will include unaudited financial statements with the Annual Report and the audited financial statements, when available, will be provided to the MSRB, within thirty (30) days of receipt.

Section 4. Content of Annual Report. The Annual Report shall contain or incorporate by reference the following:

(i) Audited financial statements of the Issuer for the prior fiscal year, which statements shall be in accordance with the accounting principles that are required by State law. As of the date of this Agreement, the Issuer prepares its financial statements pursuant to generally accepted accounting principles; and

(ii) To the extent not included in the audited financial statements referred to in Subsection (i) above, financial information and operating data within the meaning of the Rule of the type set forth in the table entitled “Debt Service Schedule”, as set forth under the heading “THE BONDS”, as well those tables in the Final Official Statement entitled “Principal Amount of Indebtedness – Long Term Debt”, “WPCA Major Project Loans”, “Principal Amount of Outstanding Debt”, “Debt Statement”, “Current Debt Ratios”, “Ratio of Annual Debt Service Expenditures to General Fund Expenditures”, “Statement of Statutory Debt Limitation and Debt Margin”, “Computation of Debt Limitation and Debt Margin”, and the financial information under “Other Long-Term Commitments”, as set forth in the “DEBT AND CAPITAL PROGRAMS” section of the Final Official Statement, together with the information relating to the pension programs set forth in the “FINANCIAL INFORMATION” section, and the real and personal property taxes of the type set forth under the “TAX BASE DATA” section of the Final Official Statement.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer, which have been submitted to the MSRB. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

The Issuer reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in mandated state statutory principles as in effect from time to

time; provided that the Issuer agrees that the exercise of any such right will be done in a manner consistent with the Rule.

Section 5. Reporting of Listed Events.

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;
- (vi) tender offers;
- (vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;
- (viii) Bond defeasances; and
- (ix) rating changes.

(b) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event, if material:

- (i) non-payment related defaults;
- (ii) modifications to rights of Bondholders;
- (iii) Bond calls;
- (iv) release, substitution, or sale of property securing repayment of the Bonds;
- (v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms; and
- (vi) appointment of a successor or additional trustee, or the change in the name of the trustee.

Section 6. Notice of Failure to Provide Annual Financial Information. The Issuer agrees to provide or cause to be provided, in a timely manner to the MSRB, notice of any failure by the Issuer to

provide annual financial information as set forth in Sections 3 and 4 hereof on or before the date set forth in Section 3 hereof.

Section 7. Termination of Reporting Obligation. The obligations of the Issuer under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the Issuer ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

Section 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Agreement, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent.

Section 9. Amendment. Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, (ii) this Agreement, as so amended or waived, would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances, and (iii) such amendment or waiver is supported by either an opinion of counsel expert in federal securities laws to the effect that the amendment or waiver would not materially adversely affect the beneficial owners of the Bonds or an approving vote by holders of not less than 60% of the aggregate principal amount of the Bonds then outstanding. A copy of any such amendment or waiver will be filed in a timely manner the MSRB. The annual financial information provided on the first date following adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver.

Section 10. Additional Information. The Issuer shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided however, nothing in this Agreement shall be construed as prohibiting the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Issuer to comply with the provisions of this Agreement, the Issuer may cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 4(i) of this Agreement or 10 days with respect to the undertakings set forth in Sections 4(ii) and 5 of this Agreement) from the time the Issuer receives written notice of such failure. For purposes of this Section, notices to the Issuer should be sent to the Director of Finance of the Issuer with a copy to the Issuer's City Attorney. In the event the Issuer does not cure such failure within the time frame specified above, any Participating Underwriter (as defined in the Rule) or any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance, to cause the Issuer to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default with respect to the Bonds, and the sole remedy under this Agreement in the event of any failure of the Issuer to comply with this Agreement shall be an action to compel specific performance. The parties expressly agree and acknowledge that no monetary damages shall arise or be payable hereunder.

Section 12. Governing Law. This Agreement shall be governed by the laws of the State of Connecticut.

Section 13. Method of Filing. To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

Section 14. Beneficiaries. This Agreement shall inure solely to the benefit of the Issuer, any dissemination agent, the Participating Underwriter and the Bondholders, and shall create no rights in any other person or entity.

Dated: As of November ___, 2014

CITY OF BRIDGEPORT, CONNECTICUT

By: _____
Bill Finch
Mayor

By: _____
Anne Kelly-Lenz
Director of Finance

**FORM OF
CONTINUING DISCLOSURE AGREEMENT**

This Continuing Disclosure Agreement (the “Agreement”) is made as of November ____, 2014 by the City of Bridgeport, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$50,000,000 General Obligation Tax Anticipation Notes, 2014 Series B (the “Notes”).

Section 1. Purpose of the Agreement. This Agreement is being executed and delivered by the Issuer for the benefit of the Note holders and in order to assist the underwriters in complying with SEC Rule 15c2-12.

Section 2. Definitions. For purposes of this Agreement, the following capitalized terms shall have the following meanings:

“EMMA” shall mean the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 10 hereof.

“Final Official Statement” shall mean the official statement of the Issuer dated November 6, 2014 prepared in connection with the Notes.

“Listed Events” shall mean any of the events listed in Section 3 hereof.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Rule” means SEC Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 3. Reporting of Listed Events.

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Notes, notice of the occurrence of such event:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other

material notices or determinations with respect to the tax status of the Notes, or other events affecting the tax status of the Notes;

- (vi) tender offers;
- (vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;
- (viii) Note defeasances; and
- (ix) rating changes.

