

*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, (i) interest on the Series B Bonds (as defined below) is not included in gross income for federal income tax purposes, and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations; however, for taxable years that began before January 1, 2018 with respect to certain corporations (as defined for federal income tax purposes), such interest is taken into account in computing the corporation’s federal alternative minimum tax liability. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds (as defined below) is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See “THE BONDS – Tax Status of the Bonds” herein.*



## CITY OF BRIDGEPORT, CONNECTICUT

**\$34,315,000**

### GENERAL OBLIGATION REFUNDING BONDS (FEDERALLY TAXABLE), 2018 SERIES A

and

**\$4,245,000**

### GENERAL OBLIGATION REFUNDING BONDS, 2018 SERIES B

**Dated Date: Date of Delivery**

**Due: As shown on inside cover**

The \$34,315,000 General Obligation Refunding Bonds (Federally Taxable), 2018 Series A (the “Series A Bonds”) and the \$4,245,000 General Obligation Refunding Bonds, 2018 Series B (the “Series B Bonds”) (collectively, the “Bonds”) will be general obligations of the City of Bridgeport, Connecticut (the “City”), and the City will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. Payment in respect of the Bonds will also be supported by a property tax intercept fund (see “THE BONDS– Security for the Bonds” herein).

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

Interest on the Bonds will be payable on February 15, 2019 and semiannually thereafter on each February 15 and August 15 until maturity or redemption prior to maturity. The Bonds will be issued by means of a book-entry-only system and registered in the name of Cede & Co., as nominee for The Depository Trust Company (the “DTC”), New York, New York. The beneficial owners of the Bonds will not receive certificates representing their ownership interest in the Bonds. Principal of, redemption premium, if any, and interest on the Bonds will be payable by U.S. Bank National Association, Hartford, Connecticut to DTC or its nominee as registered owner of the Bonds. (See “THE BONDS – Book-Entry-Only System”). Ownership of the Bonds shall be in principal amounts of \$5,000 or integral multiples thereof.

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

The scheduled payment of principal and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company. (See “BOND INSURANCE” and Appendix F – Specimen Municipal Bond Insurance Policy” herein).



The Bonds are offered subject to the final approving opinions of Pullman & Comley, LLC, Bridgeport, Connecticut, Bond Counsel to the City. Certain legal matters will be passed upon for the Underwriters by their counsel, Updike, Kelly & Spellacy, P.C., Hartford, Connecticut. PFM Financial Advisors LLC, Providence, Rhode Island has served as Municipal Advisor in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about June 12, 2018.

**RAYMOND JAMES  
LOOP CAPITAL MARKETS**

**MESIROW FINANCIAL, INC.  
STERN BROTHERS & CO.**

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

**\$34,315,000 General Obligation Refunding Bonds (Federally Taxable), 2018 Series A**

<b>Maturity</b>	<b>Principal</b>	<b>Interest</b>		
<b><u>August 15</u></b>	<b><u>Amount</u></b>	<b><u>Rate</u></b>	<b><u>Yield</u></b>	<b><u>CUSIP No.</u><sup>†</sup></b>
2028	\$16,730,000	4.03%	4.03%	108152CP2
2029	15,380,000	4.08	4.08	108152CQ0
2030	2,205,000	4.13	4.13	108152CR8

**\$4,245,000 General Obligation Refunding Bonds, 2018 Series B**

<b>Maturity</b>	<b>Principal</b>	<b>Interest</b>	<b>Price</b>	
<b><u>August 15</u></b>	<b><u>Amount</u></b>	<b><u>Rate</u></b>	<b><u>or Yield</u></b>	<b><u>CUSIP No.</u><sup>†</sup></b>
2030	\$4,245,000	5.00%	114.122*	108152CS6

\* Priced to the optional call date of August 15, 2028 at a redemption price of 100%.

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

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

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

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

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

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

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

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

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

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

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

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**BOND ISSUE SUMMARY**  
**General Obligation Refunding Bonds (Federally Taxable), 2018 Series A**  
**General Obligation Refunding Bonds, 2018 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.

Issuer:	City of Bridgeport, Connecticut (the "City")
Issues:	\$34,315,000 General Obligation Refunding Bonds (Federally Taxable), 2018 Series A (the "Series A Bonds") \$4,245,000 General Obligation Refunding Bonds, 2018 Series B (the "Series B Bonds") (collectively, the "Bonds")
Dated Date:	Date of Delivery
Interest Due:	February 15 and August 15, commencing February 15, 2019.
Principal Due:	See inside cover page
Purpose:	The Bonds are being issued to refund certain outstanding general obligation bonds of the City (See "THE BONDS – Proceeds of Issue" herein).
Redemption:	The Bonds are subject to optional redemption prior to maturity as more fully described herein (See "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 BONDS – Security for the Bonds" herein).
Credit Ratings:	S&P Global Ratings and Fitch Ratings have each assigned their municipal bond ratings of "A" and "A", respectively, to the Bonds and S&P Global Ratings has assigned an insured rating of AA. (See "THE BONDS –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 Build America Mutual Assurance Company.
Municipal Advisor:	PFM Financial Advisors LLC, Providence, Rhode Island
Tax Status:	Refer to Appendix C – Form of Legal Opinions and "THE BONDS– Tax Status of the Bonds" herein.
Auditors:	Blum, Shapiro & Company, PC, West Hartford, Connecticut
Trustee, Paying Agent, Certifying Agent and Registrar:	U.S. Bank National Association, Hartford, Connecticut
Legal Opinion:	Pullman & Comley, LLC, Bridgeport, Connecticut (See Appendix C – "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 June 12, 2018. Delivery of the Bonds will be made against payment in Federal funds.
Continuing Disclosure:	The City has covenanted in a Continuing Disclosure Agreement to furnish its annual audited financial statements on an ongoing basis, and any other data and operating reports, statements and other information regarding certain listed events, necessary to comply with Rule 15c2-12(b)(5) of the United States Securities and Exchange Commission. The specific nature of the information supplied and the term of the undertaking are summarized below (see "THE BONDS—Continuing Disclosure" herein and APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT).
Further Information:	Questions concerning this Official Statement should be addressed to: Kenneth Flatto, Director of Finance, Finance Administration, City of Bridgeport, 999 Broad Street, Bridgeport, Connecticut 06604, Telephone (203) 576-7251 or William Fazioli, Director, PFM Financial Advisors LLC, 10 Weybosset Street, Suite 902, Providence, Rhode Island 02903, Telephone (401) 709-5112.

## **BOND INFORMATION**

### **Introduction**

This Official Statement is provided for the purpose of presenting certain information relating to the City of Bridgeport, Connecticut (the "City") (see APPENDIX A – "INFORMATION STATEMENT – THE CITY" herein) in connection with the sale of the City's \$34,315,000 General Obligation Refunding Bonds (Federally Taxable), 2018 Series A (the "Series A Bonds") and \$4,245,000 General Obligation Refunding Bonds, 2018 Series B (the "Series B Bonds") (collectively, the "Bonds"). 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 (See "THE BONDS– Proceeds of Issue" herein). The City has the power to incur indebtedness by issuing bonds and notes as provided by the Connecticut General Statutes. The information herein is dated and given on, and will speak only as of, the date of original delivery of the Bonds and is subject to change without notice.

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

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

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

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

## **THE BONDS**

### **Description of the Bonds**

The Bonds will be dated as of their date of delivery and will bear interest payable semiannually on February 15 and August 15, commencing February 15, 2019.

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

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

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

### **Record Date**

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

## **Optional Redemption**

The Series A Bonds with a stated maturity on or after August 15, 2029 will be subject to redemption, at the election of the City, at any time, on or after August 15, 2028 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 Series A Bonds to be so redeemed, together with interest accrued and unpaid to the redemption date.

The Series B Bonds with a stated maturity on or after August 15, 2029 will be subject to redemption, at the election of the City, at any time, on or after August 15, 2028 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 Series B Bonds to be so redeemed, together with interest accrued and unpaid to the redemption date.

## **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, as amended by a Seventeenth Supplemental Indenture of Trust dated as of November 1, 2014, by and between the City and U.S. Bank National Association, as amended by an Eighteenth Supplemental Indenture of Trust dated as of February 1, 2016, by and between the City and U.S. Bank National Association, as amended by a Nineteenth Supplemental Indenture of Trust dated as of March 1, 2016, by and between the City and U.S. Bank National Association, as amended by a Twentieth Supplemental Indenture of Trust dated as of May 1, 2016, by and between the City and U.S. Bank National Association, as amended by a Twenty-First Supplemental Indenture of Trust dated as of November 1, 2016, by and between the City and U.S. Bank National Association, and as further amended by a Twenty-Second Supplemental Indenture of Trust dated as of November 1, 2017, by and between the City and U.S. Bank National Association, as amended by a Twenty-Third Supplemental Indenture of Trust dated as of January 1, 2018, by and between the City and U.S. Bank Association, and as further amended by a Twenty-Fourth Supplemental Indenture of Trust dated as of June 1, 2018, by and between the City and U.S. Bank Association (collectively, the “Indenture”) as well as various resolutions adopted by the City Council and other proceedings and determinations relating thereto (collectively, the “Resolution”), and which, taken together, determine the form and details of the issuance of the Bonds, directing their sale and providing for the rights of the holders thereof.

## Proceeds of Issue

The proceeds of the Bonds will be used to refund certain outstanding general obligation bonds of the City (the “Refunded Bonds”) 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 will be used to refund the Refunded Bonds as described below on their maturity dates at par as follows.

The Series A Bonds will refund the following:

<u>Series</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Par Amount</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP No.</u>
2004C	8/15/2019 <sup>(1)</sup>	5.500%	5,765,000	n/a	n/a	108151E49
2014A	7/1/2022	5.000%	1,845,000	n/a	n/a	108152BS7
2014A	7/1/2023	5.000%	3,150,000	n/a	n/a	1081513L3
2016A	8/15/2020	4.000%	1,130,000	n/a	n/a	1081514U2
2016A	8/15/2023 <sup>(1)</sup>	5.000%	365,000	n/a	n/a	1081514X6
2016A	8/15/2024	2.125%	120,000	n/a	n/a	108152BU2
2016A	8/15/2026 <sup>(1)</sup>	5.000%	135,000	n/a	n/a	1081515A5
2016B	8/15/2020	4.000%	675,000	n/a	n/a	1081515R8
2016C	8/15/2020 <sup>(1)</sup>	5.000%	3,435,000	n/a	n/a	1081515S6
2016C	8/15/2021	4.000%	2,050,000	n/a	n/a	1081515T4
2016D	8/15/2021 <sup>(1)</sup>	5.000%	425,000	n/a	n/a	1081516F3
2016D	8/15/2022 <sup>(1)</sup>	5.000%	440,000	n/a	n/a	1081516G1
2016D	8/15/2024	5.000%	2,565,000	n/a	n/a	1081516J5
2016D	8/15/2025 <sup>(1)</sup>	5.000%	2,090,000	n/a	n/a	1081516K2
2016E	8/15/2020	2.030%	560,000	n/a	n/a	1081517B1
2016E	8/15/2024 <sup>(1)</sup>	2.820%	85,000	n/a	n/a	1081517F2
2017A	11/1/2021	5.000%	1,285,000	n/a	n/a	108152AB5
2017A	11/1/2022	5.000%	1,350,000	n/a	n/a	108152AC3
2017A	11/1/2026	5.000%	1,650,000	n/a	n/a	108152AG4
2017B	8/15/2027 <sup>(1)</sup>	5.000%	1,570,000	n/a	n/a	108152AW9

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

This refunding transaction does not result in positive net present value savings on an aggregate basis.

The Series B Bonds will refund the following:

<u>Series</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Par Amount</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP No.</u>
2004C	8/15/2018 <sup>(1)</sup>	5.500%	\$4,655,000	n/a	n/a	108151E31

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

This refunding transaction does not result in positive net present value savings on an aggregate basis.

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”) dated as of the date of

closing, by and between the Escrow Holder and the City. The Escrow Holder will deposit the net proceeds of the Series A Bonds and other monies, if any, in an irrevocable trust fund or funds called the 2018 Series A Refunding Escrow Deposit Fund and will use such proceeds and other monies, if any, to purchase Defeasance Obligations (as such term is defined in the Indenture; see the “SUMMARY OF THE INDENTURE” attached hereto as Appendix D), the principal of and interest on which, when due, will provide amounts sufficient to pay principal, interest payments and redemption premium, if any, on the Bonds listed in the Series A Refunding table above. The Escrow Holder will deposit the net proceeds of the Series B Bonds and other monies, if any, in an irrevocable trust fund or funds called the 2018 Series B Refunding Escrow Deposit Fund and will use such proceeds and other monies to purchase Defeasance Obligations the principal of and interest on which, when due, will provide amounts sufficient to pay principal, interest payments and redemption premium, if any, on the Bonds listed in the Series B Refunding table above. The balance of the proceeds of the Bonds will be used to pay certain costs of issuances and underwriters’ discounts.

**Verification of Mathematical Computations**

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

**Sources and Uses of Proceeds**

	Series A	Series B	Total
Sources:			
Par Amount of the Bonds	\$ 34,315,000.00	\$ 4,245,000.00	\$ 38,560,000.00
Original Issue Premium		599,478.90	599,478.90.00
<b>Total Sources</b>	<b>\$ 34,315,000.00</b>	<b>\$ 4,844,478.90</b>	<b>\$ 39,159,478.90</b>
Uses:			
Deposit to Escrow	\$ 33,755,174.10	\$ 4,767,630.70	\$ 38,522,804.80
Costs of Issuance <sup>(1)</sup>	158,237.45	24,172.45	182,409.90
Underwriters' Discount	199,473.74	24,676.26	224,150.00
Bond Insurance	202,114.71	27,999.49	230,114.20
<b>Total Uses</b>	<b>\$ 34,315,000.00</b>	<b>\$ 4,844,478.90</b>	<b>\$ 39,159,478.90</b>

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

**Security for the Bonds**

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

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

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

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

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

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

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

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

## Debt Service Schedule

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

Fiscal Year	Existing Debt Service <sup>(1)(2)</sup>	2018 Series A		2018 Series B		Total Debt Service
		Principal	Interest	Principal	Interest	
2019	\$ 68,717,151	-	940,133	-	143,269	\$ 69,800,552
2020	69,796,612	-	1,392,790	-	212,250	71,401,651
2021	72,433,173	-	1,392,790	-	212,250	74,038,213
2022	74,687,472	-	1,392,790	-	212,250	76,292,512
2023	74,983,920	-	1,392,790	-	212,250	76,588,960
2024	75,782,055	-	1,392,790	-	212,250	77,387,095
2025	76,685,457	-	1,392,790	-	212,250	78,290,496
2026	77,983,429	-	1,392,790	-	212,250	79,588,469
2027	78,880,168	-	1,392,790	-	212,250	80,485,208
2028	79,180,037	-	1,392,790	-	212,250	80,785,077
2029	57,383,459	16,730,000	1,055,680	-	212,250	75,381,389
2030	57,156,535	15,380,000	404,819	-	212,250	73,153,604
2031	24,659,609	2,205,000	45,533	4,245,000	106,125	31,261,267
2032	26,384,246	-	-	-	-	26,384,246
2033	20,761,507	-	-	-	-	20,761,507
2034	20,604,402	-	-	-	-	20,604,402
2035	20,459,231	-	-	-	-	20,459,231
2036	14,694,413	-	-	-	-	14,694,413
2037	12,822,682	-	-	-	-	12,822,682
2038	10,754,639	-	-	-	-	10,754,639
2039	7,766,878	-	-	-	-	7,766,878
2040	7,713,063	-	-	-	-	7,713,063
2041	7,654,337	-	-	-	-	7,654,337
2042	7,600,234	-	-	-	-	7,600,234
2043	7,540,287	-	-	-	-	7,540,287
2044	7,484,030	-	-	-	-	7,484,030
2045	7,430,763	-	-	-	-	7,430,763
2046	7,370,020	-	-	-	-	7,370,020
2047	1,158,250	-	-	-	-	1,158,250
<b>TOTALS</b>	<u>\$ 1,076,528,058</u>	<u>\$ 34,315,000</u>	<u>\$ 14,981,270</u>	<u>\$ 4,245,000</u>	<u>\$ 2,584,144</u>	<u>\$ 1,132,653,472</u>

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

(2) Excludes Bonds of the City previously defeased but not yet redeemed.

As shown above, the issuance of the Bonds will smooth the City's annual debt service obligation over the next 13 years. The City is anticipating issuing approximately \$24 million of new money capital project bonds in July 2018. The new money bonds are expected to amortize over 20 years.

### Book-Entry-Only System

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency"

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

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

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

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

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

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

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

responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

#### *DTC PRACTICES*

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

### **BOND INSURANCE**

#### **Bond Insurance Policy**

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

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

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

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

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

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

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at [www.standardandpoors.com](http://www.standardandpoors.com). The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

### *Capitalization of BAM*

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2018 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$518.3 million, \$97.4 million and \$420.9 million, respectively.

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

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

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

### *Additional Information Available from BAM*

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

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

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

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

## **Tax Status of the Bonds**

### **Series A Bonds**

***Federal Income Taxes.*** In the opinion of Bond Counsel, under existing law, interest on the Series A Bonds is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the “Code”).

***United States Tax Consequences.*** The following is a summary of certain United States federal income tax consequences resulting from the beneficial ownership of the Series A Bonds by certain persons. This summary does not consider all possible federal income tax consequences of the purchase, ownership, or disposition of the Series A Bonds and is not intended to reflect the individual tax position of any beneficial owner. Moreover, except as expressly indicated, this summary is limited to who purchase a Series A Bond at its issue price, which is the first price at which a substantial amount of the Series A Bonds is sold to the public, and who hold Series A Bonds as “capital assets” within the meaning of the Code (generally, property held for investment). This summary does not address beneficial owners that may be subject to special tax rules, such as banks, insurance companies, dealers in securities or currencies, purchases that hold Series A Bonds as a hedge against currency risks or as part of a straddle with other investments or as part of a “synthetic security” or other integrated investment (including a “conversion transaction”) compromising a bond and one or more other investments, or United States Holders (as defined below) that have a “functional currency” other than the United States dollar. This summary is applicable only to a person (a “United States Holder”) who or that is the beneficial owner of Series A Bonds and is (a) an individual citizen or resident of the United States, (b) a corporation or partnership or other entity created or organized under the laws of the United States or any State (including the District of Columbia), or (c) a person otherwise subject to federal income taxation on its worldwide income. This summary is based on the United States tax laws and regulations currently in effect and as currently interpreted and does not take into account possible changes in the tax laws or interpretations thereof any of which may be applied retroactively. Except as provided below, it does not discuss the tax laws of any state, local or foreign governments.

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

***Series A Bonds Purchase at Original Issue Discount.*** The initial public offering price of certain maturities of the Series A Bonds are less than the principal amount payable on such Series A Bonds at maturity. Under Section 1273 of the Code, the excess of the principal amount payable at maturity over the initial public offering price at which a substantial amount of these Series A Bonds are sold constitutes original issue discount unless the amount of such excess is less than a specified de minimis amount (generally equal to 0.25% of the stated redemption price at maturity multiplied by the number of complete years to maturity) in which case the original issue discount shall be treated as zero. The offering prices relating to the yields set forth on the inside cover page of this Official Statement are expected to be the initial offering prices at which a substantial amount of each maturity of the Series A Bonds were ultimately sold to the public. A United States Hold of a Series A Bond having a maturity more than one year from its date of issue must include in federal gross income (for each day of the taxable year, or portion of the taxable year, in which such holder holds such Series A Bond) the daily portion of original issue discount, as it accrues (generally on a contract yield method) and regardless of the holder’s method of accounting. A United States Holder may irrevocably elect to include in gross income all interest that accrues on a Series A Bond using the constant-yield method subject to certain modifications.

***Series A Bonds Purchase at Original Issue Premium.*** The initial public offering price of certain maturities of the Series A Bonds are greater than the principal amount payable on such Series A Bonds at maturity. The excess of the initial public offering price at which a substantial amount of these Series A Bonds are sold over the principal amount payable at maturity constitutes original issue premium. The offering prices relating to the yields set forth on the inside front cover page of this Official Statement are expected to be the initial offering prices at which a substantial amount of each maturity of the Series A Bonds were ultimately sold to the public. Under Section 171 of the Code, a holder of a Series A Bond may elect to treat such excess as “amortizable bond premium”, in which case the amount of interest required to be included in the taxpayer’s income each year with respect to interest on the Series A Bond will be reduced by the amount of amortizable bond premium allocable (based on the Series A Bond’s yield to maturity) to that year. If such an election is made, the amount of each reduction in interest income will result in a corresponding reduction in the taxpayer’s tax basis in the Series A Bond. An election to amortize bond premium is applicable to all taxable

debt instruments held by the taxpayer at the beginning of the first taxable year to which the election applies or thereafter acquired by the taxpayer and may not be revoked without the consent of the Internal Revenue Service (“IRS”).