(b) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Notes, notice of the occurrence of such event, if material:

- (i) non-payment related defaults;
- (ii) modifications to rights of Note holders;
- (iii) Note calls;
- (iv) release, substitution, or sale of property securing repayment of the Notes;
- (v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms; and
- (vi) appointment of a successor or additional trustee, or the change in the name of the trustee.

Section 4. Termination of Reporting Obligation. The obligations of the Issuer under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Notes, or (ii) such time as the Issuer ceases to be an obligated person with respect to the Notes within the meaning of the Rule.

Section 5. Dissemination Agent. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Agreement, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent.

Section 6. Amendment. Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, (ii) this Agreement, as so amended or waived, would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances, and (iii) such amendment or waiver is supported by either an opinion of counsel expert in federal securities laws to the effect that the amendment or waiver would not materially adversely affect the beneficial owners of the Notes or an approving vote by holders of not less than 60% of the aggregate principal amount of the Notes then outstanding. A copy of any such amendment or waiver will be filed in a timely manner the MSRB. The annual financial information provided on the first

date following adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver.

Section 7. Additional Information. The Issuer shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided however, nothing in this Agreement shall be construed as prohibiting the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any annual report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any annual report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future annual report or notice of occurrence of a Listed Event.

Section 8. Default. In the event of a failure of the Issuer to comply with the provisions of this Agreement, the Issuer may cure such failure within a reasonable time (but not exceeding 10 days with respect to the undertakings set forth in Section 3 of this Agreement) from the time the Issuer receives written notice of such failure. For purposes of this Section, notices to the Issuer should be sent to the Director of Finance of the Issuer with a copy to the Issuer's City Attorney. In the event the Issuer does not cure such failure within the time frame specified above, any Participating Underwriter (as defined in the Rule) or any Note holder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance, to cause the Issuer to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default with respect to the Notes, and the sole remedy under this Agreement in the event of any failure of the Issuer to comply with this Agreement shall be an action to compel specific performance. The parties expressly agree and acknowledge that no monetary damages shall arise or be payable hereunder.

Section 9. Governing Law. This Agreement shall be governed by the laws of the State of Connecticut.

Section 10. Method of Filing. To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

Section 11. Beneficiaries. This Agreement shall inure solely to the benefit of the Issuer, any dissemination agent, the Participating Underwriters and the Note holders, and shall create no rights in any other person or entity.

CITY OF BRIDGEPORT, CONNECTICUT

By: _____
Bill Finch
Mayor

By: _____
Anne Kelly-Lenz
Director of Finance

APPENDIX E – CASH FLOW PROJECTIONS

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		CITY OF BRIDGEPORT FY 2014-2015 CASHFLOW PROJECTIONS (NOVEMBER 2014 TANS) (\$50 MILLION)																			
		Actual	Actual	Actual	Actual	Actual	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	7/1/014-6/30/2015	TOTAL	FY 2015 Bud.Surp./ (Deficit)
Revenue Source Desc	FY 2015 BUDGET	April 2014	May 2014	June 2014	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15			TOTAL	FY 2015	
	1,352,100	251,752	235,455	452,481	74,313	173,304	115,190	168,221	117,137	92,635	105,172	74,512	71,840	94,059	142,944	147,850			1,377,177	25,077	
	1,352,100	251,752	235,455	452,481	74,313	173,304	115,190	168,221	117,137	92,635	105,172	74,512	71,840	94,059	142,944	147,850			1,377,177	25,077	
41208 CERTIFICATION	400,000	48,008	124,759	126,500	19,945	86,894	38,718	23,019	28,767	25,500	34,941	25,756	27,183	27,362	25,000	36,915			400,000	400,000	-
41209 CERTIFIED COPIES	25,000	12,454	5,959	16,815	4,045	5,181	1,600	6,075	3,377	2,914	1,483	2,313	1,793	5,000	3,207	3,592			40,580	40,580	15,580
41210 LIQUOR APPLICATION/PERMIT	700	111	99	141	45	63	63	66	87	63	51	27	54	79	99	(29)			700	700	-
41225 ASSIGNMENT	900,000	187,236	101,239	300,186	48,320	78,515	71,968	136,737	81,791	61,750	66,000	44,641	40,799	57,641	111,239	100,001			900,000	900,000	-
41381 VACANT PROPERTY FEES	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			-	-	(20,000)
41306 CITY FARM FUND	-	2,959	2,449	7,239	945	2,082	2,150	1,888	2,531	1,998	2,211	1,425	1,584	2,959	2,449	7,239			29,461	29,461	29,461
	1,352,100	251,752	235,455	452,481	74,313	173,304	115,190	168,221	117,137	92,635	105,172	74,512	71,840	94,059	142,944	147,850			1,377,177	1,377,177	25,077
	6,384,550	487,325	507,969	543,730	381,665	399,784	363,682	444,646	1,108,688	607,304	660,570	306,209	531,176	530,825	578,825	574,680			6,488,054	6,488,054	103,504
41642 BLOCKPARTY/PERMIT,GUNPERMIT,FLE	45,000	4,435	3,356	5,875	1,580	3,630	-	16,055	1,100	2,240	2,240	3,180	2,860	4,435	3,356	4,324			45,000	45,000	-
41644 OUTSIDE OVERTIME REIMBURSEMENT	4,948,000	357,523	377,874	315,939	264,780	289,420	267,957	305,315	923,158	489,960	526,332	212,615	401,082	402,523	464,874	399,984			4,948,000	4,948,000	-
41374 VEHICLE SURCHARGE	12,000	-	-	-	-	-	-	1,000	-	-	1,000	-	1,000	-	3,000	-			3,000	3,000	(9,000)
41646 TOWING FINES	85,000	6,095	7,131	42,400	1,300	9,100	1,175	8,050	4,500	4,600	5,075	5,125	7,025	6,095	10,131	22,824			85,000	85,000	-
41647 VENDORANNUALREGISTRATIONFEES	25,000	4,210	2,880	4,245	4,225	9,385	-	2,435	535	275	625	1,700	4,210	4,210	3,315	4,245			30,315	30,315	5,315
41650 TRAFFIC VIOLATIONS	1,100,000	93,302	72,730	104,972	90,581	72,254	66,940	91,679	127,462	90,512	101,878	75,000	106,665	93,302	81,251	102,466			1,100,000	1,100,000	-
41651 COMMERCIAL ALARMS 54%	25,000	198	3,863	1,379	100	-	150	-	3,366	-	-	-	4,833	3,357	198	3,863			4,315	25,000	25,000
41365 ACCIDENT TOWERS LIST	20,000	9,900	2,250	-	-	-	-	450	-	-	-	-	-	9,900	2,250	7,400			20,000	20,000	-
41366 REDEEMED VEHICLES SURCHARGE	30,000	4,850	4,400	6,900	150	5,900	675	2,525	2,075	2,400	1,175	2,975	3,300	3,000	3,400	2,425			30,000	30,000	-
41367 ABANDONED VEHICLES SURCHARGE	60,000	3,262	3,879	4,051	1,776	650	9,422	4,000	3,500	4,600	4,500	4,500	3,506	4,262	3,879	15,405			60,000	60,000	-
	6,384,550	487,325	507,969	543,730	381,665	399,784	363,682	444,646	1,108,688	607,304	660,570	306,209	531,176	530,825	578,825	574,680			6,488,054	6,488,054	103,504
	207,425	20,854	6,601	10,263	10,989	16,670	9,721	9,322	22,828	8,674	15,515	21,153	21,345	26,254	10,376	34,043			206,890	206,890	(535)