***Series A Bonds Purchased at a Market Discount.*** A Series A Bond will be treated as acquired at a market discount (market discount bond) if the amount for which a United States Holder purchased the Series A Bond is less than the Series A Bond’s adjusted issue price, unless such difference is less than a specified de minimis amount. In general, any payment of principal or any gain recognized on the maturity or disposition of a market discount bond will be treated as ordinary income to the extent that such gain does not exceed the accrued market discount on the Series A Bond. Alternatively, a United States Holder of a market discount bond may elect to include market discount in income currently over the life of the market discount bond. That election applies to all debt instruments with market discount acquired by the electing United States Holder on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the IRS. If an election is made to include market discount in income currently, the tax basis of the Series A Bond in the hands of the United States Holder will be increased by the market discount thereon as such discount is included in income.

Market discount generally accrues on a straight-line basis unless the United States Holder elected to accrue such discount on a constant yield-to-maturity basis. That election is applicable only to the market discount bond with respect to which it is made and is irrevocable. A United States Holder of a market discount bond that does not elect to include market discount in income currently generally will be required to defer deductions for interest on borrowings allocable to the Series A Bond in an amount not exceeding the accrued market discount on such Series A Bond until maturity or disposition of the Series A Bond.

***Purchase, Sale, Exchange, and Retirement of Series A Bonds.*** A United States Holder’s tax basis in a Series A Bond generally will equal its cost, increased by any market discount included in the United States Holder’s income with respect to the Series A Bond, and reduced by the amount of any amortizable bond premium applied to reduce interest on the Series A Bond. A United States Holder generally will recognize gain or loss on the sale, exchange, or retirement of a Series A Bond equal to the difference between the amount realized on the sale or retirement (not including any amount attributable to accrued but unpaid interest) and the United States Holder’s tax adjusted basis in the Series A Bond. Except to the extent described above under *Series A Bonds Purchased at a Market Discount*, gain or loss recognized on the sale, exchange or retirement of a Series A Bond will be capital gain or loss and will be long-term capital gain or loss if the Series A Bond was held for more than one year.

***Backup Withholding.*** United States Holders may be subject to backup withholding on payments of interest and, in some cases, disposition proceeds of the Series A Bonds, if they fail to provide an accurate Form W-9, “Request for Taxpayer Identification Number and Certification,” or valid substitute form, or have been notified by the IRS of a failure to report all interest and dividends, or otherwise fail to comply with the applicable requirements of backup withholding rules. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a credit against the United States Holder’s United States federal income tax liability (or refund) provided the required information is timely furnished to the IRS. Prospective United States Holders should consult their tax advisors concerning the application of backup withholding rules.

***Medicare Tax Affecting U.S. Owners.*** For taxable years beginning after December 31, 2012, a U.S. owner that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a Medicare tax on the lesser of (1) the U.S. owner’s “net investment income” for the taxable year and (2) the excess of the U.S. owner’s modified adjusted gross income for the taxable year over a certain threshold. A U.S. owner’s net investment income will generally include its interest income and its net gains from the disposition of the Series A Bonds, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). A U.S. owner that is an individual, estate, or trust, should consult its own tax adviser regarding the applicability of the Medicare tax.

***Information Reporting.*** In general, information reporting requirements will apply with respect to payments to a United States Holder of principal and interest (and with respect to annual accruals of original issue discount) on the Series A Bonds, and with respect to payments to a United States Holder of any proceeds from disposition of the Series A Bonds. This information reporting obligation, however, does not apply with respect to certain United States Holders including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts. In the event that a United States Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or is notified by the IRS that is

had failed properly to report payments of, interest and dividends, a backup withholding tax (currently at a rate of 28%) generally will be imposed on the amount of any interest and principal and the amount of any sales proceeds received by the United States Holder on or with respect to the Series A Bonds.

Any payments of interest and original issue discount on the Series A Bonds to a Non-United States Holder generally will be reported to the IRS and to the Non-United States Holder, whether or not such interest or original issue discount is exempt from United States withholding tax pursuant to a tax treaty or the portfolio interest exemption. Copies of these information returns also may be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the payee resides.

Information reporting requirements will apply to payment of the proceeds of the disposition of a Series A Bonds by or through (a) a foreign office of a custodian, nominee, other agent, or broker that is a United States person, (b) a foreign custodian, nominee, other agent, or broker that derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States, (c) a foreign custodian, nominee, other agent, or broker that is a controlled foreign corporation for United States federal income tax purposes, or (d) a foreign partnership if at any time during this tax year one or more of its partners are United States persons who, in the aggregate, hold more than 50% of the income or capital interest of the partnership or if, at any time during its taxable year, the partnership is engaged in the conduct of a trade or business within the United States, unless the custodian, nominee, other agent, broker, or foreign partnership has documentary evidence in its records that the beneficial owner is not a United States person and certain other conditions are met, or the beneficial owner otherwise establishes exemption.

The federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a beneficial owner's particular situation. Beneficial owners should consult their tax advisors with respect to the tax consequences of the purchase, ownership, and disposition of the Series A Bonds, including the tax consequences under state, local, foreign, and other tax laws and the possible effects of changes in federal or other tax laws.

**States Taxes.** In the opinion of Bond Counsel, under existing statutes, interest on the Series A 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, trust and estates required to pay the federal alternative minimum tax.

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

Owners of the Series A Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Series A Bonds and the disposition thereof, including the extent to which gains and losses from the sale or exchange of the Series A Bonds held as capital assets reduce the increase, respectively, amounts taken into account in computing the Connecticut income tax on individuals, trust and estates and the net Connecticut minimum tax on such taxpayers who are also required to pay the federal alternative minimum tax.

**General.** The opinions of Bond Counsel are rendered as of their date and Bond Counsel assumes no obligation to update or supplement their opinions to reflect any facts or circumstances that may come to their attention or any changes in law or the interpretation thereof that may occur after the date of their opinions. The discussion above does not purport to address all aspects of federal, state or local taxation that may be relevant to a particular owner of a Series A Bond. Prospective owners of the Series A Bonds, particularly those who may be subject to special rules, are advised to consult their tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Series A Bonds.

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

In the opinion of Bond Counsel, under existing law, (i) interest on the Series B Bonds is not included in gross income for federal income tax purposes, and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations; however, for taxable years that began before January 1, 2018 with respect to certain corporations (as defined for federal income tax purposes), such interest is taken into account in computing the corporation's federal alternative minimum tax liability.

Bond Counsel's opinion with respect to the Series B Bonds will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the City with its representations and covenants relating to certain

requirements of the Code. The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Series B Bonds in order that interest on the Series B Bonds be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Series B Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series B 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 Series B Bonds, the City will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code including, but not limited to, investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of the Bond proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Series B Bonds is conditioned upon compliance by the City with such requirements.

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

**Original Issue Discount.** The initial public offering prices of the Series B 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 Series B 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 Series B Bonds is expected to be the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Series B Bonds are sold. Under existing law, original issue discount on the Series B 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 Series B 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 Series B Bond purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such Series B 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 Series B 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 Series B Bond will be included in the calculation of the corporation's federal alternative minimum tax liability. As a result, ownership of such a Series B 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 Series B 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 Series B Bond owners purchasing such Series B Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such Series B Bonds.

**Original Issue Premium.** The initial public offering prices of certain maturities of the Series B Bonds may be more than their stated principal amounts. An owner who purchases a Series B 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 Series B Bond for federal income tax purposes. Prospective purchasers of the Series B Bonds should consult their tax advisors regarding the amortization of premium and the effect upon basis.

**Other Federal Tax Matters.** Prospective purchasers of the Series B Bonds should be aware that ownership of the Series B Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, recipients of Social Security or Railroad Retirement benefits, certain S corporations, foreign corporations subject to the branch profits tax, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Series B 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 Series B Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

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

Accrued original issue discount on a Series B 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 Series B 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 Series B Bonds.

Owners of the Series B Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Series B 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 Bonds under federal or state law or otherwise prevent beneficial owners of 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 Bonds.

Prospective purchasers of the Series B 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 IRS 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 Series B Bonds. Prospective owners of the Series B Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Series B Bonds.

## **Ratings**

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

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

## **Municipal Advisor**

The City has retained PFM Financial Advisors LLC, Providence, Rhode Island (the "Municipal Advisor") in connection with the issuance of the City's Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. 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 Bonds are being purchased for reoffering by the Underwriters listed on the cover hereof for whom Raymond James & Associates, Inc. is acting as the representative. The Bonds are being purchased by the Underwriters pursuant to the terms of a purchase contract for the Bonds with the City (the "Bond Purchase Agreement"). Pursuant to the Bond Purchase Agreement, the Underwriters have agreed to purchase (i) the Series A Bonds at the net aggregate purchase price of \$34,115,526.26, which is equal to the par amount of the Series A Bonds plus original premium of \$0.00 and less an underwriters' discount of \$199,473.74, and (ii) the Series B Bonds at the net aggregate purchase price of \$4,819,802.64, which is equal to the par amount of the Series B Bonds plus original premium of \$599,478.90 and less an underwriters' discount of \$24,676.26. Pursuant to the Bond Purchase Agreement, the City has agreed to indemnify the Underwriters against certain liabilities, including certain liabilities arising under federal and state securities laws. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at prices lower or yields higher than the public offering prices or yields stated on the inside cover page hereof. The initial offering prices or yields may be changed from time to time by the Underwriters.

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

### **Legal Matters**

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

## **Availability of Information**

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

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

William Fazioli  
Director  
PFM Financial Advisors LLC  
10 Weybosset Street, Suite 902  
Providence, RI 02903  
Telephone: (401) 709-5112

## **Continuing Disclosure**

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

Over the last five years, the City has not failed to comply, in all material respects, with 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.

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 2017 annual audit with EMMA on March 29, 2018. The City provides, and will continue to provide, to the rating agencies ongoing disclosure in the form of its annual financial report, recommended and adopted budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

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

**Concluding Statement**

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

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

By /s/ Joseph Ganim  
*Mayor*

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

By /s/ Terri Coward  
*Treasurer*

Dated as of May 31, 2018

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**APPENDIX A**

**CITY OF BRIDGEPORT, CONNECTICUT  
INFORMATION STATEMENT  
DATED MAY 31, 2018**

## THE CITY

### Overview

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

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

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

Bridgeport is also the home of numerous attractions that enhance the City's economic fortunes. The Barnum Museum showcases the life and times of former City Mayor and renowned showman, P.T. Barnum. The Ballpark at Harboryard and The Arena at Harboryard have brought hundreds of thousands of visitors annually to the City's Downtown area to watch minor league baseball, minor league hockey, college basketball, college hockey, concerts and other shows. The City has entered into an agreement with Live Nation entertainment to renovate and recreate the Ballpark at Harboryard as an amphitheater for outdoors concerts and events to open within a year. 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. City Council elections were held on November 7<sup>th</sup>, 2017 with new members taking office on December 1, 2017.

The officials listed below were elected or appointed in the autumn of 2017. The current Administration has a significant amount of prior governmental management experience. The Mayor had five previous terms in office from 1991-2003. The Director of Finance has been a government finance officer for over twenty years in both New York and Connecticut and served also as a full-time First Selectman in Fairfield, Connecticut for twelve years. Other key officials have significant experience as officials for the City of Bridgeport in previous administrations. The goals of this Administration include fiscal accountability and openness, a commitment to management efficiencies and total quality management, and a proactive approach to improve the financial condition of the City of Bridgeport and the quality of life for all Bridgeport citizens, residents and businesspeople.

**Principal Municipal Officials**

<u>Office</u>	<u>Name</u>	<u>Manner of Selection/Term</u>	<u>Term Expires</u>
Mayor	Joseph Ganim	Elected 4-year term	November 30, 2019
Chief Administrative Officer	Kimberly Staley	Appointed by Mayor	At the pleasure of the City's Mayor
Director of Finance/CFO*	Kenneth Flatto	Appointed by Mayor	At the pleasure of the City's Mayor
Treasurer	Terri Coward	Appointed by Mayor	At the pleasure of the City's Mayor
Director of Office of Policy & Management	Nestor Nkwo	Appointed by Mayor	At the pleasure of the City's Mayor

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

**Municipal Services**

**Police Department:** The Bridgeport Police Department is governed by a seven-member Board of Police Commissioners and is under the command of the Police Chief. The table of organization for the uniformed force consists of 431 sworn members, and 60 civilians consisting of clerical staff, maintenance personnel, detention officers, and parking enforcement personnel. The Police Department is comprised of several divisions: Auxiliary Support; Professional Support; Support Operations; Tactical Operations; Investigative Services; and Uniformed Services. The City has successfully hired several new classes of officers over the past two years who have strengthened the department's manpower levels.

**Fire Department:** The Fire Department is governed by a seven-member Board of Fire Commissioners and is under command of the Fire Chief. The table of organization consists of 298 uniformed members and 8 civilians. The Fire Department consists of several divisions: Administration; Maintenance; Training; Fire Prevention; Operations; and the Office for Emergency Management. This Department currently utilizes 14 apparatus operating out of 8 fire stations. Fire Inspectors inspected an estimated 900 structures during Fiscal Year 2017

**Public Facilities:** The Public Facilities Department currently operates with approximately 240 full-time employees to provide many services to the City. Among the more important services are: supervision of all City construction projects; the construction, repair, maintenance, paving and snow removal on all City streets; the operation and maintenance of bridges spanning waterways for navigation purposes; the staffing of a municipal garage to maintain City vehicles; the maintenance of all City buildings with the exception of schools; and the effectuation of State-mandated residential and commercial recycling.

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

**Water Pollution Control Authority:** The City operates a Water Pollution Control Authority (the "WPCA") as an enterprise fund for the express purpose of operating, maintaining and improving the wastewater treatment facilities and the sanitary and storm collection system. The WPCA is managed by a nine-member board. The Board includes the City Engineer, the City Attorney, the Director of Finance, the Director of Public Facilities, and five at-large members appointed by the Mayor and approved by the City Council. The members of the board have the right to vote, with the exception of the City Attorney and the City Engineer, who serve ex-officio. The WPCA adopts its own budget and sets 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 63.0% of the WPCA’s Fiscal Year 2018 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 private 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 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 2017 the library circulated 330,000 items with volume up to 494,000. Three new library branches are under construction or planned.

**Finance:** The Department of Finance manages all aspects of the City’s operating finances, including the Comptroller’s division, Tax Assessor division, Tax Collector division, Treasury division, Purchasing division, and Print shop with a total of 49 full-time employees in this Department. The Department is responsible for issuing and managing matters relating to monthly financial reports to the Mayor and City Council, the annual audit, cash flows, bank accounts, capital program bonding, payables and receivables, purchasing, and general ledger accounting. The City uses the Tyler Company MUNIS financial reporting software system. The mission of the Department includes cost saving initiatives, seeking process efficiencies, and advising the Mayor and other elected officials. In Fiscal Years 2013, 2014, 2015, 2016, and 2017, the Department received the GFOA’s Excellence in Financial Reporting award for the City’s annual CAFR.

**Office of Policy and Management:** The overall mission of the City’s Office of Policy and Management (“OPM”) is to integrate financial and operational planning and control. The main purpose of this office is to relate dollars to results and ensure the cost effectiveness of City services. OPM is the focus for management, policy and program analysis for the City. OPM prepares and reviews the City’s budget, provides guidance for managing departmental performances, and oversees the implementation of management improvement projects, program development, management of grants, and control of capital expenditures. In Fiscal Years 2013, 2014, 2015, 2016 and 2017, the Department was commended by the GFOA for a Distinguished Budget and received a certificate of achievement from the International City/County Management Association Center for Performance Management.

**Health:** The City operates a full-time Department of Health with approximately 30 full-time employees. The Department of Health oversees a variety of programs that promote and sustain the health of the City’s residents. These programs include a communicable disease clinic, emergency preparedness, environmental and housing code inspections, and transportation and recreation opportunities for senior citizens and veterans. Social service programs offering income tax preparation, housing assistance, Women, Infants and Children programs and other employment and training options are also included. Special Revenues to the department annually total approximately \$4 million from State, Federal and foundation grants-in-aid.

**Employees**

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

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

<sup>(1)</sup> Total budgeted personnel does not include those BOE and City grant funded program employees since such costs do not impact budget.

**Employee Bargaining Organizations**  
As of May 1, 2018

<u>Employees</u>	<u>Bargaining Organizations</u>	<u>Number of Employees</u>	<u>Current Contract Expiration Date</u>
<b><u>General Government</u></b>			
Clerical & Blue Collar	Local 1522, AFSCME	575	6/30/19
Public Works Employees	Local 1303 – 468, AFSCME	90	6/30/20
Supervisors	Bridgeport City Supervisors Association	144	6/30/18
White Collar	LIUNA	79	6/30/18
Police AFL-CIO	Local 1159, AFSCME	424	6/30/16 <sup>(2)</sup>
Firefighters	Local 834, 1AFF	285	6/30/20
Clerical & Custodians	Local RI-200, NAGE	555	6/30/18
Tradesmen & Journeymen	Bridgeport Building Trade Council	32	7/31/20
Associate City Attorneys	Local 1303-272, AFSCME	8	12/31/17 <sup>(1)</sup>
Printers	Typographical Union	4	6/30/19
School Crossing Guards	School Crossing Guards (P/T)	77	8/31/21
<b><u>Board of Education</u></b>			
Administrators & Supervisors	Bridgeport Council of Administrators and Supervisors	85	6/30/18
Teachers	Bridgeport Education Association	1,537	6/30/20
Nurses	New England Healthcare, Local 1199	30	6/30/19

Source: City of Bridgeport

- (1) In negotiation with tentative agreement; organization continues to operate under existing agreement until new agreement signed.
- (2) Police contract is currently subject to binding arbitration proceedings.

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

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

**BRIDGEPORT’S EDUCATIONAL SYSTEM**

The City’s school system encompasses three high schools, twenty-four elementary schools and middle schools, three magnet elementary/middle K-8 schools, two magnet high schools, two alternative schools and one special education facility. The Operating Budget passed by the City Council for the school system for Fiscal Year 2019 is approximately \$267 million, with a City budgetary contribution of \$65 million, \$1 million more than Fiscal Year 2018. The City will receive approximately \$182 million in State education cost sharing aid, \$1.1 million more than the amount of aid received in Fiscal Year 2018. In addition to the Operating Budget for the school district, there is also an operating budget for the school nutrition lunch program of approximately \$19 million in expenditures, fully reimbursed by federal aid and local school lunch funds. The Board of Education also administers approximately \$85 million for the Fiscal Year 2019 in additional categorical grants such as Federal Individuals with Disabilities Education Act of 2004 (“IDEA”) and federal entitlements which consist of Title I and Title II Part A, an Alliance Grant and a State Priority District Grant.

The City has completed the implementation of a master plan for school construction. This master plan modernized certain existing schools, building Energy and Environmental Design certified schools to meet educational needs of its residents. All school capital projects are funded jointly by the State Department of Education and the City, with the portion of the City’s share being approximately 22%, as determined by Connecticut state statute. During the past five years, the City has opened three new elementary schools, one new magnet high school, and one swing space school resulting in a total capital expenditure of \$291 million. The City has completed the Discovery Magnet elementary school at a cost of \$29 million, the expansion of the Bridgeport Regional Vocational Aquaculture School at a cost of \$25 million, the Fairchild Wheeler Interdistrict Multi-Magnet High School at a cost of \$113 million, the renovation

of the Columbus and Cross Elementary schools at a cost of \$33 million, the opening of the new Roosevelt School at a cost of \$42 million and the new Longfellow School at a cost of \$49 million. The science themed Multi-Magnet High School partners with the Connecticut Beardsley Zoo, Sacred Heart University and the Discovery Museum and accepts students from Bridgeport and the surrounding communities.

School renovation projects recently completed include renovations/additions to the Black Rock School costing \$12 million the Hooker School roof costing \$2.4 million and the Dunbar School renovation costing \$9 million. The full \$87 million, renovation of Central High School will be completed in August 2018. The City is also completing the construction of a new Harding High School for the cost of \$105 million, which will be completed in autumn 2018. All the aforementioned projects were approved by the State at a reimbursement rate of approximately 78%. Initial planning for the last large school project facing the City, the full renovation of Bassick High School, has started and an application is before the State for aid reimbursement approval for Fiscal Year 2019. The City's new Five-Year Capital Plan for Fiscal Years 2019-2023 envisions the City expending \$28.5 million in total as the City share for this project, with \$1 million start up architectural plan and design costs included in the City's upcoming new money bond issuance.

### **Magnet School Programs**

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

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

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

Discovery 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 21<sup>st</sup> century. The school expanded to 8<sup>th</sup> grade in the 2013-2014 school year.

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

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

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

The 6 to 6 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 80% of its graduates attend college.