41588 FLAMMABLE LIQUID LICENSE	207,425	20,854	6,601	10,263	10,989	16,670	9,721	9,322	22,828	8,674	15,515	21,153	21,345	26,254	10,376	34,043			206,890	206,890	(535)
41592 LIQUOR PERMIT	33,000	1,200	50	60	-	-	500	600	500	750	5,000	11,775	6,375	2,700	680	4,150			33,000	33,000	-
41594 ROOMING HOUSE PERMIT	15,000	225	800	1,625	-	300	1,050	1,600	800	900	950	800	600	2,375	1,500	3,825			15,000	15,000	-
41594 ROOMING HOUSE PERMIT	4,000	600	100	400	100	400	200	200	200	200	-	350	1,100	600	100	750			4,000	4,000	-
41595 SITE ASSESSMENT PERMIT	3,500	-	150	-	-	-	150	-	200	-	150	75	1,000	150	425	3,500			3,500	3,500	-
41598 TRUCK - HAZMAT PERMIT	15,000	-	-	-	-	-	-	-	3,000	-	4,000	-	4,000	-	2,000	15,000			15,000	15,000	-
41600 96/17 HOOD SYSTEM PERMIT	7,500	2,750	1,150	1,850	1,400	2,150	500	500	300	300	700	150	200	500	250	550			7,500	7,500	-
41601 CHARGE FOR TIME	40,000	316	1,500	2,955	4,402	2,260	5,100	2,380	4,718	139	850	7,154	5,300	2,316	1,500	3,981			40,000	40,000	-
41603 FIREWATCH REIMBURSEMENT	75,000	15,000	2,250	746	4,668	10,183	1,348	3,363	12,206	5,259	3,400	-	2,000	16,000	2,750	13,823			75,000	75,000	-
41408 FIRE INSPECTIONS	2,900	231	536	244	713	-	-	-	-	-	-	-	400	300	631	612			2,900	2,900	-
	207,425	20,854	6,601	10,263	10,989	16,670	9,721	9,322	22,828	8,674	15,515	21,153	21,345	26,254	10,376	34,043			206,890	206,890	(535)
	76,000	900	-	195	-	16,671	-	-	-	-	45,514	11,620	1,500	500	-	195			76,000	76,000	-
41252 ANNUALCOMMERCIALSSCALECERTIFIC	76,000	900	-	195	-	16,671	-	-	-	-	45,514	11,620	1,500	500	-	195			76,000	76,000	-
	76,000	900	-	195	-	16,671	-	-	-	-	45,514	11,620	1,500	500	-	195			76,000	76,000	-
	4,770,506	342,133	528,680	907,911	512,865	283,757	422,200	286,513	216,529	206,237	214,475	156,132	312,169	429,756	572,628	1,097,539			4,710,800	4,710,800	(59,706)
41502 TRANSIENT REVENUE	85,000	2,587	4,129	6,873	5,120	5,718	1,200	5,353	5,452	6,061	5,900	5,326	5,355	4,870	5,129	9,516			85,000	85,000	-
41504 TIE DOWN	70,000	6,730	6,120	6,620	6,990	4,469	6,625	4,945	3,565	7,145	9,015	4,015	3,950	6,730	6,120	6,431			70,000	70,000	-
41505 T-HANGARS	70,000	4,800	6,600	6,300	6,890	4,710	5,000	5,600	4,800	7,200	5,200	5,899	4,301	4,800	7,800	8,000			70,000	70,000	-
41506 HANGER RENTALS	275,000	22,083	22,083	3	22,083	22,083	22,083	22,083	22,083	22,083	22,083	22,083	22,083	22,083	22,083	32,087			275,000	275,000	-
41507 ANNUAL BASE RENT	225,000	15,985	9,646	14,185	13,985	13,909	15,485	14,433	11,646	27,950	16,485	16,985	17,485	15,985	14,646	46,006			225,000	225,000	-
41509 % OF GROSS	85,000	1,341	10,329	9,537	19,833	7,016	8,805	9,000	6,855	6,003	4,884	6,500	6,500	1,341	5,000	4,163			85,000	85,000	-
41510 FUEL FLOWAGE FEE	100,000	236	5,264	3,763	4,805	5,367	8,103	6,260	5,217	7,317	6,281	9,478	4,736	6,264	30,372	100,000			100,000	100,000	-
	913,200	108,929	100,810	106,199	43,521	41,546	84,583	80,833	64,952	62,215	63,972	76,248	57,893	119,494	101,087	116,856			913,200	913,200	-
41654 CONTRACTORS' STREET LICENSE	8,500	200	200	1,500	400	2,600	400	700	600	800	100	100	100	200	200	2,300			8,500	8,500	-
41655 CONTRACTORS' SIDEWALK LICENSE	9,000	300	400	2,000	400	2,700	600	800	600	800	200	200	100	300	400	1,900			9,000	9,000	-
41656 STREET EXCAVATING PERMITS	97,000	10,500	9,400	9,450	2,800	13,100	10,000	7,000	9,300	6,600	4,500	4,700	5,400	10,500	9,400	13,700			97,000	97,000	-
41657 SIDEWALK EXCAVATING PERMITS	13,000	350	1,200	1,500	200	200	850	1,550	750	1,450	800	1,200	1,550	1,200	1,900	1,900			13,000	13,000	-
41658 CONTRACTORS' DUMP LICENSES	18,000	-	200	7,000	5,800	200	500	800	900	900	600	800	800	200	7,300	18,000			18,000	18,000	-
41664 PARKING METER COLLECTIONS	420,000	72,488	33,867	33,365	33,400	20,723	30,215	50,632	33,468	28,762	35,206	26,924	25,415	72,488	33,867	28					

CITY OF BRIDGEPORT FY 2014-2015 CASHFLOW PROJECTIONS (NOVEMBER 2014 TANS) (\$50 MILLION)																			
Revenue Source Desc	FY 2015 BUDGET	Actual April 2014	Actual May 2014	Actual June 2014	Actual Jul-14	Actual Aug-14	Proj. Sep-14	Proj. Oct-14	Proj. Nov-14	Proj. Dec-14	Proj. Jan-15	Proj. Feb-15	Proj. Mar-15	Proj. Apr-15	Proj. May-15	Proj. Jun-15	7/1/014-6/30/2015	TOTAL	FY 2015 Bud.Surp./ (Deficit)
Revenue Source Desc	2,514,606	172,667	297,452	545,488	339,048	176,203	268,422	133,350	89,321	58,186	78,739	6,665	77,386	246,167	338,752	642,661	2,454,900	2,454,900	(59,706)
41623 SEASIDE/BEARDSLEYCHECKPOINT	335,000		65,769	117,849	99,046	55,580	7,186	-	-	-	-	-	-	-	65,769	107,419	335,000	335,000	-
41624 KENNEDY STADIUM RENTAL	10,000	4,200	-	1,000	-	-	-	-	-	-	-	-	-	5,200	1,500	3,300	10,000	10,000	-
41625 PARK STICKERS	30,000	-	2,290	10,090	-	1,903	599	-	-	-	10	-	-	-	8,090	19,398	30,000	30,000	-
41629 WONDERLAND OF ICE - RENT	72,000	-	-	18,000	-	-	6,000	6,000	-	30,000	-	-	12,000	-	-	18,000	72,000	72,000	-
41630 % OF PROFIT	75,000	-	-	30,000	-	-	15,000	-	-	-	32,000	-	-	-	-	28,000	75,000	75,000	-
45341 W.I.C.C ANNUAL LEASE	10,500	-	-	-	10,500	-	-	-	-	-	-	-	-	-	-	-	10,500	10,500	-
41632 CITY CONCESSIONS	10,000	-	-	1,000	1,000	-	-	-	-	-	-	-	2,500	2,500	1,500	1,500	10,000	10,000	-
41633 APARTMENT RENTAL	5,000	400	400	800	400	400	400	400	600	600	600	600	600	2,500	400	1,500	5,000	5,000	-
45342 FAIRCHILDWHEELER REST. REV	50,000	-	-	25,000	25,000	400	400	400	600	600	25,000	-	-	-	-	50,000	50,000	50,000	-
41635 FAIRCHILDWHEELERGOLF COURSE REV	1,815,000	164,617	225,543	364,299	199,652	114,870	235,787	123,500	85,271	24,136	17,679	115	58,836	234,617	259,543	460,994	1,815,000	1,815,000	-
41316 T-MOBILE RENT KENNEDY STADIUM	36,000	3,450	3,450	3,450	3,450	3,450	3,450	3,450	3,450	3,450	3,450	3,450	3,450	3,450	3,450	3,450	41,400	41,400	5,400
41326 WONDERLAND BOND DEBT SERVICE	65,106	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	65,106	(65,106)
44268 STATE OF CT ZOO SUBSIDY	360,000	-	63,331	206,139	-	-	-	-	-	-	-	-	103,069	-	63,331	193,600	360,000	360,000	-
	4,770,906	342,133	528,680	907,911	512,865	283,757	422,200	286,513	216,529	206,237	214,475	156,132	312,169	429,756	572,828	1,097,539	4,710,800	4,710,800	(59,706)
	5,515,778	1,740,086	214,271	312,488	651,231	156,797	95,091	119,162	510,408	48,288	56,971	93,793	101,238	1,713,182	224,067	440,532	5,554,689	5,554,689	38,911
R137 CONGRESS PLAZA RENT	455,000	17,435	17,535	14,660	4,977	3,369	2,969	15,469	15,469	91,069	27,969	15,469	102,969	15,469	90,469	52,969	438,636	438,636	(16,364)
45138 ANNUAL RENT	10,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000	12,000	2,000
45140 ANNUAL PILOT	150,000	12,500	12,500	12,727	-	-	-	12,500	12,500	12,500	25,000	12,500	25,000	12,500	12,500	25,000	150,000	150,000	-
45327 LAMAR	250,000	-	-	-	-	-	-	-	-	75,000	-	-	75,000	-	75,000	25,000	250,000	250,000	-
	45,000	3,535	3,635	533	3,577	1,969	1,969	1,969	1,969	1,969	1,969	1,969	1,969	1,969	1,969	1,969	25,236	25,236	(19,764)
	4,910,500	1,698,944	131,703	267,414	634,464	135,741	76,056	85,995	479,363	638,005	136,569	32,800	530,644	1,678,879	113,760	368,224	4,910,500	4,910,500	(0)
41525 SIGN / LICENSE RENEWAL PERMIT	15,000	650	250	450	500	675	835	1,450	1,125	1,275	1,150	1,225	1,250	1,150	1,200	3,165	15,000	15,000	-
41526 RESIDENTIAL ADDITIONS AND ALTER	175,000	9,000	12,200	18,623	31,710	8,550	18,025	16,175	8,575	13,500	13,500	7,200	12,950	9,000	12,200	23,765	175,000	175,000	-