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

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

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

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

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

### School Enrollment and Projections

In total, there were 21,036 students enrolled in the school system at the commencement of the 2017-2018 school year. The table below illustrates total school enrollment over the last eight years.

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

Source: Bridgeport Board of Education

### ECONOMIC AND DEMOGRAPHIC DATA

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

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

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

The Bridgeport region and labor market area consists of eleven towns and cities: Ansonia, Beacon Falls, Bridgeport, Derby, Easton, Fairfield, Monroe, Oxford, Shelton, Stratford and Trumbull. As illustrated in the following table, the decreases in unemployment experienced since 2012 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>
March 2018	64,570	4,884	7.0%	4.6%	4.7%
February 2018	64,241	5,277	7.6%	5.1%	5.1%
January 2018	64,052	5,432	7.8%	5.3%	5.3%
December 2017	65,156	3,989	5.8%	3.9%	4.0%
November 2017	65,431	4,156	6.0%	4.1%	4.1%
October 2017	64,978	4,108	5.9%	4.2%	4.1%
September 2017	65,407	4,108	5.9%	4.2%	4.2%
August 2017	66,132	4,900	6.9%	4.6%	4.7%
July 2017	67,279	4,987	6.9%	4.8%	4.9%
June 2017	66,594	5,843	6.8%	4.9%	4.8%
May 2017	66,257	5,604	6.5%	4.7%	4.7%
April 2017	65,844	5,968	7.0%	4.6%	4.7%
March 2017	65,819	5,395	7.6%	5.0%	5.1%
February 2017	65,240	5,737	8.1%	5.4%	5.4%
January 2017	65,170	5,910	8.3%	5.5%	5.5%
Annual Average 2017	65,776	4,809	6.8%	4.7%	4.7%
Annual Average 2016	65,505	5,459	7.7%	5.0%	5.1%
Annual Average 2015	65,011	6,187	8.7%	5.5%	5.6%
Annual Average 2014	64,237	7,281	10.2%	6.4%	6.6%
Annual Average 2013	58,046	7,755	11.8%	7.2%	7.8%
Annual Average 2012	58,378	8,337	12.5%	7.8%	8.4%

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

## **BRIDGEPORT'S ECONOMIC DEVELOPMENT PROGRESS**

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

### **Downtown Development**

There has been a steady market in the residential conversion of the City's historic downtown buildings. Additionally, new residential construction has begun on smaller infill sites. The City's policies encouraging transit-oriented development have supported this growth. On the regulatory side, the City has adopted a downtown zoning code that encourages density and has zero off-street parking requirements so that projects may move more quickly and without having to absorb extra costs. Over the past ten years since the recession of 2008, some 560 new units of housing have been completed and occupied. That figure is 3.5 times the 160 units produced in the eight years prior. Additionally, over 80% of these units are being developed by for-profit developers pursuing market-rate programs. This year, as part of the \$29 million "Jayson – Newfield" historic renovation, an additional 102 units will be under construction in the downtown, with lease-up beginning in 2019. Throughout downtown, residential occupancy is at 95% or better. Moreover, those units which have been recently completed are leasing ahead of schedule and above projected rents. Developer interest in producing new housing downtown continues. The City is currently reviewing proposals for an additional 300 market-rate units downtown.

Along with this residential growth, the attendant increase in real estate values, and the revitalized appearance of its historic buildings, the downtown is now seeing increased developer interest in new commercial and retail investment. In December of 2017, the City signed a \$15 million development agreement with Harbor Yard Amphitheater LLC to transform the former minor league Ballpark at Harbor Yard into a state-of-the-art outdoor musical amphitheater with a seating capacity of approximately 5,000 seats, twenty (20) luxury suites, and three (3) VIP Clubs/Lounges. Live Nation, the largest live entertainment company in the world and the largest producer of concerts in the world, has signed a partnership agreement for promotion. The renovation is currently underway. The first concert is slated for the spring of 2019.

In furtherance of the commercial redevelopment of the historic downtown, the City also executed in December of 2017 a major development agreement with New York City-based Exact Capital Group, LLC, to renovate and restore the historic Majestic Theater, Poli Palace Theater and former Savoy Hotel. This project is planned to commence in phases, with the first \$55 million phase consisting of the complete renovation of the former Majestic Theater and the restoration and creation of a 200 room hotel, utilizing the former Poli Palace Theater entrance renovated to its original historic luster as the new entrance to the Savoy Hotel, with the balance of the old theatre re-purposed for all of the new hotel's ancillary facilities. New residential construction, on the order of 400 units, will follow the renovation of the theatre buildings. Construction for Phase I is planned to begin in 2019.

Along with the major commercial and mixed-used developments, downtown has seen a steady growth in destination retail. Forstone Capital's McLevy Square Development, another historic renovation -of four contiguous buildings – not only added 32 apartments to the residential mix, but also added the "Harlan Haus" German beer hall and the "Stress Factory" comedy club to the retail mix, two new venues of the type that are increasingly coming to Bridgeport and drawing more customers and bringing more vitality into the city center. In Bridgeport's historic Arcade Mall, the first enclosed mall in the country, occupancy is near 100%, and is anchored by "Artist and Craftsmen Supply," a growing regional and national retailer which has located in Bridgeport owing to the growth, size, and vitality of the local artistic community, many of whom are housed in historic buildings in or near downtown, buildings like the former Reads Department Store, a 40-unit working artist loft complex developed and managed by Minneapolis-based Artspace.

To support the growing residential population and the growing commercial development, the City is making use of federal and state grant funds to make significant public investments in downtown. For example, the City is using a \$50 million resiliency grant it received from the federal government to develop cutting-edge, national-demonstration projects in green infrastructure (berms, swales, water retention systems), all designed to integrate into the existing park system.

The City has another \$20 million in downtown transportation projects funded by grant sources. Such funding will make improvements to the City's intermodal transit center (which features connected train and bus service) and will improve connections between downtown's major arterial boulevard and I-95. Moreover, these dollars will likewise improve the pedestrian experience of downtown in general with a focus on traffic calming and human-scale streetscapes.

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

Bridgeport's *Steelpointe Harbor* project, a 50-acre mixed-use development, continues apace. This highly visible project running beside I-95 along the City's inner harbor is anchored by the 175,000 square foot Bass Pro Shops and complemented by a Starbucks, a Chipotle and a T-Mobile store. This past year, the development effort has focused on the water's edge. In the spring of 2017, the project's developer, Bridgeport Landing Development (BLD) earned the American Council of Engineering's "Excellence Award" for its construction of a 1500-foot, \$9 million waterfront bulkhead that serves as the border for what will be the development's waterfront promenade. Rising above that promenade, the 48,000 square foot Dock Master Building is under construction now. Slated for completion in the autumn of 2018, the building will feature a waterfront restaurant and will serve as the main office for the harbor's new 200-slip marina. To complement this development and to service the Steelpointe Harbor Marina, BLD recently concluded the acquisition of the neighboring Bridgeport Boatyard from the Bridgeport Port Authority. Located just across the harbor to the east, this facility, which sold for \$8 million, features a 50,000 square foot, high-bay large ship repair facility served by both a 75-ton and a 200-ton travel lift. Scheduled to open in June of 2018, it will offer service to both marine and recreational vessels, and will add a strong working component to the Bridgeport waterfront.

Of note in the progress of the overall project is the pending introduction of market-rate, high-end residential development. With the proximity of name-brand national retailers, and the presence of an active, attractive, and accessible waterfront, the peninsula is now ready for significant residential development. BLD has announced its intent to break ground in late 2018 on 200 new units of housing.

Lastly, the project has attracted the interest of MGM Resorts International, which has proposed, pending enabling legislation by the Connecticut State Legislature, to construct a 1.5 million square foot entertainment center and casino on Bridgeport's increasingly desirable waterfront. The project would require local, state and federal approval to proceed, none of which has yet been obtained.

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

The growing presence of young academicians, international students, researchers, and professors makes the City an increasingly vibrant place culturally and intellectually. Downtown, the Housatonic Community College continues to expand. Having just completed a 50,000 square foot addition in 2016, the modern urban campus now occupies over 300,000 square feet in the center of the City, and serves over 6,000 students annually. The College also serves as a cultural anchor. The Housatonic Museum of Art, whose collection is valued at over \$13 million, displays some 1700 works of art throughout the campus.

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

In the northern end of the city, the City co-hosts the Sacred Heart University (SHU) campus with the neighboring town of Fairfield. Home to over 8,500 students (roughly 5,000 undergraduate and 3,000 graduate), SHU is the second largest Catholic university in New England, and was ranked this year by *US News and World Report*, (in *Best Colleges 2018*) as one of the most innovative in the northern United States. This past year, SHU completed the newest addition to its fast-growing campus, its 120,000 square foot Center for Health Care Education located on Park Avenue in Bridgeport.

Health Care continues to be a growth area for the City. Both of the City's major regional hospitals are now part of larger, well-capitalized, health care systems. St. Vincent's Medical Center, including all of its affiliate entities, which employs over 1,900 people, is expected to be purchased by Hartford HealthCare, making it part of what is Connecticut's broadest health care network. This follows Bridgeport Hospital's recent affiliation with the Yale New Haven Health system, bringing Bridgeport's 1 million square foot facility and its over 1,000 employees, into a prominent health care system in southern Connecticut and is linked to one of the world's most renowned medical research centers in Yale Medical Center.

### **Energy and Innovation**

Currently under construction in the southern end of the city, Public Service Electric and Gas (PSEG)'s new \$550 million natural gas power plant represents one of the largest developments in the City's modern history. Having broken ground in the summer of 2017, the plant is expected to be operational by June 2020. This new plant's operation will also allow for, and hasten, the decommissioning of a coal-powered plant adjacent to the site, which will be phased out by 2021. The parcel may then be repositioned for redevelopment along the waterfront.

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

### **Neighborhood Development**

The City's Economic Development office has worked in partnership with the Bridgeport Public Housing Authority (now known as Park City Communities) to reclaim and reposition formerly troubled public housing developments by supporting private-sector redevelopment of these sites into mixed-income, mixed-use, privately managed communities. Replicating a model that has worked successfully in other cities, and working with JHM Financial Group and the Richman Group out of Stamford and Greenwich, the City has supported over \$65 million worth of investment in the completion of 107 new mixed-income units over the past two years on the City's east side, with another 60 units scheduled for construction in 2018. The City has also contributed close to \$5 million to the demolition of vacant public housing units to make way for this new development. Additionally, the City continues to support the efforts of a variety of non-profit community-based developers, such as Habitat for Humanity and the Bridgeport Neighborhood Trust, in projects that provide high quality affordable housing throughout the City's varied neighborhoods.

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

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

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

## **Cost Savings Initiatives**

The Administration undertook a program to reduce overall filled employment positions and freeze certain discretionary spending to the extent of over \$3 million per annum in reduced expenditures for Fiscal Year 2017 and Fiscal Year 2018, helping to create a positive surplus for Fiscal Year 2017 in excess of \$4 million. This program is continuing in Fiscal Year 2018 and has resulted in seventy fewer filled positions hired within the City's workforce.

## **Revenue Collection Initiatives**

The City has implemented innovative strategies for enhancing its tax revenues, accelerating its receipt of delinquent taxes, non-tax revenues and controlling costs. An additional \$1 million in delinquent back property taxes have been collected over the past year due to this program. In addition, the City is selling certain City owned parcels comprised of vacant underutilized properties to spur economic development and to raise revenues from such sales. In Fiscal Year 2018, \$2.3 million has been received from such City property sales, primarily from the sale of a parcel of land at the former Derecktor site is now being developed for retail and commercial use.

The City implemented a Bootfinder Program eight years ago to identify delinquent motor vehicle taxpayers. The City uses TaxServ LLC to serve as the City's tax collection agency regarding delinquent motor vehicle taxes. Combined, these programs have collected an average of over \$500,000 of delinquent taxes per annum. The City has used many methods to increase collection of real estate taxes, including heightened enforcement and the sale of tax liens. Tax lien sales have proven to be an effective management tool in collecting current and arrears taxes, interest and penalties. The sale of liens enables the City to realize an immediate financial benefit from the delinquent taxes, and relieves the City of incurring the expense and delay associated with ongoing collection efforts. The City retains no interest in the assigned liens, and the purchaser bears all the risks relating to its ability to collect the amounts owed, and, should it acquire title to the underlying real estate through foreclosure or otherwise, will bear all risks associated with the ownership and sale of real property. The City Council approved a tax lien sale completed in June 2017 for which the City received approximately \$7.2 million in taxes, interest and fees. The next annual lien sale is scheduled for June 2018 at a level comparable to last year's sale.

## **Internal Service Fund**

In 2007, the City, by ordinance, established an Internal Service Fund to account for self-insured health benefit activities of the City, Board of Education and all other departments. Governmental Accounting Standards allow for the use of Internal Service Funds for risk financing activities. The Internal Service Fund is a proprietary type fund, which utilizes the accrual basis of accounting. The use of an Internal Service Fund, for self-insured benefit activities can help smooth the impact of severe claims fluctuations which, in the past, have occurred in the General Fund. Funding of the Internal Service Fund is provided through the annual General Fund Budget, the WPCA Budget, and non-General Fund employee contributions. 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 long term period. As of June 30, 2017, the fund had a deficit of approximately \$65 million which includes an actuarial estimate of liability for present and future workers' compensation claims of approximately \$50 million. Projected actuarial information indicates that Fiscal Year 2018 results will be similar to Fiscal Year 2017, with approximately a \$2 million reduction to the overall net position of the fund. City wide health claim cost experience has remained on budget during Fiscal Year 2018 to date, while the liability for workers' compensation claims has slightly decreased. Workers' compensation claims are not subject to the amortization requirements set forth in the ordinance.

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

A new ordinance was submitted to the City Council in May to create an Other Post Retirement Benefits Trust Fund (OPEB Trust) by June 30, 2018. This Trust fund will be funded with an initial small contribution as budgeted in Fiscal Year 2018 for \$100,000. While the City is currently paying all OPEB benefits on a pay as you go basis, the City will seek to create a long term plan to set aside and invest funds to eventually meet all future liabilities.

## **FUTURE PLANNED BORROWINGS**

**Tax Anticipation Notes:** Since 2006, the City has issued tax anticipation notes (“TANS”) 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 issued \$20 million in TANS on December 6, 2017 and issued \$20 million in TANS on December 29, 2017. All such TANS were repaid in full on February 1, 2018. The City’s next TANS to be issued in June 2018 will total approximately \$17 million and will be repaid on July 31, 2018.

**Capital Improvement Program:** The City is not planning to initiate any other large new capital projects over the next four fiscal years, except for the renovation of Bassick High School estimated to require City total bond funding of \$1 million in Fiscal Year 2019 and \$27.5 million in Fiscal Year 2020. The City expects during Fiscal Years 2019 through 2023 to reduce the size of annual new capital bonding to an average of \$25 to \$30 million per year. There are no other large city building projects expected within the term of the current capital plan. Please see Five-Year Capital Plan section.

It is expected that the City will be issuing approximately \$24 million in general obligation bonds to fund its Fiscal Year 2019 capital improvement plan. The 2018 Series C Bonds are anticipated to be issued in July 2018.

## **FINANCIAL INFORMATION**

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

### **Information Technology Services**

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

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

### **Basis of Accounting**

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

### **Budget Procedure**

The Mayor’s annual budget is developed by the City’s OPM from department requests and request by the Board of Education. The Mayor is required by Charter to present his annual operating budget to the City Council no later than the first Tuesday in April. The City Council then in turn holds public hearings and makes such additions and changes

as deemed necessary before adopting the annual Budget. The City Council is required to adopt a budget by the second Tuesday in May. The Mayor has a final opportunity to veto line item changes made by the Council. However, any Mayoral change to a Council approved Budget may be overturned upon a two-thirds vote of the Council before June 30. The City maintains budgetary control through OPM. The objective of budgetary control is to ensure compliance with legal provisions embodied in the annual adopted budget approved by the City Council. The level of budgetary control is established by organization, agency and object. The City also utilizes an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances reserve appropriations that have been obligated through purchase orders or contractual documents. Encumbrances are reported as reservations of fund balance at the end of the year. Transfers of appropriations between departments require the approval of the City Council. The City's Capital and General Fund Budgets must be adopted by the City Council and approved by the Mayor.

The annual operating budget for Fiscal Year 2017-2018 was adopted by the City Council on May 25, 2017; see "Budget for Fiscal Year 2018" herein. The Mayor's proposed Fiscal Year 2018-2019 Budget was submitted to the City Council for review on April 3, 2018. The Fiscal Year 2019 Budget was adopted by the City Council on May 7, 2018 and signed into law by the Mayor on May 14, 2018.

### **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 2017 and for Fiscal Year 2018. The City's Fiscal Year 2017 audit was issued on January 31, 2018. The General Purpose Financial Statements for Fiscal Year 2017 and schedules are included as Appendix A of this Official Statement. The auditor's reports which relate specifically to the Federal and State Single Audit Acts are included in separate documents, which are available upon request. The Fiscal Year 2018 audit process will commence in late June with preliminary field work. Audited results for Fiscal Year 2017 show that the general unrestricted fund balance improved significantly more than was achieved in the past several years with the undesignated unreserved fund balance increasing by over \$4 million from Fiscal Year 2016 levels to a total of approximately \$19.2 million. Fiscal Year 2018 audited results for the year ending June 30, 2018 are expected by December 31, 2018.

### **Pension Programs**

#### Single Employer Defined Benefit Plans

The City maintains and administers four single employer defined benefit pension plans which cover substantially all of the employees of the City with the exception of those covered under the Connecticut Municipal Employees' Retirement Fund ("CMERF") and the State Teachers' Retirement System. The four City plans and the number of plan participants as of June 30, 2016 are as follows:

- (i) Public Safety Plan A Investment and Pension Trust ("Plans A") – 711 participants
- (ii) Police Retirement Plan B – 134 participants
- (iii) Firefighters' Retirement Plan B – 78 participants
- (iv) Janitors' and Engineers' Retirement Fund – 19 participants

PENSION PLANS A

Plans A are partially funded through an Investment Trust (the “Investment Trust”) created from the proceeds of the City’s \$350,000,000 Pension Obligation Bonds issued in 2000 (discussed below). The net benefits paid under Plans A in Fiscal Year 2017 were approximately \$32.9 million. Actuarial projections indicate that the net benefits to be paid under Plans A are to remain at approximately \$33 million for Fiscal Year 2018 and then to decline in future years due to the aging of retirees remaining in the Plan. These amounts include proceeds from a previous annuity contract for Plans A purchased in 1985. The City’s liability for the actuarially determined pension contribution requirements in excess of actual contributions made since 1986 is recorded as a noncurrent liability in the government-wide financial statements. Plans A is a closed plan, and no new enrollments 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 \$311,235,137 as of June 30, 2017. The actuarial value of assets held in Plans A as of June 30, 2017 is \$71,029,447, resulting in an unfunded actuarial accrued liability of \$240,205,690. The assumed annual rate of return on the Plans A assets is 6.75%, changed from 7% in July 2016 and 8% in July 2015 (the five and ten year actuarial average returns as of July 1, 2017 are 2.50% and 4.0%, respectively) and the assumed cost of living adjustment in the actuarial determination of plan liabilities and contribution requirements is 3.5%.

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

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
07/01/2011	\$ 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%	1,622,196	12270.00%
07/01/2014	119,088,096	294,737,010	175,648,914	40.40%	*	*
07/01/2015	97,991,000	351,341,616	253,350,616	27.89%	*	*
07/01/2016	76,643,488	327,252,219	250,608,731	23.42%	*	*
07/01/2017	71,029,447	311,235,137	240,205,690	22.82%	*	*

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

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

Schedule of Employer Contributions

Plan Year Ended June 30	Annual Required Contribution	Actual Contributions	Percentage Contributed
2012	\$ 9,794,368	\$ 7,000,000	71.50%
2013	11,554,504	10,500,000	90.87%
2014	12,623,967	11,600,000	91.89%
2015	11,407,599	11,407,599	100.00%
2016	15,488,177	15,488,177	100.00%
2017	15,945,203	15,945,713	100.00%
2018	15,596,476	12,600,000*	80.80% Year to Date

\* For Fiscal Year 2018, the City has budgeted a contribution of approximately \$16.5 million to Plans A which is more than the annual required contribution. Three quarterly payments in the aggregate amount of \$12.6 million have been made, with a final payment of approximately \$4 million to be made in June.