41527 NON-RESIDENTIAL ADDITIONS AND ALTER	500,000	13,425	66,400	147,225	495,025	81,650	11,875	11,250	10,050	9,440	15,000	10,430	14,800	13,425	39,500	56,412	768,857	768,857	268,857
41528 NEWSINGLE FAMILY HOUSE PERMITS	25,000	2,450	1,150	1,750	4,550	-	2,275	-	-	4,525	2,150	1,900	4,975	2,450	425	1,750	25,000	25,000	-
41530 THREE OR MORE UNITS HOUSING PERMIT	370,000	-	-	825	-	-	-	175	-	-	-	-	-	-	34,000	30,000	36,988	101,143	(268,857)
41531 POOL, TENTS, GARAGES-OTHER BUILDING	13,000	100	900	2,350	1,975	1,150	575	800	-	500	-	-	1,350	3,100	900	2,650	13,000	13,000	-
41532 NEW-NON RESIDENTIAL	3,350,000	1,564,775	-	11,064	42,650	-	2,200	34,000	416,075	558,875	81,175	-	459,925	1,564,775	-	190,325	3,350,000	3,350,000	-
41533 ELECTRICAL PERMITS	135,000	68,220	17,707	26,623	22,000	13,185	7,200	3,000	14,000	18,828	3,400	-	10,385	28,220	2,945	11,837	135,000	135,000	-
41534 PLUMBING PERMITS	75,000	8,225	6,060	24,960	6,975	7,760	4,500	5,575	7,550	7,120	7,125	3,385	5,775	6,810	6,060	6,565	75,000	75,000	-
41535 HEATING PERMITS	90,000	24,225	8,345	9,100	11,785	10,435	15,635	4,000	9,535	8,100	5,685	4,025	4,635	3,275	5,345	7,545	90,000	90,000	(0)
41536 AIR CONDITIONING PERMITS	40,000	2,560	4,475	3,125	7,000	4,350	4,175	2,250	1,300	7,200	700	750	2,725	2,560	4,475	2,515	40,000	40,000	-
41537 DEMOLITION PERMITS	25,000	300	8,050	6,675	2,500	75	1,250	-	2,300	3,400	1,475	-	1,325	1,300	4,400	6,975	25,000	25,000	-
44386 FIRE PROTECTION	15,000	225	-	2,400	700	2,750	2,000	1,000	2,300	400	500	475	1,550	225	-	3,100	15,000	15,000	-
44387 VENTILATION PERMIT	8,000	-	-	-	-	-	-	575	500	1,000	300	3,000	2,000	200	125	8,000	8,000	8,000	-
41540 CERTIFICATE OF OCCUPANCY	62,500	4,500	5,975	11,158	6,700	5,000	5,300	5,775	5,450	4,000	3,500	2,900	5,800	4,500	5,975	7,600	62,500	62,500	-
41256 ZONING COMPLIANCE FINE	95,000	13,495	11,098	20,687	10,320	10,363	9,090	8,243	7,569	7,280	6,172	6,691	6,336	8,107	6,550	8,279	95,000	95,000	-
41256 LIQUOR CERTIFICATION FEE	5,000	980	1,450	975	300	650	270	270	110	490	110	220	550	520	800	710	5,000	5,000	-
41259 STATE CONSERVATION APPLICATION FEE	8,000	1,080	240	920	240	840	300	500	660	240	540	720	1,080	240	2,040	2,040	8,000	8,000	-
	5,515,778	1,740,086	214,271	312,488	651,231	156,797	95,091	119,162	510,408	48,288	56,971	93,793	101,238	1,713,182	224,067	440,532	5,554,689	5,554,689	38,911
	862,480	52,930	46,481	74,029	75,794	61,465	47,387	71,493	48,288	56,971	93,793	83,698	101,238	65,685	64,875	89,659	860,346	860,346	(2,135)
41247 MARRIAGE LICENSE FEE	490,580	34,865	25,495	36,268	35,554	37,055	33,447	41,461	39,388	40,661	38,993	38,298	47,838	41,160	40,355	56,371	490,581	490,581	1
41248 BIRTH CERTIFICATES	15,000	825	946	833	979	869	715	1,350	1,094	918	1,078	900	1,078	1,048	3,779	15,001	15,001	15,001	-
41249 DEATH CERTIFICATES	250,000	17,540	8,580	15,380	15,300	19,160	17,000	19,500	20,250	20,168	20,080	20,100	23,510	21,650	21,934	31,548	250,000	250,000	-
41250 BURIAL PERMITS	175,000	13,900	13,240	15,800	15,800	12,860	16,160	13,830	15,400	14,280	13,580	17,540	13,900	13,240	15,550	175,000	175,000	175,000	-
41250 BURIAL PERMITS	4,000	411	360	482	286	330	342	399	317	394	284	200	357	241	360	490	4,000	4,000	-
41411 OTHER TOWN FEES	2,530	104	266	300	52	-	-	-	-	44	-	96	1,700	104	266	268	2,530	2,530	-
41410 GEOLOGY FEES	1,500	40	-	-	-	160	40	100	-	140	40	-	100	340	100	480	1,500	1,500	-
41272 MARRIAGE LICENSE SURCHARGE	35,000	1,285	1,295	2,320	2,400	2,740	1,860	3,330	3,390	3,198	2,920	3,010	2,920	3,515	3,010	2,707	35,000	35,000	-

CITY OF BRIDGEPORT FY 2014-2015 CASHFLOW PROJECTIONS (NOVEMBER 2014 TANS) (\$50 MILLION)																				
		Actual	Actual	Actual	Actual	Actual	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	7/1/014-6/30/2015	TOTAL	FY 2015 Bud.Surp./ (Deficit)
Revenue Source Desc	FY 2015 BUDGET	April 2014	May 2014	June 2014	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15		TOTAL	FY 2015	
Revenue Source Desc																			TOTAL	FY 2015
41567 BARBER SHOP LICENSE	354,200	14,995	20,545	29,768	32,565	24,410	13,450	29,637	8,900	15,725	54,800	44,150	53,400	22,295	24,520	30,348	354,200	354,200	-	
41568 BEAUTY SHOP LICENSE	6,000		2,100	3,300	900		750							2,250	2,100	2,250	6,000	6,000	-	
41569 BEVERAGE LICENSE	16,000	150	150	5,250	1,350		300	1,900	1,600	650	150		1,250	650	2,850	5,850	16,000	16,000	-	
41570 DAYCARE FACILITY LICENS	7,500	175	700	700	175			325		500	2,625	925	175	175	700	1,900	7,500	7,500	-	
41572 FOOD ESTABLISHMENT LICENSE	5,000			200			2,000	4,500	400	600						500	8,000	8,000	-	
41576 SWIMMING POOL LICENSE	100,000	1,320	1,670	4,856	21,840	17,185	6,600	10,000	2,100	5,350	400		16,100	6,420	6,670	7,335	100,000	100,000	-	
41578 RESTAURANT LICENSE	5,000	600	3,600	1,600										600	3,600	800	5,000	5,000	-	
41579 SANDWICH SHOP LICENSE	110,000	6,500	5,000	3,850			1,150	2,300	5,687	3,100	6,400	32,925	28,650	16,650	6,500	2,000	3,763	110,000	110,000	-
41580 TEMPORARY VENDOR LICENSE	35,000	500	500	250	500	500	1,500	1,500	1,000	1,000	11,325	8,000	8,050	1,500	500	1,575	35,000	35,000	-	
41581 VENDOR LICENSE	10,000	525	1,525	2,925	2,925	1,950	1,000	600	100	300		200	100	525	1,525	775	10,000	10,000	-	
41308 RODENT INSPECTION FEES	18,000	3,800	1,750	2,850	1,500	250		1,600	250				4,750	4,800	1,750	3,100	18,000	18,000	-	
41309 FLOOR PLAN REVIEW PLANS	4,500	300	300	300	100	200		500	900		400	700	300	300	300	800	4,500	4,500	-	
41371 RETAIL TOBACCO LICENSE	2,700	500	400	775	100			800	200	300	200		500	200	175	225	2,700	2,700	-	
	20,000	625	700	250	1,250	875		1,625	250	375	6,625	5,325	5,375	625	700	75	23,100	23,100	3,100	
	17,700	2,230		3,995	7,675		490	395		585		1,250		2,940		2,940	15,565	15,565	(2,135)	
	862,480	52,930	46,481	74,029	75,794	61,465	47,387	71,493	48,288	56,971	93,793	83,698	101,238	65,685	64,875	89,659	860,346	860,346	(2,135)	
	2,755,383	-	-	1,039,038	542,671	489,466	-	-	-	-	-	-	11,166	992,125	-	-	719,955	2,755,383	2,755,383	-
44514 SCHOOL DEBT SRVC REIMBURSEMENT	1,872,098	-	-	1,039,038	542,671	489,466	-	-	-	-	-	-	11,166	598,306	-	-	719,955	1,872,098	1,872,098	-
41403 BUILD AMERICA BOND SUBSIDY	760,507	-	-	-	-	423,656	-	-	-	-	-	-	-	336,851	-	-	-	760,507	760,507	-
41404 ECONOMIC DEV BOND SUBSIDY	122,778	-	-	-	-	65,810	-	-	-	-	-	-	-	56,968	-	-	-	122,778	122,778	-
	2,755,383	-	-	1,039,038	542,671	489,466	-	-	-	-	-	-	11,166	992,125	-	-	719,955	2,755,383	2,755,383	-
	275,000	1,273,540	25,000	7,523	-	30,007	-	-	20,000	-	10,000	20,000	4,500	35,000	55,000	100,493	275,000	275,000	-	
41544 SALE OF CITY PROPERTY	275,000	1,273,540	25,000	7,523	-	30,007	-	-	20,000	-	10,000	20,000	4,500	35,000	55,000	100,493	275,000	275,000	-	
	164,515,344	82,103,881	-	1,225,080	-	-	-	41,048,836	-	-	41,343,836	-	-	82,097,672	-	25,000	164,515,344	164,515,344	-	
	164,515,344	82,103,881	-	1,225,080	-	-	-	41,048,836	-	-	41,343,836	-	-	82,097,672	-	25,000	164,515,344	164,515,344	-	
44517 AID TO NON-PUBLIC SCHOOLS	155,000	-	-	-	-	-	-	-	-	-	155,000	-	-	-	-	-	-	155,000	155,000	-
44519 LEGALLY BLIND	140,000	-	-	-	-	-	-	-	-	-	140,000	-	-	-	-	-	-	140,000	140,000	-
44520 EDUCATION COST SHARING	164,195,344	82,103,881	-	-	-	-	-	41,048,836	-	-	41,048,836	-	-	82,097,672	-	-	164,195,344	164,195,344	-	
41522 SUMMER SCHOOL TUITION	25,000	-	-	25,000	-	-	-	-	-	-	-	-	-	-	-	25,000	25,000	25,000	-	
44350 ECS PROPERTY TAX RELIEF	-	-	-	1,200,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1,485,004	1,478,614	-	-	-	-	-	-	-	-	-	-	-	1,485,004	-	-	1,485,004	1,485,004	-	
	1,485,004	1,478,614	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,485,004	1,485,004	-	
44515 PUBLIC SCHOOLS TRANSPORTATION	1,063,251	1,057,790	-	-	-	-	-	-	-	-	-	-	-	1,063,251	-	-	1,063,251	1,063,251	-	
44516 NON-PUBLICSCHOOLSTRANSPORTATIO	421,753	420,824	-	-	-	-	-	-	-	-	-	-	-	421,753	-	-	421,753	421,753	-	
	14,304,062	558,820	704,107	3,297,366	1,564,122	580,678	666,793	326,347	1,800,123	1,583,385	1,199,526	1,034,070	878,171	559,639	682,414	3,428,795	14,304,062	14,304,062	0	
42121 NUTRITION-FEDERALPORTION,CAF	14,304,062	558,820	704,107	3,297,366	1,564,122	580,678	666,793	326,347	1,800,123	1,583,385	1,199,526	1,034,070	878,171	559,639	682,414	3,428,795	14,304,062	14,304,062	0	
42617 FEDERAL BREAKFAST PROGRAM	8,791,351	263,807	290,633	2,429,521	1,201,000	-	340,400	237,015	1,001,116	1,008,195	753,823	623,711	456,067	263,807	290,633	2,615,584	8,791,351	8,791,351	-	
44818 STATE PORTION - LUNCH	4,459,647	225,074	149,694	919,979	267,275	471,409	179,951	53,631	553,365	550,937	420,631	342,219	382,737	225,074	149,694	862,724	4,459,647	4,459,647	-	
44619 STATEPORTION-BREAKFASTPROGRAM	152,000	-	38,284	(105,509)	-	105,246	114,065	-	-	26	-	-	-	-	-	38,284	(105,621)	152,000	-	
41621 STUDENT SALES	206,064	40,000	41,333	18,568	65,000	-	-	-	-	-	-	41,163	-	40,000	41,333	18,568	206,064	206,064	-	
41622 OTHER SALES	390,000	25,921	26,840	19,920	9,952	2,929	32,205	34,807	27,329	22,942	23,726	26,366	37,688	27,921	26,840	27,296	390,000	390,000	0	
	390,000	2,437	155,581	7,460	9,923	844	172	494	218,000	785	746	111	1,279	2,437	135,280	9,923	390,000	390,000	-	
	14,304,062	558,820	704,107	3,297,366	1,564,122	580,678	666,793	326,347	1,800,123	1,583,385	1,199,526	1,034,070	878,171	559,639	682,414	3,428,795	14,304,062	14,304,062	0	
Grand Total	522,763,157	98,664,436	3,963,897	13,284,715	117,426,840	29,087,400	16,030,806	46,425,979	5,708,416	30,779,638	131,456,658	20,441,167	12,128,664	96,583,930	3,883,465	13,324,345	523,277,206	523,277,206	514,049	