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

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

As a result of the 2008 economic downturn, special legislation was passed by the Connecticut General Assembly in 2009 which permitted the City to limit its pension contribution for Plans A to \$6 million for the fiscal year ended June 30, 2009. For Fiscal Years 2010 and 2011, the legislation required that the City submit a plan for funding Plans A to the Secretary of the Office and Policy and Management and the State Treasurer in each fiscal year. While the minimum amount required under this legislation was \$4 million for Fiscal Years 2010 and 2011, the City funded Plans A in the amount of \$4.7 million for Fiscal Year 2010 and funded Plans A in the amount of \$5 million for Fiscal Year 2011. During the 2011 legislative session, the Connecticut General Assembly approved legislation which 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. Under the new legislation, the City's annual required contribution for Fiscal Year 2014 was \$12,623,967, of which \$11.6 million was paid in Fiscal Year 2014. For Fiscal Year 2015, the City's annual required contribution was \$11,407,599 which the City made in such fiscal year. In Fiscal Year 2016, the City made 100% of its required contribution of approximately \$15.5 million. In Fiscal Year 2017, the City made 100% of its required contribution of approximately \$15.95 million. For each year of the current Ganim administration the City has made 100% of its annual required contributions for Plans A.

The City recognizes the need to continue to increase annual contributions to Plans A. In Fiscal Year 2018, the City increased its annual contributions by approximately 3.5%. As previously noted, for Fiscal Year 2018 the City's estimated total contributions are expected to be approximately \$16.6 million, an increase of approximately \$550,000 over contributions for Fiscal Year 2017. While the asset investment performance of Plans A has recently been strong, however its assets and funding ratio continue to decline, increasing the probability of the City adopting a "pay-as-you go" funding method for pension benefits to be paid to beneficiaries of Plans A within five to seven years.

#### *PENSION PLANS B*

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

Upon the transfer of active Police and Fire members to CMERF only retired police and firefighters not covered by Plans A participate in Police Retirement Plan B and Firefighters' Retirement Plan B. The Police Retirement Plan B and Firefighters' Retirement Plan B are funded on an actuarial basis and the Janitors' and Engineers' Retirement Fund

is funded on a “pay as you go” basis, that is, the City’s contribution to the plan is the amount necessary to pay annual benefits. Based on the most recent actuarial valuation of July 1, 2017, the Firefighters’ Retirement Plan B was funded at 98.3%, held assets with an actuarial value equal to approximately \$37,073,073 as of June 30, 2017 and has an unfunded actuarial accrued liability of \$646,647 as of June 30, 2017. Based on the most recent actuarial valuation of July 1, 2017, the Police Retirement Plan B was funded at 76.6%, held assets with an actuarial value equal to approximately \$60,766,256 as of June 30, 2017 and has an unfunded actuarial accrued liability of \$18,563,001 as of June 30, 2017. The City’s contribution to the Janitors’ and Engineers’ Retirement Fund was funded by the Board of Education and amounted to \$889,803 for Fiscal Year 2014, \$861,495 for Fiscal Year 2015 and \$796,380 for both Fiscal Year 2016 and Fiscal Year 2017. For Fiscal Year 2018 a contribution of \$808,105 has been budgeted. In addition, the City contributed approximately \$2.1 million to the Police Retirement Plan B fund and over \$300,000 to the Firefighters Retirement Plan B fund for Fiscal Year 2017 for the first time in several years. The City budgeted the same level of contributions in Fiscal Year 2018 as Fiscal Year 2017. Due to strong asset investment performance, actuarial recommendations have resulted in a reduced need for contributions. However the City has determined that it shall contribute more than the actuarial recommended contribution for Fiscal Year 2018, though slightly less than budgeted levels. In Fiscal Year 2019, the City is budgeting 100% of the amount that is actuarially recommended. based upon the actuarial valuation.

Following the transfer of the City’s pension obligations for the then active police and firefighters to CMERF, a subsequent review of the assets transferred by the City to CMERF revealed a substantial accrued unfunded actuarial liability owed by the City to CMERF. At that time, the City and CMERF agreed that the City could pay the unfunded liability in periodic annual payments on an extended twenty-eight year amortization schedule including an interest component at 8% per annum. During the 2017 State legislative session, the City secured state legislation which was enacted into law in June 2017 to permit the City to issue bonds to fund the accrued unfunded actuarial liability to CMERF. In January 2018, the City issued approximately \$99 million of taxable bonds to fully fund the accrued unfunded actuarial liability to CMERS. As of January 2018, the entire CMERF unfunded actuarial liability of over \$230 million has been completely eliminated and will no longer be included in the City’s financial statements as of June 30, 2018. Following the issuance of these taxable bonds in January 2018, the City is paying all such debt service on the bonds rather than pay the City’s annual required unfunded obligations to CMERF on an annual basis. Accordingly, the City has achieved current and future budgetary savings annually over a twenty six year period averaging approximately \$2 million per annum over this period.

#### Connecticut Municipal Employees’ Retirement Fund

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

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

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

CMERF also provides death and disability benefits.

Benefits and other plan provisions are established by State statute. Covered employees are required by Connecticut statute to contribute 2-1/4% of earnings upon which social security tax is paid plus 5% of earnings upon which no social security tax is paid. The City is required to make contributions as set by the State Retirement Commission to fund the remaining cost. The employer contribution represents 14.986% of covered payroll for Fiscal Year 2015 to Fiscal Year 2017 for Police and Fire employees and 10.91% for other City and Board of Education employees. The City’s Fiscal Year 2017 contributions totaled \$25 million, of which \$22.5 million represented all active employee current required contributions and the share of the City’s unfunded amortization payments total \$2.6 million. The City’s contributions in total for Fiscal Years 2016, 2015 and 2014 were \$26,100,101, \$24,404,803 and \$20,033,088

respectively, equal to the actuarially required contributions for each year. The City has budgeted a contribution of approximately \$25,000,000 for Fiscal Year 2018 and is making such payments on a monthly basis, based upon a State employer required contribution of approximately 15.00% of all covered payroll. The payroll for City employees covered by this plan for each of Fiscal Years 2017 and 2018 is approximately \$135 million. The financial statements of the plan are available from the State Retirement Commission for the CMERF Fund.

A reduction of over \$2 million in the current year and future year annual scheduled payments to CMERF resulted from the issuance of bonds in January 2018 discussed above.

#### State Teachers' Retirement System

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Section 10-183 of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age 60 and has accumulated twenty years of credited service in the public schools of Connecticut or has attained any age and has accumulated thirty-five years of credited service, at least twenty-five of which are service in the public schools of Connecticut. The payroll for City education employees covered by this plan for Fiscal Year 2017 was approximately \$72 million. The financial statements of the plan are available from the Connecticut Office of the State Comptroller, 55 Elm Street, Hartford, CT 06106.

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

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

#### Other Post-Employment Benefits

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

Currently, the City funds its other post-employment benefit (OPEB) costs on a pay-as-you-go basis. However, as previously mentioned, the City is in the process of establishing an OPEB Trust Fund by June 30, 2018. The Trust Fund will be funded with an initial small contribution as budgeted in the Fiscal Year 2018 of \$100,000. For Fiscal Year 2014, \$28,441,853 was paid for OPEB costs, representing 55.7% of the annual OPEB cost, \$33,380,029 was expended for OPEB costs in Fiscal Year 2015, representing 47.3% of the annual OPEB cost, \$31,926,050 was expended for OPEB costs in Fiscal Year 2016, representing 44.4% of the annual OPEB cost, and approximately \$29 million was expended for OPEB costs in Fiscal Year 2017, representing 45.2% of the annual OPEB cost. The City is in compliance with the requirements of GASB Statements 43 and 45, which require municipalities and other governmental entities to undertake a biannual actuarial evaluation of their OPEB plans and include information concerning the valuation of such plans in their financial statements. The City retains an outside actuarial consulting firm, AON, to prepare the valuation of its OPEB plans. Based on the most recent actuarial valuation update as of July 1, 2016, the City's unfunded actuarial accrued liability for its OPEB plans is \$804,740,362 and the annual recommended contribution for Fiscal Year 2017 was \$64,551,560. The City is having a full biannual 2017 actuarial valuation completed by December 2018 as required by GASB.

The following table shows the actuarial value of assets, the actuarial accrued liabilities and other relevant information for the City's OPEB plans as of July 1, 2008, July 1, 2010, July 1, 2012 and July 1, 2014, and July 1, 2016 (the five 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)
7/1/2008	-	\$ 861,812,200	\$ 861,812,200	0.0%	\$ 221,789,000	388.6%
7/1/2010	-	915,806,973	915,806,973	0.0	180,948,566	506.1
7/1/2012	-	723,711,649	723,711,649	0.0	221,438,910	326.8
7/1/2014	-	1,003,337,378 *	1,003,337,378 *	0.0	236,179,687	424.8
7/1/2016	-	804,740,362	804,740,362 *	0.0	245,409,264	327.9

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

For the July 1, 2016 actuarial valuation, the decrease in the actuarial accrued liability reflects the fact that the City negotiated so that all employees contribute at least 25% of the cost of medical and prescription benefits (health). New employees have experienced an increase of 1% per year in their contribution for health benefits and currently pay 30%-33%% of such premium cost, until they reach the maximum contribution rate of 50%. Currently in Fiscal Year 2018 over 70% of city employees now contribute 30%-33%% of the cost of medical and prescription benefits (health) and Board of Education employees contribute 20%-31% of such cost.

The table below shows the City's annual required contributions versus the pay-as-you-go costs incurred for OPEB for the five fiscal years 2013 through 2017:

Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
2013	\$ 47,743,386	\$ 25,781,428	54.0%
2014	51,062,573	28,441,853	55.7
2015	70,570,886	33,380,029	47.3
2016	71,905,518	31,926,050	44.4
2017	64,551,560	29,153,378	45.2
2018	61,998,950	N/A	N/A

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

Compensated Absences

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

**City Investment Policy**

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

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

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

## **CITY FINANCES**

### **GAAP Basis for Fiscal Years 2015-2017 – General Fund**

A summary of the General Fund Operations of the City for Fiscal Years 2015-2017 on a GAAP basis follows. The selected financial information was obtained from the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds contained in the CAFR for the Fiscal Years 2015-2017. (See “APPENDIX A-COMPREHENSIVE ANNUAL FINANCIAL REPORT” herein.)

For a discussion of Fiscal Year 2015-2017 results, see the section entitled “Fiscal Results on a Budgetary Basis for Fiscal Years 2015-2017” below. For a discussion of Fiscal Year 2018, see the section entitled “Adopted Budget for Fiscal Year 2018” below.

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

	<u>Audited Results</u> <u>Fiscal Year 2015</u>	<u>Audited Results</u> <u>Fiscal Year 2016</u>	<u>Audited Results</u> <u>Fiscal Year 2017</u>
<b>Revenues:</b>			
Property Taxes	\$ 297,658,389	\$ 299,380,641	\$ 312,461,292
Intergovernmental	232,665,443	234,246,831	271,187,039
Fees, Permits and Licenses	19,169,677	22,139,661	19,752,714
Interest	33,020	62,160	252,418
Other	2,767,483	11,421,003	2,755,404
<b>Total Revenues</b>	<b>\$ 552,294,012</b>	<b>\$ 567,250,296</b>	<b>\$ 606,408,867</b>
<b>Expenditures:</b>			
General Government <sup>1</sup>	45,085,270	46,543,553	51,199,039
Protection of Person and Property	121,529,416	135,416,264	137,976,278
Conservation of Health	4,975,373	5,162,250	4,850,797
Public Facilities	38,734,364	35,862,313	36,553,580
Education <sup>2</sup>	-	-	
Special Services	233,108	1,610,253	1,600,570
Debt Service	77,557,896	71,557,934	75,213,985
<b>Total Expenditures</b>	<b>\$ 288,115,427</b>	<b>\$ 296,152,567</b>	<b>\$ 307,394,249</b>
Revenues Over (Under)			
Expenditures	264,178,585	271,097,729	299,014,618
<b>Other Financing Sources (Uses):</b>			
Transfers In	500,000	3,313,024	349,851
Transfers out <sup>2</sup>	(264,662,890)	(274,091,084)	(294,717,182)
Bond Refunding Issue	32,435,000	59,640,000	-
Premium on Bond Refunding	2,963,433	10,505,915	-
Payment to Escrow Agent	(35,096,483)	(69,559,903)	-
<b>Total other Financing Sources (Uses)</b>	<b>\$ (263,860,940)</b>	<b>\$ (270,192,048)</b>	<b>\$ (294,367,331)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 317,645</b>	<b>\$ 905,681</b>	<b>\$ 4,647,287</b>
<b>Fund Balance - GAAP Basis, Beginning</b>	<b>\$ 13,395,816</b>	<b>\$ 13,713,461</b>	<b>\$ 14,619,142</b>
	<b>\$ 13,713,461</b>	<b>\$ 14,619,142</b>	<b>\$ 19,266,429</b>

Source: City of Bridgeport – Comprehensive Annual Financial Report

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

2. For presentation purposes education expenditures are included as transfers out.

**GAAP Basis for Fiscal Years 2015-2017 – All Governmental Funds**

A summary of the Governmental Funds’ Operations of the City for Fiscal Years 2015-2017 on a GAAP basis follows. The selected financial information was obtained from the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds contained in the CAFR for the Fiscal Years 2015-2017. (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 2015</u>	<u>Audited Results</u> <u>Fiscal Year 2016</u>	<u>Audited Results</u> <u>Fiscal Year 2017</u>
<b>Revenues:</b>			
Property Taxes	\$ 297,658,389	\$ 299,380,641	\$ 312,461,292
Intergovernmental	407,403,322	447,358,336	411,442,721
Fees, Permits and Licenses	19,169,677	22,139,661	19,752,714
Interest	251,486	279,985	749,006
Other	4,231,035	12,609,215	3,404,616
<b>Total Revenues</b>	<b>\$ 728,713,909</b>	<b>\$ 781,767,838</b>	<b>\$ 747,810,349</b>
<b>Expenditures:</b>			
Current			
General Government <sup>1</sup>	45,555,732	47,793,276	51,396,361
Protection of Person and Property	126,909,760	135,416,264	137,976,278
Conservation of Health	6,834,376	7,319,991	5,580,511
Public Facilities	38,734,364	35,862,313	36,553,580
Charities and Hospitals	-	-	
Education	372,449,084	388,183,531	379,893,985
Special Services	15,022,236	21,568,961	16,630,856
Debt Service			
Principal Retirements	38,379,591	38,679,933	39,754,694
Interest and other Charges	39,178,305	34,878,001	37,170,844
Capital Outlay	86,814,928	95,861,461	76,499,225
<b>Total Expenditures</b>	<b>\$ 769,878,376</b>	<b>\$ 805,563,731</b>	<b>\$ 781,456,334</b>
Revenues Over (Under)			
Expenditures	(41,164,467)	(23,795,893)	(33,645,985)
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	1,735,633	4,313,331	2,528,854
Operating Transfers Out	(1,735,633)	(5,813,331)	(2,528,854)
Bonds Issued	66,580,000	23,195,000	60,970,000
Bond Refunding Issue	32,435,000	59,640,000	
Premiums on Bond Issuance	12,680,507	12,337,545	9,224,816
Payment to Escrow Agent	(35,096,483)	(69,559,903)	
<b>Total Other Financing Sources (Uses)</b>	<b>76,599,024</b>	<b>24,112,642</b>	<b>70,194,816</b>
Net Change in Fund Balances	\$ 35,434,557	\$ 316,749	\$ 36,548,831
Fund Balances, Beginning	\$ 57,221,625	\$ 92,656,182	\$ 92,972,931
Fund Balances, Ending	\$ 92,656,182	\$ 92,972,931	\$ 129,521,762

Source: City of Bridgeport – Comprehensive Annual Financial Report

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

### **Fiscal Results on a Budgetary Basis for Fiscal Years 2015-2017**

A summary of the General Fund Operations of the City for Fiscal Years 2015-2017 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 2015-2017.

For Fiscal Year 2015, the City reported a General Fund operating surplus of revenues and other financing sources less expenditures and other financing uses of \$317,645 on a budgetary basis. In Fiscal Year 2015, actual revenues and other financing sources on a budgetary basis were approximately \$525.5 million. Actual expenditures and other financing uses were approximately \$525.2 million. Tax collections for current and overdue taxes came in slightly over budget and an additional \$300,000 in revenues came from the State. These funds enabled the City to cover the additional expenses incurred as a result of the various storms that the area experienced.

For Fiscal Year 2016, the City reported a General Fund operating surplus of revenues and other financing sources less expenditures and other financing uses of \$636,584 on a budgetary basis. In Fiscal Year 2016, actual revenues and other financing sources on a budgetary basis were approximately \$570.6 million. Actual expenditures and other financing uses were approximately \$569.9 million. Tax Collections for current and overdue taxes came in slightly under budget while an additional \$6,700,000 in revenues came from the sale of City real estate. These funds enabled the City to cover the additional expenses incurred due to public safety needs and pension obligations.

For Fiscal Year 2017, the City reported a General Fund operating balance of revenues and other financing sources less expenditures and other financing uses in surplus in excess of \$4,646,987 on a budgetary basis. In Fiscal Year 2017, actual revenues and other financing sources on a budgetary basis were approximately \$554 million, approximately \$2.0 million over budget. Actual expenditures and other financing uses on a budgetary basis were approximately \$550 million, or \$2.0 million under budget. Tax collections for current and overdue taxes came in slightly below budget due to the conclusion of certain tax appeals, namely the resolution of the Wheelabrator case. Over \$7,000,000 in added revenues coming from state aid were received over the adopted budgeted level. The City undertook a successful program to reduce expenses within the various operations of the City during the fiscal year, primarily through attrition and a freeze on certain discretionary expenditures. The City's adopted mill rates in Fiscal Year 2017 was 54.37 mills for real and personal property, and 37 mills for motor vehicles.

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

	<b><u>Audited Results</u></b>		<b><u>Audited Results</u></b>		<b><u>Audited Results</u></b>
	<b><u>Fiscal Year 2015</u></b>		<b><u>Fiscal Year 2016</u></b>		<b><u>Fiscal Year 2017</u></b>
<b>Revenues and Other Financing Sources:</b>					
Property Taxes	\$ 297,658,389	\$	299,380,641	\$	312,461,292
Intergovernmental	205,346,235		234,246,831		218,720,935
Fees, Permits and Licenses	19,169,677		22,139,661		19,752,714
Interest	33,020		62,160		252,418
Other	2,767,483		11,421,003		2,755,404
Transfers In	500,000		3,313,024		349,851
Appropriation of Fund Balance	-		-		-
Total revenue and other financing sources	<u>\$ 525,474,804</u>	\$	<u>570,563,320</u>	\$	<u>554,292,614</u>
<b>Expenditures, Encumbrances and Other Financing Uses:</b>					
General Government <sup>1</sup>	\$ 52,615,108	\$	46,543,553	\$	58,996,191
Protection of Person and Property	159,102,121		135,416,264		171,872,123
Conservation of Health	4,975,373		5,162,250		4,850,797
Public Facilities	52,098,289		35,862,313		50,281,138
Charities and Hospitals	-		-		-
Education	253,017,881		273,774,169		258,614,219
Parks and Recreation	-		-		-
Special Services	233,108		1,610,253		1,600,577
Debt Service <sup>2</sup>	3,115,279		71,557,934		3,430,582
Total Expenditures and Encumbrances	<u>\$ 525,157,159</u>	\$	<u>569,926,736</u>	\$	<u>549,645,627</u>
Revenues and other financing sources over expenditures and encumbrances		\$	317,645	\$	636,584
		\$		\$	4,646,987

Source: City of Bridgeport – Comprehensive Annual Financial Report

1. Includes all General Government, Economic Development, Libraries and Human Resources Development.
2. In FY 2016, the budget of the debt service was included as one item while such debt service for other years was allocated by department.

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 2018**

The City's Fiscal Year 2018 operating budget was adopted by the City Council on May 25, 2017. The operating budget was further amended in December 2017, as allowed by State statute, based upon the final adopted budget of the State solely to amend education expenditures and the mill rate for motor vehicles. The final budget reflects an increase in expenditures of approximately \$15 million (or 2.7%) as compared to the City's Fiscal Year 2017 operating budget. The increase in City expenditures budgeted for Fiscal Year 2018 when compared to Fiscal Year 2017 was due primarily to fixed costs for benefits and the cost of additional police department staffing to buttress public safety programs as well as a \$2 million increase of appropriations and in-kind funds allocated to the Board of Education during this Fiscal Year. This Fiscal Year 2018 budget was amended in December 2017 to be inclusive of the restoration of \$25 million to the Board of Education from the State in Educational Cost Sharing ("ECS") aid, at the same level as the previous year. (The State's final adopted budget in December 2017 rejected a preliminary Governor's proposal to transfer this portion of ECS funding into a new special education grant directly to the BOE). The City budgeted for all required additional pension contributions, the funding of an additional \$4 million approved for contractual bargaining increases, and \$1.5 million in extra reserve contingencies funded with a goal of replenishing the City's fund balance. The mill rate for Fiscal Year 2018 for real property remains 54.37, with no change from the prior year. The mill rate for vehicle taxes was set at 39 mills, adjusted from the prior Fiscal Year 37 mills pursuant to the State budget implementer authorization.

It should be noted that the City Budget was adopted prior to final state aid information being available due to the delay of the adoption of the State budget. The State General Assembly adopted a Fiscal Year 2018 budget which was signed into law by the Governor on October 31, 2017. The State budget provided approximately \$15 million less in State aid than reflected in the City's Fiscal Year 2018 budget. The City took steps to resolve this problem through the implementation of freezes on hiring, expenditure reductions, debt restructuring and revenue enhancements. As a result, the City expects to end the Fiscal Year with a small budgetary surplus between \$500,000 to \$1 million.

### **Adopted Budget for Fiscal Year 2019**

The City's Fiscal Year 2019 operating budget was proposed by the Mayor on April 3, 2018, and adopted by the City Council on May 7, 2018 and signed into law by the Mayor on May 14, 2018. The Fiscal Year 2019 budget is approximately \$9.9 million less than the Fiscal Year 2018 adopted budget. This reduction is due to several factors primarily the final impact of state aid reductions to the City in Fiscal Year 2018 that carried over to Fiscal Year 2019. To compensate for such reductions in revenues to the City, the City adopted a budget with approximately \$7 million less in annual debt service payments reflecting the restructuring and refinancing of debt, approximately \$2.5 million less in expenditures to CMERF due to savings from an approved reduction in annual pension payments to the CMERF system, and approximately \$3 million of reductions in personnel budget costs and discretionary budget costs made by the City during the budget process. In the Fiscal Year 2019 budget, the City has also adopted two general contingency accounts, the first for \$1 million with the expectation that this sum will be contributed to the accumulated fund balance of the City at fiscal year-end, and a second contingency account for possible costs related to collective bargaining and other matters. The Board of Education is receiving an additional \$1.1 million in state aid for Fiscal Year 2019, and the City also increased its contribution to the Board of Education by approximately \$1 million. In addition, the City and Board of Education are finalizing negotiations with a coalition of all bargaining units to make several changes to the combined health insurance plans for the City and Board employees which has the potential to save several million dollars per year for each of the City and the Board within Fiscal Year 2019 and for future fiscal years. The mill rate for property taxes remains at 54.37 mills, with no change for Fiscal Year 2019. The motor vehicle mill rate was adjusted to 45 mills, pursuant to a change in the state cap on motor vehicle mill rates which allows for this rate to increase from the previous prior year cap of 39 mills. No significant changes to the City's fiscal condition are expected for Fiscal Year 2019, and the City has a goal to contribute funds to the accumulated fund balance.

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

In an effort to replenish the City's fund balance, the City in 2012 implemented a fund policy establishing a goal of 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. While no contribution to the fund balance per this policy was budgeted for Fiscal Years 2013-2016, the City contributed over \$4.6 million for Fiscal Year 2017, all of which remained unobligated and unspent as of June 30, 2017. Undesignated Fund Balance is approximately \$19.3 million, or approximately 3.5% of budget as of

June 30, 2017. The City’s goal is for Fiscal Year 2018 to achieve an additional increase in unreserved fund balance of between \$500,000 to \$1 million.

## DEBT AND CAPITAL PROGRAMS

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

As of May 1, 2018, the principal balance of the City’s outstanding bonds, equaled \$764,980,000.

### Principal Amount of Indebtedness – Long Term Debt As of May 1, 2018

Bond Series	Date of Issuance	Original Par Amount	Final Maturity	Outstanding Par Amount
Series 2000 B <sup>1</sup>	08/29/2000	\$350,000,000	01/15/2030	\$232,415,000
Series 2004 C	08/12/2004	58,580,000	08/15/2021	21,390,000
Series 2009 B <sup>2,3</sup>	12/15/2009	29,135,000	08/15/2028	5,775,000
Series 2009 C <sup>3</sup>	12/15/2009	4,000,000	08/15/2029	4,000,000
Series 2010 B <sup>2,3</sup>	07/22/2010	19,440,000	09/15/2025	13,530,000
Series 2010 C	07/22/2010	10,010,000	07/15/2018	1,790,000
Series 2012A <sup>2</sup>	06/14/2012	67,930,000	02/15/2032	29,155,000
Series 2012B	07/12/2012	55,225,000	08/15/2021	22,535,000
Series 2013A	07/11/2013	14,290,000	08/15/2018	1,740,000
Series 2014A	08/28/2014	66,580,000	07/01/2034	55,595,000
Series 2014B	11/18/2014	32,435,000	10/01/2026	28,255,000
Series 2016A	03/17/2016	23,195,000	08/15/2035	17,665,000
Series 2016B	03/17/2016	36,570,000	08/15/2025	36,570,000
Series 2016C	05/17/2016	23,070,000	08/15/2024	23,070,000
Series 2016D	11/22/2016	57,510,000	08/15/2046	56,010,000
Series 2016E	11/22/2016	4,260,000	08/15/2026	4,260,000
Series 2017A	11/30/2017	34,785,000	11/01/2037	34,785,000
Series 2017B	11/30/2017	41,415,000	08/15/2029	41,415,000
Series 2017C	11/30/2017	17,410,000	08/15/2029	17,410,000
Series 2017D	01/04/2018	99,500,000	07/01/2045	99,500,000
<b>TOTAL</b>		<b>\$1,135,310,000</b>		<b>\$764,980,000</b>

Source: City of Bridgeport

Note: Total may not add due to rounding.

<sup>1</sup> Pension Obligation Bonds

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

<sup>3</sup> Build America Bonds

### Other Long Term Commitments

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

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

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

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

#### **Water Pollution Control Authority**

The City is 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 May 1, 2018 the balance of WPCA loans outstanding was \$37.5 million. This amount represents \$33,059,742 of the outstanding loan balance for completed and active major WPCA projects and the outstanding balance of certain bonds of the City as follows: \$1,259,966 from the City's 2009 bond issue; \$296,003 from the City's 2010 bond issue; \$1,274,193 from the City's 2012 bond issue, \$800,000 from the City's 2016 bond issue, and \$821,000 from the City's 2017 bond issue.

**Detail of WPCA Borrowings**

<b>WPCA Major Project Loans</b>				<b>Loan Balance</b>
<b>CWF No.</b>	<b>Date of Loan</b>	<b>Loan Amount<sup>1</sup></b>	<b>as of</b>	
				<b>May 01, 2018</b>
<b>CLEAN WATER FUND PROJECTS:</b>				
Completed Projects	206C	01/31/1997	\$ 32,033,046	\$ 3,535,053
	416C	7/23/2004	3,384,911	887,617
	572C	1/31/2006	624,067	241,188
	102CSL	6/30/2010	4,608,318	2,496,173
	625CSL	01/31/2011	1,672,257	982,417
	613C	3/31/2011	960,201	602,713
	372C	12/31/1999	3,211,547	107,052
	372CD1	12/31/1999	1,858,034	70,989
	372CD2	01/31/2002	649,570	28,396
	409D	04/03/2001	611,285	147,840
	409C	39021	1,911,688	787,692
	559C	1/31/2006	1,236,190	452,662
	575C	3/31/2009	2,323,916	1,147,950
	621D	7/31/2009	1,260,771	909,371
	452C2	3/7/2008	6,824,081	5,074,317
	213CSL	2/28/2013	3,115,301	2,689,277
	658C	12/31/2015	325,921	287,088
	621C	1/31/2016	3,956,483	3,416,962
	628C	5/31/2017	7,456,219	7,083,398
			<u>\$ 78,023,806</u>	<u>\$ 30,948,155</u>
Total Completed Projects				
Active Projects	681C	11/30/2018	2,265,100	1,155,366
	706DC	11/30/2018	2,920,027	956,221
Total Active CWF Project Loans			<u>\$ 5,185,127</u>	<u>\$ 2,111,587</u>
TOTAL CWF DEBT			<u>\$ 83,208,933</u>	<u>\$ 33,059,742</u>
2007 BONDS			490,000	-
2009 BONDS			1,845,000	1,259,966
2010 BONDS			425,300	296,003
2012 BONDS			1,564,217	1,274,193
2016 BONDS			800,000	800,000
2017 BONDS			821,000	821,000
TOTAL WPCA DEBT			<u>\$ 89,154,450</u>	<u>\$ 37,510,904</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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Bond Anticipation Notes <sup>(1)</sup>	\$ --	\$ --	\$ --	\$ --	\$ --
Long-Term Debt <sup>(2)</sup>	<u>658,990</u>	<u>605,550</u>	<u>647,610</u>	<u>622,395</u>	<u>657,515</u>
<b>Total</b>	<u>\$658,990</u>	<u>\$605,550</u>	<u>\$647,610</u>	<u>\$622,395</u>	<u>\$657,515</u>

Source: City of Bridgeport Annual Financial Report

1. Excludes Tax Anticipation Notes.
2. Includes City general obligation debt for WPCA projects, but does not include Section 108 loans.

**DEBT STATEMENT**  
**As of May 1, 2018**

<b>General Obligation Debt:</b>		
General Purpose Bonds		\$305,593,349
School Bonds		113,765,088
Pension Obligation Bonds <sup>1</sup>		<u>331,915,000</u>
<b>Total General Obligation Debt<sup>2</sup></b>		<u>\$764,980,000</u>
<b>Less:</b>		
School Construction Grants Receivable <sup>3</sup> - Principal Portion Only		(8,868,832)
<b>Total Overall Net Debt<sup>4</sup></b>		<u>\$756,111,168</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, 2017.
4. The City of Bridgeport, Connecticut is not subject to the debt of overlapping governments.

**CURRENT DEBT RATIOS**  
**As of May 1, 2018**

Population <sup>1</sup>	147,629
Net Taxable Grand List 10/1/17 (70%) <sup>2</sup>	\$ 6,064,663,214
Estimated Full Value of Taxable Grand List 10/1/17 (100%)	\$ 8,663,804,591
Equalized Net Taxable Grand List 10/1/17	\$ 6,035,939,715
Personal Income Per Capita <sup>1</sup>	\$ 50,104

	<u>Total Debt</u>	<u>Net Total Debt</u>	<u>Total Debt (excluding Pension Obligation)</u>	<u>Net Total Debt (excluding Pension Obligation)</u>
Per Capita	\$5,182	\$5,122	\$2,933	\$3,395
Ratio to Net Taxable Grand List	12.61%	12.47%	7.14%	8.27%
Ratio to Estimated Full Value	8.83%	8.73%	5.00%	5.79%
Ratio to Equalized Net Taxable Grand List	12.67%	12.53%	7.17%	8.30%
Per Capita to Personal Income Per Capita	10.34%	10.22%	5.85%	6.78%

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

**Debt Limitation Base**

Audited total tax collections (including interest and lien fees) for the year ended June 30, 2017	\$ 307,164,691
Plus Reimbursement for revenue loss:	
Tax Relief for the elderly	<u>\$ 770,995</u>
Base	\$307,935,686
Debt Limit (7 x Base)	\$ 2,155,549,802

**Computation of Debt Limitation and Debt Margin**

	<u>General Purpose</u>	<u>Unfunded Past Benefit Obligation</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>
<b>Multiple of Base</b>					
2 ¼ times base	\$ 692,855,294				
3 times base	--	\$ 923,807,058			
4 ½ times base	--	--	\$1,385,710,587		
3 ¾ times base	--	--	--	\$1,154,758,823	
3 ¼ times base	--	--	--	--	\$1,000,790,980
Total Debt Limitation	<u>\$692,855,294</u>	<u>\$923,807,058</u>	<u>\$ 1,385,710,587</u>	<u>\$1,154,758,823</u>	<u>\$1,000,790,980</u>
<b>Indebtedness</b>					
Bonds and Notes Payable	\$ 305,593,349	\$331,915,000	\$ 113,765,088	\$39,142,831	\$ 1,583,000
Tax Anticipation Notes <sup>(1)</sup>	--	--	--	--	--
Bonds authorized-but-unissued	29,064,596	--	75,937,109	18,705,544	--
Less: School construction grants	--	--	<u>(3,473,695)</u>	--	--
Total Net Indebtedness	<u>334,657,945</u>	<u>331,915,000</u>	<u>186,228,502</u>	<u>57,848,375</u>	<u>1,583,000</u>
<b>Total Bonding Availability</b>	<u>\$358,197,349</u>	<u>\$591,892,058</u>	<u>\$1,119,482,085</u>	<u>\$1,096,910,448</u>	<u>\$ 999,207,980</u>

Source: City of Bridgeport Finance Department.

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

In accordance with Connecticut General Statutes, municipalities may not incur indebtedness through the issuance of bonds which will cause aggregate indebtedness to be exceeded by class as outlined above and in no case shall total indebtedness exceed seven times the Debt Limitation Base calculated above, or \$2,155,549,802. Total net indebtedness currently issued or authorized, is \$912,232,822.

**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 2019-2023 was approved by the City Council on April 25, 2018 and includes anticipated capital expenditures of approximately \$187 million over the next five years, with approximately \$49 million approved and authorized for Fiscal Year 2019. The City does not expect to bond all authorizations within this Capital Plan. Such borrowing plans will be phased in for bonding needs at a lower amount than the Fiscal Year 2019 total Capital Improvement Program requests. In addition, the City expects to only bond a portion (\$25-\$30 million per annum) of the total Five-Year Capital Plan. The capital improvements in the City's five year plan are broken down into four distinct categories: Board of Education, Economic Development, Public Facilities and Other Departments.

## Adopted Capital Improvement Program

PROJECT DESCRIPTIONS	FY2021					Total Capital Plan 2019-2023
	FY2019 Adopted Capital Plan	FY2020 Capital Plan Proposed	Capital Plan Proposed	FY2022 Capital Plan Proposed	FY2023 Capital Plan Proposed	
<b>BOARD OF EDUCATION:</b>						
BOE - Facilities Equipment	-	-	-	25,000	-	25,000
BOE Classroom Computers	-	-	1,500,000	1,500,000	-	3,000,000
BOE - Maintenance Veh. Dump Truck/4 vans/2 pickup	-	-	-	105,000	-	105,000
Central High School Renovation (2nd funding)	-	-	-	-	-	-
Bassick High Sch. Complete Renov.(21% City Share)	27,500,000	-	-	-	-	27,500,000
Purchase/Renov. BOE-Operations office/Garage	-	-	-	15,000,000	-	15,000,000
Nutrition Center-Roof Replacement (21% City Share)	-	-	-	-	-	-
Dunbar School-Elevator Repairs	-	-	-	-	-	-
Maintenance Equipment-Two New Mowers	-	35,000	-	-	-	35,000
Cesar Batallia-Steel Cat Walk To access HVAC Control	-	35,000	-	-	-	35,000
High Horizons-Playground	-	-	-	-	-	-
High Horizons - HVAC Controls	400,000	-	-	-	-	400,000
High Horizons-Exterior Door Replacement	-	25,000	-	-	-	25,000
Edison School - Playground	-	-	-	-	-	-
Black Rock - 4 Exterior Doors	-	-	150,000	-	-	150,000
Winthrop - Asbestos Abatement	-	-	-	-	-	-
Blackham - Asbestos Abatement	-	-	-	-	-	-
Columbus - Asbestos Abatement	-	-	-	-	-	-
Maintenance - Forklift	-	-	25,000	-	-	25,000
Maplewood School -Elevator Repairs/Upgrades	-	35,000	-	-	-	35,000
Multi-Cultural-HVAC Controls ( 2 roof top Units)	400,000	-	-	-	-	400,000
Read School -Elevator Repairs/Upgrades	120,000	-	-	-	-	120,000
Read School - HVAC Controls	-	-	-	-	-	-
Skane School - HVAC Controls	-	-	-	-	-	-
Cesar Batallia - Replace Ice Storage Syst.w/Chiller	-	400,000	-	-	-	400,000
Read - Renovate Students Bathroom	100,000	-	-	-	-	100,000
Read - New Fire Alarm System	-	-	-	-	-	-
Cross - Main Office HVAC System Replacement	-	-	-	-	-	-
JFK Air Handling Admin- 2 Roof Tops Units	-	450,000	-	-	-	450,000
JFK Air - Elevator Repair/Upgrades	85,000	-	-	-	-	85,000
Madison - Roof Top Heating Units Replace 4 units	-	225,000	-	-	-	225,000
Madison School - Elevator Repairs/Upgrades	182,000	-	-	-	-	182,000
Bryant - Masonry and Parapet	-	160,000	-	-	-	160,000
Edison School - Boiler Replacement (2 units)	-	160,000	-	-	-	160,000
Park City Magnet - HVAC Equip-Replace 2 boilers	-	250,000	-	-	-	250,000
Blackham - Masonry-Outside Pool Wall/Heating Syst.	-	-	125,000	-	-	125,000
Blackham - Elevator Repairs/Upgrades	40,000	-	-	-	-	40,000
Blackham - New Electrical Service	-	-	-	-	-	-
Beardsley School - Masonry	-	50,000	-	-	-	50,000
Marin - HVAC Equipment-Replace 3 A/C Units	-	300,000	-	-	-	300,000
Marin - Roof Replacement (21% City Share)	504,000	-	-	-	-	504,000
Marin School - Elevator Repair/Upgrades	33,000	-	-	-	-	33,000
JFK Admin - Replace 3 Fire Alarm Panels	-	45,000	-	-	-	45,000
Hallen - Elevator Repairs/Upgrades	51,000	-	-	-	-	51,000
Winthrop School - HVAC Repairs (piping)	-	-	-	-	-	-
Winthrop - Paving Play Yard and Around Back	-	85,000	-	-	-	85,000
<b>TOTAL BOARD OF EDUCATION</b>	<b>29,415,000</b>	<b>2,255,000</b>	<b>1,800,000</b>	<b>16,630,000</b>	<b>-</b>	<b>50,100,000</b>

<b>ECONOMIC DEVELOPMENT:</b>						
Land Management / Acquisition	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
City Owned Properties-Development Ready Program	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
Congress Street Bridge Replacement - City Share(Amended)*	-	-	-	-	-	-
Downtown Parking Garage (Amended )*	-	-	-	-	-	-
Comm. Retail Corridor-Traffic Improve- State St./CT Ave	-	-	-	-	-	-
Master Plan Update and Zoning Update	150,000	-	-	-	-	150,000
Lafayette Blvd/Fairfield Ave./Redesign-(10 %City Match)	290,000	-	1,000,000	-	-	1,290,000
Site Improvement/Public Housing	-	600,000	600,000	600,000	600,000	2,400,000
Gateway To South End/Citywide Strategic Acquisition	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
Crescent Crossing Phase 1B Development (balance)	-	-	-	-	-	-
Blight / Demolition Clean Up/Property Management	1,000,000	3,000,000	2,000,000	3,000,000	4,000,000	13,000,000
Seaview Avenue Corridor/Waterfront Proj(20% city match)	-	3,000,000	-	-	-	3,000,000
<b>TOTAL ECONOMIC DEVELOPMENT</b>	<b>4,440,000</b>	<b>9,600,000</b>	<b>6,600,000</b>	<b>6,600,000</b>	<b>7,600,000</b>	<b>34,840,000</b>
<b>PUBLIC FACILITIES:</b>						
Roadway Paving, Bridges, Culverts, Intersections	-	3,000,000	1,200,000	2,100,000	4,750,000	11,050,000
Public Facilities Equipment	1,700,000	1,500,000	2,000,000	3,000,000	2,500,000	10,700,000
Muni Bldg. HVAC / Heating / Elec./ Facilities	-	1,450,000	750,000	500,000	800,000	3,500,000
City Wide Building & Security Improvements	1,500,000	2,000,000	2,000,000	3,000,000	5,500,000	14,000,000
Public Facilities Buildings at 990 Housatonic Avenue	875,000	1,545,000	1,500,000	1,500,000	450,000	5,870,000
Municipal Storm Sewer Separator System (MS4 Req.)	500,000	-	-	-	-	500,000
752 East Main Street/Demolition & Reconstruction	-	2,000,000	4,000,000	-	-	6,000,000
New East Side Senior Center-Old Engine 10/Putnam St.	500,000	-	-	-	-	500,000
Facilities Assessments /Planning Studies	-	-	-	100,000	-	100,000
Energy Conservation /Conversion Program	-	250,000	-	250,000	-	500,000
Harbor Yard Ballpark Upgrades	-	150,000	150,000	150,000	150,000	600,000
Arena	-	500,000	-	1,000,000	-	1,500,000
Street Lights Wattage Upgrade	-	500,000	250,000	-	250,000	1,000,000
Various Airport Improvement Projects	-	-	-	275,000	-	275,000
Parks Maintenance Equip(Include Golf Course)	200,000	400,000	300,000	400,000	600,000	1,900,000
Various Park Improvement Projects	450,000	200,000	-	400,000	100,000	1,150,000
Barnum Museum	-	-	1,000,000	-	-	1,000,000
Bloom Bulkhead	2,500,000	-	-	-	-	2,500,000
Side Walks/Street scape Replacements	-	1,500,000	500,000	500,000	500,000	3,000,000
Pleasure Beach Bridge and Fishing Pier	-	3,200,000	-	-	-	3,200,000
Landfill Closure-Stewardship	1,000,000	-	-	-	-	1,000,000
Ferry Terminal Ramp/Loading Dock (20% City Match)	250,000	100,000	75,000	50,000	-	475,000
Citywide Signage	125,000	125,000	125,000	125,000	-	500,000
Citywide Deco Lights	-	500,000	-	500,000	-	1,000,000
Traffic Lights Upgrades	-	125,000	125,000	-	-	250,000
Perry Memorial Arch.	250,000	300,000	300,000	400,000	400,000	1,650,000
Veterans Memorial Park Improvements	-	100,000	100,000	100,000	50,000	350,000
Tennis Courts Improvement	100,000	100,000	150,000	150,000	130,000	630,000
Kennedy Stadium	-	150,000	-	-	-	150,000
Knowlton Park	-	85,000	-	-	-	85,000
Park Restrooms	100,000	120,000	70,000	100,000	170,000	560,000
Pleasure Beach Park	-	300,000	100,000	150,000	-	550,000
Golf Course Improvements	150,000	150,000	150,000	300,000	78,000	828,000
Beardsley Zoo Improvements	-	640,000	2,500,000	3,000,000	-	6,140,000
Lincoln Boulevard	-	-	500,000	-	-	500,000
Downtown Intermodal / Water St. Improv.(20% City)	-	-	-	-	-	-
Downtown Intermodal / Water St. Improv.11(20% City)	-	-	-	-	-	-
<b>TOTAL PUBLIC FACILITIES</b>	<b>10,200,000</b>	<b>20,990,000</b>	<b>17,845,000</b>	<b>18,050,000</b>	<b>16,428,000</b>	<b>83,513,000</b>
<b>OTHER DEPARTMENTS:</b>						
Police Fleet Upgrade	-	-	-	1,000,000	1,500,000	2,500,000
Police Equipment / Technology/VHF Portable Radios	-	-	1,000,000	-	-	1,000,000
FIRE Equipment / Technology/VHF Portable Radios	-	-	-	-	-	-
Fire Apparatus Replacement Program / Vehicles	-	705,000	1,606,000	1,128,500	846,000	4,285,500
Technology Enhancement / Systems Improvement	-	-	250,000	-	-	250,000
WPCA Capital Improvements	1,245,000	890,000	1,085,000	1,390,000	1,215,000	5,825,000
Emergency Operations / Technology upgrade	300,000	-	-	-	-	300,000
IT Telephony & Computer Replacement Program	-	500,000	500,000	500,000	-	1,500,000
Citywide Departments -Fiber Optics Installation	3,500,000	-	-	-	-	3,500,000
<b>TOTAL OTHER DEPARTMENTS</b>	<b>5,045,000</b>	<b>2,095,000</b>	<b>4,441,000</b>	<b>4,018,500</b>	<b>3,561,000</b>	<b>19,160,500</b>
<b>TOTAL ALL DEPARTMENTS</b>	<b>49,100,000</b>	<b>34,940,000</b>	<b>30,686,000</b>	<b>45,298,500</b>	<b>27,589,000</b>	<b>187,613,500</b>