CITY OF BRIDGEPORT FY 2014-2015 CASHFLOW PROJECTIONS (NOVEMBER 2014 TANS) (\$50 MILLION)																				
Revenue Source Desc	FY 2015 BUDGET	Actual	Actual	Actual	Actual	Actual	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	7/1/014-6/30/2015	TOTAL	FY 2015 Bud.Surp./ (Deficit)
Revenue Source Desc		April 2014	May 2014	June 2014	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15		TOTAL	FY 2015	
FUND 62 REVENUES	FY 15 Budget	April 2014	May 2014	June 2014	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15		Total		
44382: CITY MEDICARE PART " D " REIMB.	500,000	248,495		107,508	8,954	-	-	-	-	62,722	25,268	137,892	33,298	124,248	0	107,618		500,000	500,000	(1)
44384: CITY ACTIVE EMP. HEALTH CO-PAY	6,960,692	428,376	540,162	556,515	323,967	595,748	533,704	558,102	712,912	565,120	721,664	523,310	514,357	513,376	707,162	691,270		6,960,692	6,960,692	(0)
44385: CITY RETIREE HEALTH CO-PAYMENT	700,000	94,874	95,640	81,421	42,814	67,924	41,550	87,975	53,292	74,344	44,840	38,551	66,568	61,874	70,640	49,628		700,000	700,000	-
44384: WPCA ACTIVE EMP. HEALTH REIMB.	34,900	2,551	3,449	3,642	2,131	3,918	2,569	2,432	3,040	2,432	3,040	2,432	2,432	2,551	3,449	4,474		34,900	34,900	-
44384: CITY GRANTS HEALTH REIMB.	223,824	24,419	24,031	24,553	13,640	21,823	19,638	18,389	22,926	19,622	22,275	18,800	19,605	18,314	18,023	10,769		223,824	223,824	0
44384: B.O.E ACTIVE HEALTH CO-PAYMENT	7,764,825	553,692	795,669	404,289	128,931	213,920	808,656	766,248	1,022,501	655,723	654,853	640,720	640,132	642,692	996,669	593,780		7,764,825	7,764,825	0
44385: B.O.E RETIREES HEALTH COPAYMENT	3,200,000	667,359	103,891	425,543	690,548	99,808	250,838	413,436	163,290	98,005	365,000	135,906	145,000	333,680	77,918	426,571		3,200,000	3,200,000	(1)
44382: B.O.E MEDICARE PART " D " REIMB.	-	524,675	-	77,931	62,135	53,317	-	-	-	39,265	15,818	-	-	-	0	-		170,535	170,535	170,535
44383: B.O.E GRANT EMPLOYER HLTH REIMB.	6,662,778	572,609	835,937	723,849	55,136	87,648	520,319	567,671	896,120	587,835	598,890	643,460	576,234	572,609	835,937	720,919		6,662,778	6,662,778	0
44384: B.O.E GRANTS EMP. HEALTH CO-PAY	1,958,022	144,180	209,847	204,165	15,551	26,829	147,501	155,354	227,686	166,223	170,801	186,650	178,444	209,180	254,847	218,956		1,958,022	1,958,022	-
44384: NUTRITION CENTER HEALTH CO-PAY	589,341	45,750	56,761	57,188	7,153	13,309	45,480	63,559	51,563	54,563	64,874	50,599	50,221	49,550	61,261	77,209		589,341	589,341	(1)
FUND 62 REVENUES	28,594,382	3,306,980	2,665,387	2,666,604	1,350,960	1,184,244	2,370,255	2,633,166	3,153,330	2,325,854	2,687,323	2,378,320	2,226,291	2,528,073	3,025,907	2,901,194		28,764,916	28,764,916	170,534
TOTAL REVENUES	551,357,539	101,971,416	6,629,284	15,951,319	118,777,800	30,271,644	18,401,061	49,059,045	8,861,746	33,105,492	134,143,981	22,819,487	14,354,954	99,112,003	6,909,372	16,225,539		552,042,122	552,042,122	684,583
EXPENDITURES (INCLUDES FUND 62 EXP.)	FY 2015 BUDGET	April 2014	May 2014	June 2014	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15		TOTAL	Yr.End Proj / FY 2015	
EXPENDITURES	103,632,808	9,144,908	10,339,399	15,062,871	12,773,091	8,279,409	5,504,859	8,527,122	8,867,363	10,052,153	6,413,996	3,968,518	8,010,114	8,958,908	11,039,399	15,501,991		107,896,923	107,896,923	(4,264,115)
WIRES	112,635,408	8,206,279	9,360,000	11,935,006	7,851,763	10,016,409	8,656,879	8,249,800	9,747,203	8,365,376	10,398,007	8,175,271	8,418,292	8,372,178	9,666,000	11,751,006		109,868,154	109,528,154	2,967,254
TANS EXPENSE(see list wk Aug&Feb.exp.)																				
DEBT SERVICE (cash basis not budget)	71,617,977		1,021,946	12,194,564	23,873,170	2,101,870	3,041,178	-	3,876,946	19,890,564	7,853,467	433,965	755,428	-	953,196	8,838,193		71,617,977	71,617,977	-
PAYROLL / PENSIONS / OTHER PAYROLL	263,471,346	20,086,146	20,016,975	27,763,404	17,174,013	17,374,441	27,146,552	19,856,336	19,626,955	24,990,341	19,551,652	19,769,084	28,369,367	20,162,689	20,203,975	25,170,404		259,395,810	259,395,810	4,075,536
TOTAL MONTHLY EXPENDITURES	551,357,539	37,437,333	41,338,320	66,855,845	61,672,037	37,772,130	44,349,469	36,633,258	42,118,466	63,298,434	44,217,122	32,346,838	45,553,171	37,493,775	41,862,570	61,261,594		548,578,864	548,578,864	-
NET REVENUES AND EXPENDITURES		64,534,083	(34,709,036)	(50,904,526)	57,105,763	(7,500,485)	(25,948,408)	12,425,787	(33,256,720)	(30,192,942)	89,926,858	(9,527,352)	(31,198,217)	61,618,228	(34,953,199)	(45,036,055)		3,463,258	3,463,258	-
Beginning Cash Balance		3,152,142	97,686,225	62,977,189	12,072,663	66,459,424	38,958,938	13,010,530	25,436,317	42,179,597	11,986,654	101,913,513	42,386,161	11,187,944	72,806,172	37,852,974		2,816,919	2,816,919	-
July 04, 2014 Payroll					(2,719,002)															
Old Capital Projects Reimbursement																				
TANS - Spring TANS may not be needed						(20,000,000)				50,000,000			(50,000,000)			10,000,000				
Surplus / (Shortage)		97,686,225	62,977,189	12,072,663	66,459,424	38,958,938	13,010,530	25,436,317	42,179,597	11,986,654	101,913,513	42,386,161	11,187,944	72,806,172	37,852,974	2,816,919				-

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APPENDIX F – SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: \$ in aggregate principal amount of

Policy No: -N

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
31 West 52nd Street, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)



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