## Water Pollution Control Authority

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

### WPCA Plan

	<b>Budget Fiscal</b>	<b>Actual Fiscal</b>	<b>Actual Fiscal</b>	<b>Actual Fiscal</b>
	<b><u>Year 2018</u></b>	<b><u>Year 2017</u></b>	<b><u>Year 2016</u></b>	<b><u>Year 2015</u></b>
<b>Revenues</b>				
User Fees	\$ 36,059,189	\$ 36,827,008	\$ 35,481,622	\$ 36,498,091
Income From Operations	<u>4,561,908</u>	<u>1,023,942</u>	<u>1,114,924</u>	<u>1,393,337</u>
Total Revenues	\$ 40,621,097	\$ 37,850,950	\$ 36,596,546	\$ 37,891,428
<b>Expenditures</b>				
Operating	\$ 33,957,684	\$ 32,533,243	\$ 25,296,621	\$ 28,264,453
Bad Debt <sup>2</sup>	1,602,965	(37,384)	1,115,221	(271,810)
Debt Service <sup>1</sup>	429,030	379,156	393,619	376,639
State Loan Funding	<u>4,631,418</u>	<u>4,969,590</u>	<u>6,068,671</u>	<u>5,849,714</u>
Total Expenditures	\$ 40,621,097	\$ 37,844,605	\$ 32,874,132	\$ 34,218,996

Source: City of Bridgeport, WPCA

1. Debt Service: Includes costs related to bonds that were issued in Fiscal Years 2007, 2009, 2010, 2012 and 2016 by the City. The Fiscal Year 2015 budget includes these same related bond costs.
2. Bad Debt: Fiscal Years 2017 and 2015 were a negative amount due to reserve adjustments.

The WPCA approved rates per hundred cubic feet of \$5.946 in Fiscal Year 2015, \$5.946 in Fiscal Year 2016 and \$5.945 in Fiscal Year 2017 and Fiscal Year 2018. The Fiscal Year 2019 budget rates have not yet been set and approved.

The City of Bridgeport's WPCA currently has a long-term operations and management contract with Severn Trent Environmental Services, Inc. which began on January 1, 2014 for the operation of the wastewater treatment and field operations function of WPCA. The areas covered by the contract operation represent approximately 63.0% of WPCA's Fiscal Year 2018 budget, which includes the billing and collection of current sewer user invoices, and budgeted operation and maintenance expenses. The WPCA is engaged in a long-term capital program that is expected to cost \$244 million through Fiscal Year 2019 in total, of which \$152 million is to be from State low-cost loans, \$89 million from State grants, and \$3 million provided by the City. To date, \$203.5 million of projects costs have been expended leaving \$41 million of project costs to be completed. A number of these capital programs are mandated by a consent decree between the Connecticut Department of Energy and Environmental Protection and the City with respect to the wastewater treatment facility and the sanitary and storm collection system as a result of a court settlement. It is anticipated that \$22 million of these future project costs will be borrowed from the State at an interest rate of 2%. The remaining \$20 million of future project costs are expected to be provided by State grants and local share. The borrowings and any future borrowings are general obligations of the City with repayments expected to be made from sewer user fees imposed by the WPCA.

## TAX BASE DATA

### Assessments

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

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

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

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

The Assessor filed the latest Grand List on October 1, 2017. This current Grand List totals approximately \$6.1 billion, an approximately \$50 million increase from the prior year.

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.

On October 31, 2017, the Governor signed Fiscal Year 2018 State budget which establishes that (1) for the assessment year commencing October 1, 2016, the mill rate for motor vehicles shall not exceed 39 mills, and (2) for the assessment year commencing October 1, 2017, and each assessment year thereafter, the mill rate for vehicles shall not exceed 45 mills. Any municipality or special tax district may establish a mill rate for motor vehicles that is different from its mill rate for real property to comply with the provisions of the adopted State budget. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located would result in a combined motor vehicle mill rate (1) above 39 mills for the assessment year commencing October 1, 2016, or (2) above 45 mills for the assessment year commencing October 1, 2017, and each assessment year thereafter. For a municipality or district that set a motor vehicle mill rate prior to the effective date of the adopted State budget, for the assessment year commencing October 1, 2016, may revise such mill rate to meet the requirements of the adopted State budget, provided such revisions occur by December 15, 2017. The City's mill rate

for motor vehicles for the assessment year commencing October 1, 2016 (the fiscal year ending June 30, 2018) is 39 mills. The City’s Fiscal Year 2019 budget amends the vehicle mill rate to 45 mills.

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

Under Section 4-66l, municipal spending does not include expenditures: (i) for debt service, special education, or costs to implement court orders or arbitration awards; (ii) associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; (iii) for any municipal revenue sharing grant the municipality disburses to a district; or (iv) budgeting for an audited deficit, non-recurring grants, capital expenditures or payments on unfunded pension liabilities.

**Levy**

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

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

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

**Comparative Assessed Valuations of Taxable Property**

<b>Grand List 10/1</b>	<b>Fiscal Year</b>	<b>Real Estate Property Percent</b>	<b>Personal Property Percent</b>	<b>Motor Vehicle Percent</b>	<b>Gross Taxable Grand List (000’s Omitted)</b>	<b>Less Exemptions (000’s Omitted)</b>	<b>Net Taxable Grand List (000’s Omitted)</b>	<b>Percent Increase/Decrease</b>
2017	2019	77.2%	14.5%	8.3%	\$6,211,800	\$147,137	\$6,064,663	0.64%
2016	2018	78.6	13.3	8.1	6,153,886	127,853	6,026,033	(0.3)
2015	2017	79.0	13.0	8.0	6,160,313	114,953	6,045,360	(13.9)
2014	2016	83.5	10.3	6.2	7,146,507	125,798	7,020,709	2.0
2013	2015	84.1	9.8	6.1	7,111,268	124,597	6,986,671	(0.94)
2012	2014	84.1	9.9	5.9	7,193,167	141,048	7,052,118	0.94
2011	2013	84.9	9.2	5.9	7,152,536	166,364	6,986,172	(0.52)

## Property Tax Levies and Collections

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

Source: City of Bridgeport.

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, 2015 revaluation.

### THE CITY'S TAX BASE

The City Assessor submitted the Assessor's 2017 Grand List on January 31, 2018. The official Board of Assessment Appeals Grand List was filed in May 2018. For additional information, please reference "TAX BASE DATA – Assessments".

#### Principal Taxpayers Net Grand List as of October 1, 2017

<u>Principal Taxpayers</u>	<u>Nature of Business</u>	<u>2017 Assessed Value</u>	<u>Percentage of Assessed Value</u>
United Illuminating Co. Inc.	Utility	299,288,000	4.93%
CRRA/US Bank National Association	Utility	119,271,900	1.97
Bridgeport Energy LLC	Utility	110,258,940	1.82
Connecticut Light & Power	Utility	49,710,940	0.09
PSEG Power Connecticut LLC*	Utility	67,011,096	0.01
People's United Bank	Bank	49,443,840	0.08
Southern CT Gas Co.-Energy EA	Utility	43,507,490	0.07
Dominion Bpt Fuel Cell LLC	Utility	30,387,630	0.05
Watermark 3030 Park LLC*	Utility	24,065,731	0.04
Aquarian Water Co. of CT*	Utility	22,425,580	0.04
Total 2017 Net Grand List		<u>\$6,064,663,214</u>	9.10%

\*Name change occurred during period.

Source: City of Bridgeport

## 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	20.0.9
20-34	36,234	25.1	648,275	18.1
35-54	39,074	27.1	1,060,035	29.7
55-64	13,413	9.3	443,452	12.4
65+	14,488	10.1	506,559	12.2
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

<u>Income for Households</u>	<u>City of Bridgeport</u>		<u>State of Connecticut</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
\$0 - \$ 9,999	5,776	11.5 %	75,787	5.6 %
\$10,000 - \$14,999	3,237	6.4	50,565	3.7
\$15,000 - \$24,999	6,840	13.6	109,384	8.1
\$25,000 - \$34,999	5,332	10.6	102,404	7.6
\$35,000 - \$49,999	7,249	14.4	146,947	10.8
\$50,000 - \$74,999	8,290	16.5	217,945	16.1
\$75,000 - \$99,999	5,753	11.4	172,153	12.7
\$100,000 - \$149,999	5,014	10.0	229,491	16.9
\$150,000 - \$199,999	1,483	2.9	111,209	8.2
\$200,000 or more	<u>1,383</u>	<u>2.7</u>	<u>138,828</u>	<u>10.2</u>
Total:	50,357	100.0 %	1,354,713	100.0 %

Source: U.S. Department of Commerce, Bureau of the Census, Census of Population and Housing, 2000; American Community Survey 2012-2016. 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)

<u>Educational Attainment</u>	<u>City of Bridgeport</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9 <sup>th</sup> grade	11,199	11.0 %	105,725	4.0 %
9 <sup>th</sup> to 12 <sup>th</sup> grade, no diploma	10,034	13.0	144,132	5.4
High school graduate	12,724	34.0	673,973	27.5
Some college, no degree	32,164	18.0	430,129	17.0
Associate's degree	5,276	5.6	183,289	7.5
Bachelor's degree	11,931	13.0	516,001	22.0
Graduate or professional degree	5,895	6.0	409,606	16.7
Percent high school graduate or higher		75.2 %		90.7 %
Percent Bachelor's degree or higher		18.0 %		38.7 %

Source: U.S. Department of Commerce, Bureau of the Census, Census of Population and Housing, 2000; American Community Survey 2012-2016.

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

<u>Household Characteristics</u>	<u>City of Bridgeport</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
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**

<u>Year Built</u>	<u>City of Bridgeport</u>		<u>State of Connecticut</u>	
	<u>Units</u>	<u>Percent</u>	<u>Units</u>	<u>Percent</u>
Built 2014 or later.....	0	0.0 %	2,460	0.2 %
Built 2010 to 2013.....	334	0.6	14,673	1.0
Built 2000 to 2009.....	1,873	3.2	104,308	7.0
Built 1990 to 1999.....	1,639	2.8	113,584	7.6
Built 1980 to 1989.....	4,223	7.3	190,755	12.8
Built 1970 to 1979.....	4,953	8.6	200,614	13.4
Built 1960 to 1969.....	6,549	11.4	201,812	13.5
Built 1950 to 1959.....	7,821	13.6	225,824	15.1
Built 1940 to 1949.....	7,298	12.7	105,566	7.1
Built 1939 or earlier.....	<u>22,968</u>	<u>39.8</u>	<u>334,202</u>	<u>22.4 %</u>
	57,658	100.0 %	1,493,798	100.0

Source: U.S. Department of Commerce, Bureau of the Census, and 2000 Census of Population and Housing; American Community Survey, 2012-2016.

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

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

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

### Housing Unit Inventory and Vacancy Rates

<b>Housing Units</b>	<b>City of Bridgeport</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
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
<b>Total Units</b>	<b>54,367</b>	<b>100.0%</b>	<b>1,385,975</b>	<b>100.0%</b>
Occupied housing units <sup>1</sup>	51,255	89.9	1,371,087	92.1
Vacant housing units <sup>1</sup>	5,757	10.1	116,804	7.9
<b>Total units<sup>1</sup></b>	<b>57,012</b>	<b>100.0%</b>	<b>1,487,891</b>	<b>100.0%</b>
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

	<b>City of Bridgeport</b>	<b>State of Connecticut</b>
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

	<b>City of Bridgeport</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
<i>Specified owner-occupied units</i>				
Less than \$50,000.....	1,413	6.8 %	24,343	2.7 %
\$ 50,000 to \$ 99,999.....	2,475	12.0	29,703	3.3
\$100,000 to \$149,999.....	3,826	18.5	81,158	9.0
\$150,000 to \$199,999.....	5,922	28.7	139,979	15.5
\$200,000 to \$299,999.....	5,173	25.0	246,071	27.3
\$300,000 to \$499,999.....	1,456	7.0	233,345	25.9
\$500,000 to \$999,999.....	233	1.1	104,952	11.7
\$1,000,000 or more.....	159	0.8	40,672	4.5
<b>Total.....</b>	<b>20,657</b>	<b>100.0 %</b>	<b>900,223</b>	<b>100.0 %</b>

Source: U.S. Department of Commerce, Bureau of the Census, Census of Population and Housing, 2000; American Community Survey 2012-2016

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

Source: Provided by Building Department, City of Bridgeport.

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

### Land Use Summary

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

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

## LEGAL AND OTHER INFORMATION

### Litigation

The City, its officers and its employees are defendants in a number of lawsuits. The ultimate disposition and fiscal consequences of these lawsuits are not presently determinable. The City Attorney's Office has reviewed the status of the pending litigation and reports that it is the opinion of the City Attorney that such pending litigation will not be finally determined 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.

#### 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 \$30 million dollars in the aggregate. Any recovery under such actions will be paid by the City, which is self-insured for such risks.

**APPENDIX B – COMPREHENSIVE ANNUAL REPORT**

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# CITY OF BRIDGEPORT, CONNECTICUT



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year  
July 1, 2016 to June 30, 2017

Prepared By:  
DEPARTMENT OF FINANCE

Kenneth A. Flatto  
Director of Finance

**CITY OF BRIDGEPORT, CONNECTICUT  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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 JUNE 30, 2017**

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# **Introductory Section**



JOSEPH P. GANIM  
Mayor

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

KENNETH A. FLATTO  
Finance Director/CFO

January 10, 2018

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

State law requires that every general-purpose local government publicly publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2017.

Blum Shapiro has issued an unmodified (“clean”) opinion on the City of Bridgeport, Connecticut’s financial statements for the year ended June 30, 2017. The independent auditors’ report is located at the front of the financial section of this report.

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

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

**Profile of the Government**

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

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

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

### **Budget, Finances and Long-Term Planning**

The annual budget serves as the foundation for the City of Bridgeport's financial planning and control. Budget-to-actual comparisons for FY2017 are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on RSI-1 and RSI-2 as part of the required supplementary information for the General Fund.

The City ended the June 30, 2017 fiscal year with a solid \$4.6 million budgetary surplus, which is the largest in recent years. This was attained in large measure by an across the board set of Administration actions taken as well as support from the state last year. The City has taken steps to ensure that it has ample contingencies to meet challenges and to continue to improve fund balances. The City receives significant state aid for city purposes, for education and for certain school capital projects. The City is fully funding all required pension obligations as recommended by actuaries. Information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

The City has put into place certain long term planning measures, including the adoption of an annual five-year capital plan. In addition, the City uses multi-year budget planning for internal purposes for forecasting future budget needs. The City also enters into multi-year contracts for various services when beneficial with utility providers and certain health care providers. The City implement multi-year collective bargaining contracts whenever possible.

### **Reassessment and Mill Rates**

The City's property tax bill rate was set during the FY2018 budget process at 54.37 mills, no change from FY2017. The mill rate for motor vehicles has been set at 39 mills due to the State cap on car tax mill rates, which allow the City to receive state reimbursement for some of the lost revenues from this reduced vehicle mill rate. The last citywide revaluation was implemented for the Grand List Year 2015 for budgetary years starting FY2017. The Net Taxable Grand List as of October 1, 2016 was adopted at a full value of approximately \$6 billion. Real property prices and values have stabilized the past few years. It is anticipated that the grand list will see continued growth from economic development activities underway.

### **Local Economy**

The City is a major medical, legal, industrial, financial and entertainment center. Two medical centers, the St. Vincent's Medical Center and the Bridgeport Hospital of the Yale-New Haven Hospital system, provide for many of the health care needs of the Greater Bridgeport area. Federal, State, and County courthouses are located within the central business district. Corporate and regional business offices are located downtown, including the headquarters office of People's United Bank. Other major employers residing within the City's boundaries include the University of Bridgeport, Housatonic College, Jewish Senior Services, Bridgeport Health Care Center, Bass Pro Shop, Sikorsky Industries and several major law firms. The City, remains the home of more than 200 manufacturing companies and thousands of local retail and commercial businesses. These companies often utilize new technologies and new arrivals often occupy unique market niches.

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

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

The City's economic development plans have focused on diversification of the local economic base, tailored to the City's strengths of geographic location and skilled workforce availability. New light manufacturing is looking at Bridgeport as a favorite destination. The City's strategy of identifying growth industries such as medical, financial services, construction, and film/media is proving successful. To enhance the infrastructure that serves the industrial and commercial base of the City, the City has assembled land and facilities necessary to provide for the expansion of existing corporations and accommodate new businesses, redevelopment and new private investment. Over two million square feet of new development is underway and in developmental and marketing stages.

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

Investment in Steel Point has come to fruition. Approximately 175,000 square foot of retail, including Bass Pro Shops, Starbucks, Chipotle, T-Mobile, and more has been built. The Bass Pro Shops include a restaurant and bowling alley drawing visitors to Steel Point from the surrounding region. Several retail tenants have signed letters of intent for Phase Two which is under construction and scheduled to open in early 2019, along with a new marina and new housing to be open within two years. The foundation is laid for over 1 million square-feet of total mixed-use waterfront development over the next five years.

Plans to include robust public improvements including an approximately 70-foot-wide greenway along the waterfront. Property tax based Tax Increment Financing will be used to fund some of these improvements. In 2009, the City entered into a final Development and Acquisition Agreement with Bridgeport Landing Development (BLD) for this 50-acre project. That agreement, with State legislative approvals, created the Steel Point Infrastructure Improvement District (the "District"). BDL is expanding its development efforts nearby including purchasing part of the former Derecktor shipyard site. Plans include a supermarket and significant business opportunities and the future possibility of leasing land for a casino.

### **Downtown Development**

Downtown Bridgeport is at the nexus of road, rail, transit, and water related transportation infrastructure. Its location and existing assets provide the opportunity for Bridgeport to become the transit-oriented development hub of Fairfield County. Bridgeport is increasingly an option for residents and businesses seeking a cost effective and convenient location to live and work. Census data also shows that Bridgeport has the second highest percentage of millennial aged population in southwestern Connecticut. The City has positioned its downtown to be an important asset in the sustained growth of the Fairfield County economy.

In late 2017, the City bonded funds for a new Congress Street bridge and downtown parking improvements, to be implemented alongside other Bridgeport downtown improvements to infrastructure, including an exciting renovation plan at Harbor Yard in partnership with Live Nation Inc. to provide a music and arts amphitheater at this site to replace the former ballpark use. Another \$25 million in state and federal funding is being spent as part of downtown revitalization over the next two years including a major upgrade to Lafayette Circle and Boulevard and Main Street traffic light upgrades. The City's Intermodal Transportation Center), a 1,400-car commuter parking facility helping 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, is getting a \$4 million spruced up upgrade including flood protection. A plan for a high-speed ferry dock along Water Street is also planned.

***Housatonic Community College*** has doubled the size of its downtown facilities over the past decade. The college's enrollment has increased by more than 1,000 students exceeding 6,000 students. An additional expansion wing is complete.

Significant private investment is occurring in Bridgeport along Main Street and Main Street North. A joint venture of the *Spinnaker Group* and *Forstone Capital* of Norwalk acquired almost two full City blocks of downtown real estate from People's United Bank and is currently creating a redevelopment reuse plan for these holdings. Forstone is completing renovation of the former Mechanics & Farmers Bank Complex on State Street into 32 housing units, two professional offices, a comedy club, and a restaurant. A \$12 million project 333 State Street development created 65 rental apartments and 15,000 square feet of street-level commercial space. The Kuchma Corporation (developer of Bijou Square) has built nearly 30 residential units, a restaurant, and built a new City public senior center for city residents. The new senior center provides a modern facility for the city's retired population in the heart of downtown.

The Downtown North district is positioned to be the next development area in downtown. A major historic \$400 million plan to revitalize the Majestic and Poli Theaters and to build two eighteen story apartment towers has been signed with the City and expected to begin construction by 2018-19. Another 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 *along* the Securities block. The project includes nearly 75 housing units and just under 10,000 square feet of retail space. Just north of those buildings, the city has recently completed negotiations with development teams to redevelop five city blocks including both historic buildings and vacant land: Spinnaker, POKO, Urban Green Builders, and Navarino. This project, including 105 housing units and just under 10,000 square feet of retail space commenced interior remediation and demolition.

### **Industrial Development and Energy Projects**

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

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

The Eco-Technology Park is a collection of green businesses located in the West End and South End neighborhoods. The Eco-Technology Park is growing job opportunities and enhancing adjoining neighborhoods. Adjacent to the Eco-Technology Park, a hulking block of vacant industrial buildings is being repurposed as a mixed-use neighborhood. The block attracted \$1.2 million in state brownfield assistance.

The Cherry Street project is renovating several former dilapidated industrial buildings and creating approximately 325 units of mixed-income housing, space for a charter school, and approximately 20,000 square feet of retail space. The first phase includes 157 units of housing, the charter school, and open space. State funding has been secured for this project and construction has begun.

### **Medical Sector and Senior Living Projects**

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

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

Jewish Senior Services (JSS) has completed a \$95 million building on Park Avenue, a 367,000 square foot skilled nursing and assisted living facility. Nearly 300 jobs were created in Bridgeport. The City helped back this project with support on financing fully paid by JSS.

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

The City has instituted significant cost-saving initiatives through charter revision, financial system upgrades, improvement of revenue collection, the restructuring of employee benefits, and renegotiations. In addition, the City is embarking on technology upgrades to improve public customer services such as online payment systems, expansion of web based operations and plans for fiber optic connectivity.

Several major historic economic development initiatives will provide a significant boost to the tax base and to budgetary revenues. The City has also adopted several revenue enhancements including improved tax collections, award of several large new federal grants, and an effort to identify and revitalize certain city owned properties.

### **Revenue Collection Initiatives**

The City has implemented innovative strategies for enhancing its tax revenues, accelerating its receipt of delinquent taxes, non-tax revenues and controlling costs. The City uses many methods to increase collection of real estate taxes, including heightened enforcement and the sale of tax liens. Tax lien sales have proven to be an effective management tool for collecting current and arrears taxes, interest and penalties. The Tax Collector's Office conducts annual lien sales, generating tax, interest and lien revenues. The sale of liens enables the City to realize immediate financial benefit from delinquent taxes, and relieves the City of incurring the expense and delay associated with ongoing collection efforts. The City conducted its last tax lien sale in May 2017 netting over \$2 million.

### **Internal Service Fund**

The City, by ordinance, established an Internal Service Fund to account for self-insured health benefit activities of the City, Board of Education and all other departments. Governmental Accounting Standards allow for the use of Internal Service Funds for risk financing activities. The Internal Service Fund is a proprietary type fund, which utilizes the accrual basis of accounting. The use of an Internal Service Fund, for self-insured benefit activities can help smooth the impact of severe claims fluctuations which, in the past, have occurred in the General Fund. Funding of the Internal Service Fund will be provided through the annual General Fund Budget, the WPCA Budget, and non-General Fund employee contributions. As of June 30, 2017, the fund continues to have a deficit which will be considered in the calculation of contributions to be made to the Fund in future years. The long-term liability decreased \$2 million from the previous year. It is expected that deficits will be amortized and reduced over a reasonable period of 7-10 years.

### **City Investment Policy**

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

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

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bridgeport, Connecticut for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2016. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

To be awarded a Certificate of Achievement, a government unit must publish an easy to read and well-organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. The City of Bridgeport has received a Certificate of Achievement in each of the last 15 years. We believe our current report continues to conform to the Certificate of Achievement program requirements.

In addition to the award for the Financial Reporting, the Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Bridgeport, Connecticut for the FY2017 Annual Budget.

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

For more information on the City of Bridgeport, as well as financial documents, economic development updates, and other matters, please visit the City's redesigned web site at: [www.bridgeportct.gov](http://www.bridgeportct.gov).

We would like to acknowledge the thorough and professional nature of our independent auditors, Blum Shapiro, who conducted this annual audit and assisted with the CAFR. The leadership and support of the Mayor and City Council has helped to ensure that our professional and dedicated Finance department continues to do its best.

Respectfully submitted,



Kenneth A. Flatto  
Director of Finance/CFO



Government Finance Officers Association

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

Presented to

**City of Bridgeport  
Connecticut**

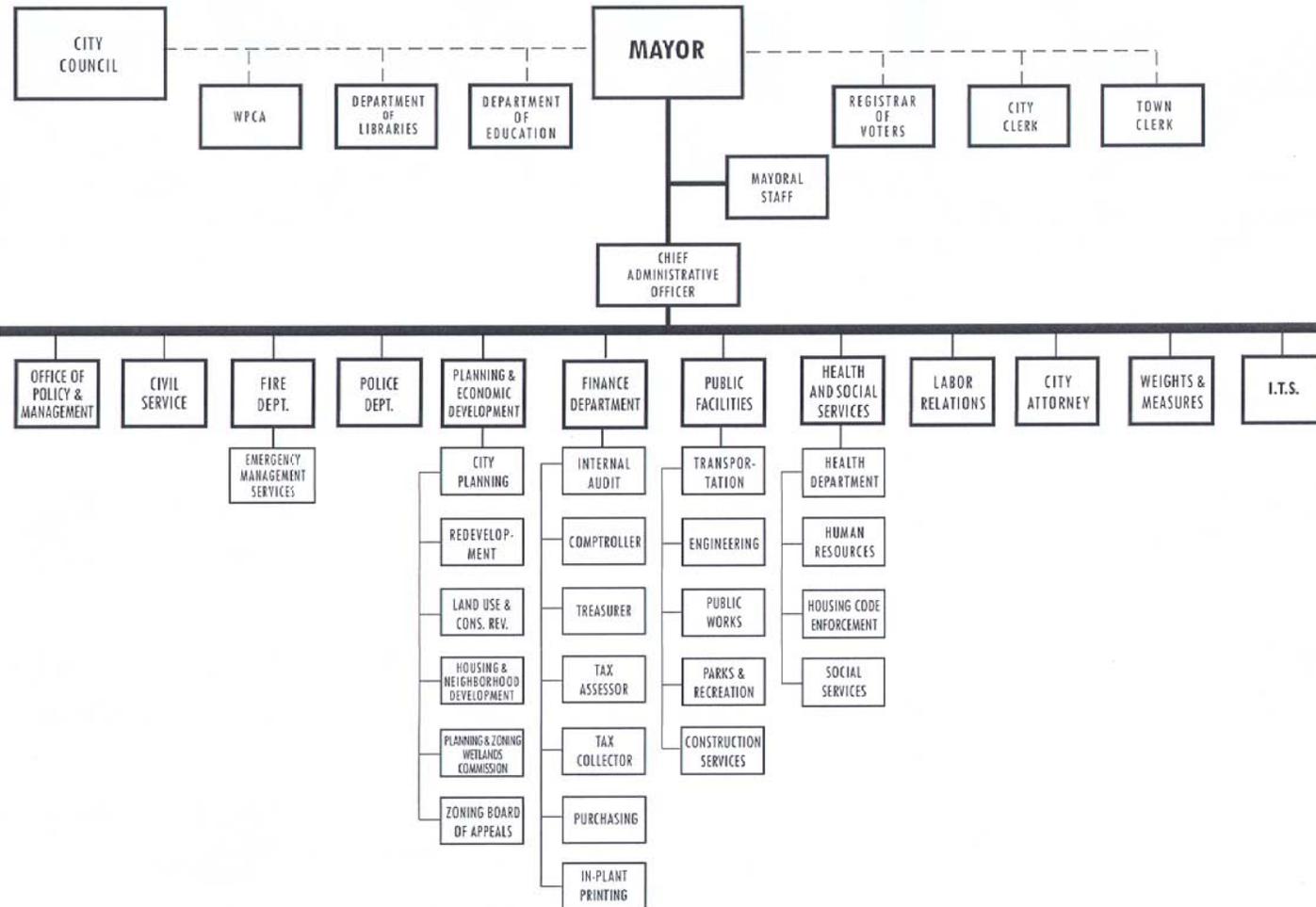
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

*Christopher P. Morill*

Executive Director/CEO

# CITY OF BRIDGEPORT TABLE OF ORGANIZATION



**CITY OF BRIDGEPORT, CONNECTICUT**

**LIST OF PRINCIPAL OFFICERS**

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

# **Financial Section**

# 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, 2017, and the related notes to the financial statements, which collectively comprise the City of Bridgeport, Connecticut's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Bridgeport, Connecticut, as of June 30, 2017 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As discussed in Note 14 to the financial statements, during the fiscal year ended June 30, 2017, the City of Bridgeport, Connecticut, adopted new accounting guidance, GASB Statement No. 77, *Tax Abatement Disclosures*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

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

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Bridgeport, Connecticut, as of and for the year ended June 30, 2016 (not presented herein), and have issued our report thereon dated January 30, 2017, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2016 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2016 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2016 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2016.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2018 on our consideration of the City of Bridgeport, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Bridgeport, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bridgeport, Connecticut's internal control over financial reporting and compliance.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
January 10, 2018

**City of Bridgeport, Connecticut  
Management's Discussion and Analysis  
June 30, 2017**

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, 2017. We encourage readers to consider the information presented here along with additional information we have furnished in our letter of transmittal, as well as the City's basic financial statements that follow this section.

**Financial Highlights**

- ◆ On a government-wide basis, the assets and deferred outflows of resources of the City were less than its liabilities and deferred inflows of resources, resulting in total net position at the close of the fiscal year of \$(130.9) million. The change from prior year is primarily due to a slight increase in capital assets and strengthening in financial operations. Total net position for Governmental Activities at fiscal year-end was \$(233.4) million and total net position for Business-Type Activities was \$102.5 million. The primary reason for the total net deficiency position for Governmental Activities is primarily due to the long-term liability for pensions. The City is taking steps to reduce these liabilities in the future. The primary reason for an increase in net position for Business Activities is due to the operation of a Water Pollution Control Authority and its assets.
- ◆ On a government-wide basis, during the year, the City's net position increased by \$11.3 million from \$(142.2) million to \$(130.9) million. The change from prior year is primarily due to a slight increase in capital assets and strengthening in financial operations. Net position increased by \$11.3 million for Governmental Activities and stayed relatively the same for Business-Type Activities. Government-wide expenses for governmental activities were \$760.7 million, while revenues were \$772.0 million. The total unrestricted net deficit at June 30, 2017 was \$(1.08 billion) excluding capital assets due to the ongoing costs of long term pension obligations. The improvement in net position for Governmental Activities is due to steps taken by management to strengthen the financial condition of the city.
- ◆ At the close of the year, the City's governmental funds reported, on a current financial resource basis, combined ending total fund balances of \$129.5 million, an increase of \$36.5 from the prior fiscal year. This improvement in total fund balances is due to a combination of surplus generated from operations of \$4.7 million and an increase in capital bond issue fund of \$31.3 million. Of the total fund balance as of June 30, 2017, \$11.9 million represents the restricted fund balance, \$99.3 million committed or assigned, and \$18.0 million unassigned in the general fund, special revenue funds, capital projects fund and permanent trust fund. The unassigned \$18 million fund balance represents the positive fund balance that is available for spending at the City's discretion.
- ◆ At the end of the current fiscal year, the total fund balance for the General Fund alone was \$19.3 million; \$18.9 million is unassigned. This improvement of \$4.6 million from the prior year is due to the favorable results from general operations. The available unassigned general fund balance at year-end represents 3.2% of total general fund expenditures of \$602.0 million.
- ◆ The City's total long-term debt increased by \$90.0 million during fiscal year 2017 due to the issuance of additional capital project bonds for city wide and school infrastructure improvements.

## **Overview of the Financial Statements**

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

### **Government-Wide Financial Statements**

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

The statement of net position presents information on all the City's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the City is improving or deteriorating. It speaks to the question of whether 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 Non-major Governmental Funds. Other non-major governmental funds for the City include the Health and Sanitation Fund, the Public Safety Fund, the Miscellaneous and Facility Fund, the Social Services Fund, the Community Development Block Grant Fund, the Housing Opportunities Aids Fund, the Home Program Fund, the Section 108 Loan Guarantee Fund, the Development Administration, the Library Fund, The Education Fund, the Miscellaneous Grants Fund, General Government Fund, all of which are considered Special Revenue Funds. Permanent Trust Funds consist of the Library Fund and the Education Fund. Individual fund data for each of these non-major governmental funds is provided in the combining balance sheets on Exhibit B-1 and in the combining statement of revenues, expenditures and changes in fund balance on Exhibit B-2.

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

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

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

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

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

### **Notes to the Financial Statements**

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

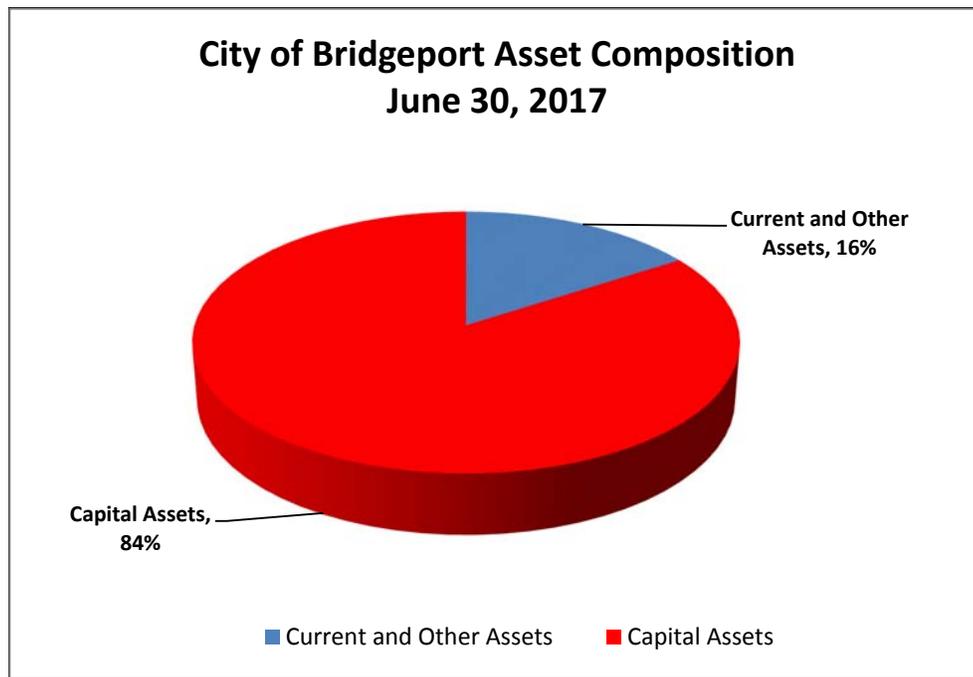
The notes to this report also contain certain information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

## Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. On a government-wide basis, the City's assets and deferred inflows of resources were less than its liabilities and deferred outflows of resources by (\$130.9) million at June 30, 2017. This is an increase of \$11.3 million from last year's net restated position of \$(142.2) million. The change from prior year is primarily due to a slight increase in capital assets and strengthening in financial operations.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Current and other assets	\$ 232,657	\$ 219,401	\$ 17,739	\$ 15,109	\$ 250,396	\$ 234,510
Capital assets	1,193,681	1,144,054	126,714	131,749	1,320,395	1,275,803
Total assets	<u>1,426,338</u>	<u>1,363,455</u>	<u>144,453</u>	<u>146,858</u>	<u>1,570,791</u>	<u>1,510,313</u>
Deferred outflows of resources	93,963	59,973	-	-	93,963	59,973
Other liabilities	85,796	92,030	3,319	3,626	89,115	95,656
Long-term debt outstanding	1,665,674	1,576,061	38,624	40,728	1,704,298	1,616,789
Total liabilities	<u>1,751,470</u>	<u>1,668,091</u>	<u>41,943</u>	<u>44,354</u>	<u>1,793,413</u>	<u>1,712,445</u>
Deferred inflows of resources	2,230	-	-	-	2,230	-
Net position:						
Net investment in capital assets	852,428	813,953	88,090	91,022	940,518	904,975
Restricted	8,970	3,068			8,970	3,068
Unrestricted	<u>(1,094,797)</u>	<u>(1,061,684)</u>	<u>14,420</u>	<u>11,482</u>	<u>(1,080,377)</u>	<u>(1,050,202)</u>
Total Net Position	<u>\$ (233,399)</u>	<u>\$ (244,663)</u>	<u>\$ 102,510</u>	<u>\$ 102,504</u>	<u>\$ (130,889)</u>	<u>\$ (142,159)</u>

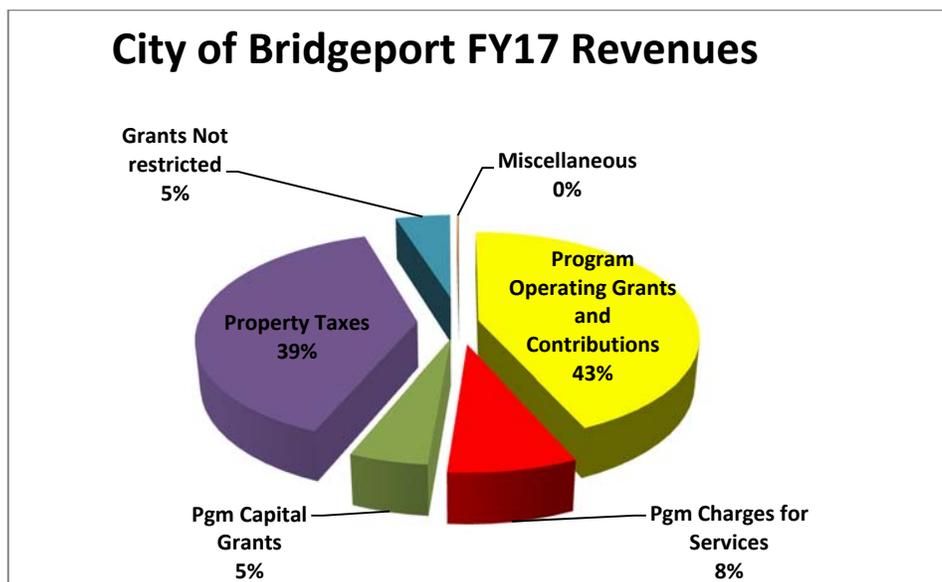


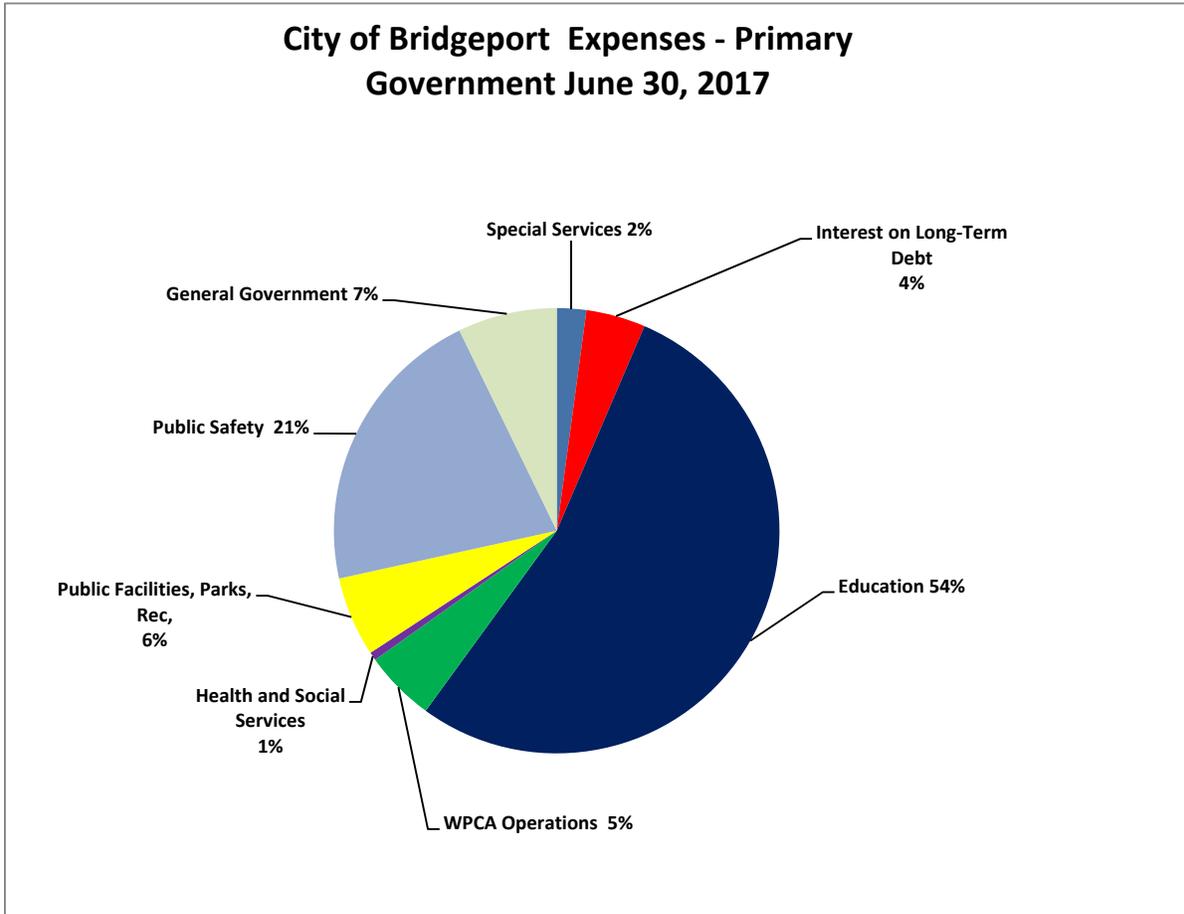
The portion of the City's net position in capital assets, \$941 million, reflects its investment in such capital assets (e.g., land, buildings, infrastructure, machinery and equipment), net of any outstanding debt related to these assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

- ◆ The portion of the City's net position that is restricted, \$9 million, represents resources that are subject to external restrictions on how they may be used. Unrestricted net deficit of \$(1.08 billion) may not be used to meet the government's ongoing obligations to citizens and creditors, due to the negative balance. The primary reason for the large negative balance is due to the level of long-term pension liabilities, pursuant to GASB 68, and the remaining balance in outstanding debt from the August 2000 issuance of General Obligation Taxable Pension Bonds which were issued to properly fund pension plans previously funded on a "pay-as-you-go" basis.
- ◆ The small increase in net position can primarily be explained by the slight increase in long term assets due to improvements to capital infrastructure.

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

	Governmental Activities		Business-Type Activities		Total Government-Wide	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 23,923	\$ 23,801	\$ 37,851	\$ 36,597	\$ 61,774	\$ 60,398
Operating grants and contributions	332,065	353,450			332,065	353,450
Capital grants and contributions	39,532	75,617	1,321	4,354	40,853	79,971
General revenues:						
Property taxes	298,910	300,053			298,910	300,053
Grants not restricted to specific programs	36,456	25,147			36,456	25,147
Unrestricted investment earnings	749	280	15	9	764	289
Miscellaneous	1,182	2,271			1,182	2,271
Total revenues	<u>732,817</u>	<u>780,619</u>	<u>39,187</u>	<u>40,960</u>	<u>772,004</u>	<u>819,308</u>
<b>Expenses:</b>						
General government	54,722	56,810			54,722	56,810
Public safety	161,664	153,074			161,664	153,074
Public facilities, parks and recreation, planning and development	44,073	46,038			44,073	46,038
Health and social services	4,579	7,053			4,579	7,053
Operations			39,180	37,237	39,180	37,237
Education	407,494	422,865			407,494	422,865
Interest on long-term debt	32,760	31,584			32,760	31,584
Special services	16,261	11,370			16,261	11,370
Total expenses	<u>721,553</u>	<u>728,794</u>	<u>39,180</u>	<u>37,237</u>	<u>760,733</u>	<u>766,031</u>
Change in net position	11,264	51,825	7	3,723	11,271	55,548
Net Position, beginning	<u>(244,663)</u>	<u>(296,488)</u>	<u>102,504</u>	<u>98,781</u>	<u>(142,159)</u>	<u>(197,707)</u>
Net Position, Ending	<u>\$ (233,399)</u>	<u>\$ (244,663)</u>	<u>\$ 102,511</u>	<u>\$ 102,504</u>	<u>\$ (130,888)</u>	<u>\$ (142,159)</u>





**Governmental Activities**

Program revenues represented 43% of total revenues, followed by property taxes at 39%, and program capital at 4.6%, other unrestricted grants at 4.7%, program charges for service at 8.0%, and other miscellaneous revenues at 0%.

Major revenue factors included:

- ◆ Property tax revenues recorded for fiscal year 2017 of \$299.0 million represents a decrease of \$1.1 million from the prior fiscal year ended June 30, 2016, with no increase in the property tax mill rate.
- ◆ Program operating revenues of \$332.1 decreased \$21.4 million for fiscal year 2017 from the prior fiscal year to \$353.5 million. The decrease was primarily due to fewer school construction projects.

For Government-Wide Activities, 54% of the City’s expenses relate to education; 21% relate to public safety; 2% relate to special services; 4% relate to interest payments on long-term debt; 6% relate to public facilities, libraries and parks and recreation; 5% related to Water Pollution Control Authority operations; 7% relate to general government; and 1% relate to health and welfare.

Major expense factors include:

- ◆ During the 2016-2017 budget process, discretionary expenses remained stable.
- ◆ Police, fire and other public safety staffing and operations increased due to the priority of enhancing safety community security during the year.

### **Financial Analysis of the Fund Financial Statements**

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

#### **Governmental funds**

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$129.5 million, an increase of \$36.5 from the prior year. Total General Fund balance increased from \$14.6 million to \$19.3 million, a significant increase of \$4.7 million. The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned and assigned fund balance of the General Fund was \$18.9 million. This \$18.9 million general fund balance constitutes unassigned fund balance that is available for spending at the City's discretion. As a measure of the General Fund's liquidity, it may be useful to compare the total fund balance to total fund expenditures. Total General Fund balance represents 3.2% of total General Fund expenditures.

The Capital Bond Issue Fund has a total fund balance at June 20, 2017 of \$100.6 million up from \$69.4 million in the prior year. This change in fund balance can be explained primarily by the issuance of new capital bonds for infrastructure projects and the timing of resources in and out of this fund for ongoing projects.

The Other Governmental Funds have a total fund balance at June 30, 2017 of \$10.2 million, down \$0.6 million in the prior year, due to fewer committed funds and additional special services expenses for the year.

#### **Proprietary funds**

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

Net position of the proprietary fund consisting of the Water Pollution Control Authority at June 30, 2017 was \$102.5 million, as compared to \$98.9 million in the prior year.

The unrestricted net position of the Water Pollution Control Authority as of June 30, 2017 was \$14.4 million. The Water Pollution Control Authority experienced operating revenues of \$37.9 million from user fees. There was a total operating income for the WPCA of (\$.6) million before interest expenditures of (\$.7) and capital contributions of \$1.3 million. The net position for the fiscal year ended June 30, 2017 stayed relatively the same as fiscal year ended June 30, 2016.

Net position of the Internal Service Fund was \$(66.0) million, as compared to \$(68.8) million in the prior year. This increase was due to reduced estimates in the workmen's compensation program net of slightly costs related to prescription drug claims.

## General Fund Budgetary Highlights

The City's fiscal 2017 budget was a balanced budget. The budget kept the 1 mill rate set aside for the library funding per a voter-approved millage requirement. Total expenditures and other financing use budget was \$552.5 million versus actual expenditures of \$549.7 million showing total expenditures and other financing uses lower than budget by \$2.8 million.

Total revenues and other financing sources had a budgetary basis of 552.5 million versus an actual result of 554.3 resulting in actual above budgetary revenues of 1.8 million. Over all total property taxes were less than the budgetary results for fiscal year 2017 by 4.1 million, due to the settlement of major tax appeals which reduced city exposure from such claims. Current tax collection rates remained strong at a 98.3%.

The City of Bridgeport's General Fund ended the fiscal year 2017 with a strong general fund surplus of \$4.6 million and a total unassigned fund balance of \$18.9 million.

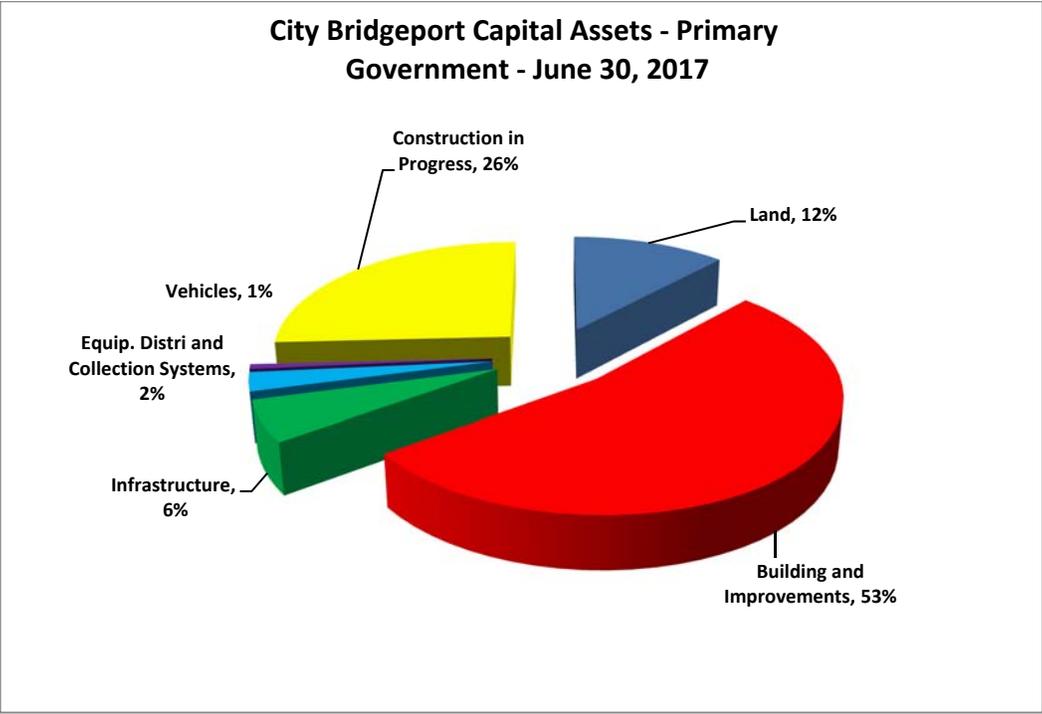
## Capital Asset and Debt Administration

### Capital Assets

The City's investment in capital assets for its governmental and business-type activities, as of June 30, 2017, amounted to \$1,320.4 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 \$44.6 million.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 142,496	\$ 142,289	\$	\$	\$ 142,496	\$ 142,289
Buildings and improvements	633,983	649,134	43,239	47,939	677,222	697,073
Infrastructure	69,353	73,760			69,353	73,760
Equipment, distribution and collection systems	31,840	35,519	82,382	69,655	114,222	105,174
Vehicles	7,954	8,315	230	316	8,184	8,631
Construction in progress	308,055	235,037	863	13,839	308,918	248,876
<b>Total</b>	<b>\$ 1,193,681</b>	<b>\$ 1,144,054</b>	<b>\$ 126,714</b>	<b>\$ 131,749</b>	<b>\$ 1,320,395</b>	<b>\$ 1,275,803</b>



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

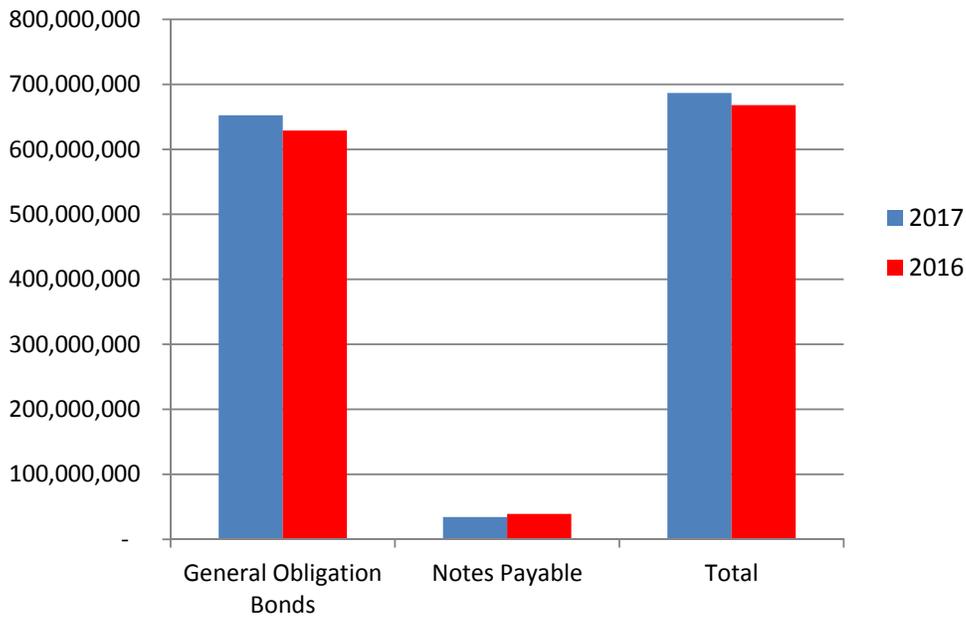
- ◆ Construction, improvements and renovations to school buildings and facilities.
- ◆ Continued rehabilitation of playgrounds and athletic fields.
- ◆ Infrastructure improvements including roads, bridges, and sanitary and sewer projects.
- ◆ Acquisition of parcels and remediation efforts for ongoing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

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

**CITY OF BRIDGEPORT, CONNECTICUT  
OUTSTANDING DEBT**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds \$	648,585,506	\$ 625,787,200	\$ 3,854,495	\$ 3,267,800	\$ 652,440,001	\$ 629,055,000
Notes payable	-	1,583,000	34,331,925	37,347,850	34,331,925	38,930,850
<b>Totals</b>	<b>\$ 648,585,506</b>	<b>\$ 627,370,200</b>	<b>\$ 38,186,420</b>	<b>\$ 40,615,650</b>	<b>\$ 686,771,926</b>	<b>\$ 667,985,850</b>

## Outstanding Debt - General Obligation and Revenue Bonds FY2017 vs FY2016



### Long-term debt

At the end of the 2017 fiscal year, the City had total bonded debt outstanding of \$686.8 million. 100% of this debt is backed by the full faith and credit of the City government. The Water Pollution Control Authority is expected to reimburse the City \$38.2 million of this long-term debt through ongoing user fee charges.

The City's total long-term debt increased by \$22.8 million during fiscal 2017 due to issuance of new capital improvement bonds.

Standard & Poor's Rating Group (Standard & Poor's), Fitch Ratings, Inc. (Fitch), and Moody's Investors Service, Inc. (Moody's), have each assigned their underlying municipal bond rating of "A-", "A", and Baa1, respectively, to the City. With respect to long-term debt of the City that is insured by Assured Guaranty Corp. or Assured Guaranty Municipal Corp. (formally FSA), Moody's and Standard & Poor's have each assigned their municipal bond rating of "A2" and "AA-", respectively, with the understanding that there is an insurance policy insuring the payment when due of the principal and interest on the bonds. Fitch does not currently rate Assured Guaranty Corp. or Assured Guaranty Municipal Corp.

The overall statutory debt limit for the City is equal to seven times annual receipts from taxation or \$2.19 billion. As of June 30, 2017, the City recorded long-term debt of \$648.6 million related to Governmental Activities and \$38.2 million related to Business-Type Activities, well below its statutory debt limit.

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

## **Economic Factors and Next Year's Budgets and Rates**

The City, surrounding towns, and the State are still recuperating from the effects of the national economic downturn but all are starting to show a small improvement in their unemployment rate. As of June 30, 2017, the unemployment rate for the City of Bridgeport was 6.8%, down from 7.4% from the prior year. Connecticut's overall unemployment rate decreased to 4.8% from 5.1% in the previous year.

## **Requests for Information**

The financial report is designed to provide a general overview of the City's finances for all those with an interest in government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Kenneth Flatto, Director of Finance, 999 Broad Street, Bridgeport, CT 06604 or emailed to [kenneth.flatto@bridgeportct.gov](mailto:kenneth.flatto@bridgeportct.gov).

## **Basic Financial Statements**

**CITY OF BRIDGEPORT, CONNECTICUT  
STATEMENT OF NET POSITION  
JUNE 30, 2017**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 149,567,269	\$ 7,237,154	\$ 156,804,423
Restricted cash and cash equivalents	5,901,174		5,901,174
Investments	1,522,379		1,522,379
Receivables, net of allowances for collection losses:			
Property taxes	31,619,916		31,619,916
Sewer user fees and liens		8,787,315	8,787,315
Federal and state governments	37,690,610		37,690,610
Other	3,076,969	2,001,675	5,078,644
Internal balances	466,789	(466,789)	-
Prepaid and other assets	2,811,540	180,000	2,991,540
Total current assets	<u>232,656,646</u>	<u>17,739,355</u>	<u>250,396,001</u>
<b>Noncurrent:</b>			
Capital assets not being depreciated	450,550,211	862,628	451,412,839
Capital assets being depreciated, net of depreciation	743,130,787	125,851,512	868,982,299
Total noncurrent assets	<u>1,193,680,998</u>	<u>126,714,140</u>	<u>1,320,395,138</u>
Total assets	<u>1,426,337,644</u>	<u>144,453,495</u>	<u>1,570,791,139</u>
<b>Deferred Outflows of Resources:</b>			
Deferred charge on refunding	6,652,920		6,652,920
Deferred outflows related to PERS	7,445,401		7,445,401
Deferred outflows related to MERS	79,865,115		79,865,115
Total deferred outflows of resources	<u>93,963,436</u>	<u>-</u>	<u>93,963,436</u>
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued expenses	56,484,550	3,318,902	59,803,452
Due to fiduciary funds	2,808,382		2,808,382
Unearned revenue	1,354,490		1,354,490
Notes payable	10,000,000	333,319	10,333,319
Accrued interest payable	15,148,458		15,148,458
Current maturities of long-term obligations	65,173,168	4,284,850	69,458,018
Total current liabilities	<u>150,969,048</u>	<u>7,937,071</u>	<u>158,906,119</u>
<b>Noncurrent liabilities:</b>			
Due in more than one year	1,600,500,510	34,006,109	1,634,506,619
Total liabilities	<u>1,751,469,558</u>	<u>41,943,180</u>	<u>1,793,412,738</u>
<b>Deferred Inflows of Resources:</b>			
Deferred inflows related to PERS	20,729		20,729
Deferred inflows related to MERS	2,209,816		2,209,816
Total deferred inflows of resources	<u>2,230,545</u>	<u>-</u>	<u>2,230,545</u>
<b>Net Position:</b>			
Net investment in capital assets	852,428,086	88,089,862	940,517,948
Restricted for:			
Permanent funds, expendable	108,737		108,737
Permanent funds, nonexpendable	498,327		498,327
Self-insured claims	2,461,540		2,461,540
Future debt payments	5,901,174		5,901,174
Unrestricted	<u>(1,094,796,887)</u>	<u>14,420,453</u>	<u>(1,080,376,434)</u>
Total Net Position	<u>\$ (233,399,023)</u>	<u>\$ 102,510,315</u>	<u>\$ (130,888,708)</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, 2017**

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	\$ (54,721,387)	\$ 5,085,578	\$ 91,597	\$	\$ (49,544,212)	\$	\$ (49,544,212)
Public safety	(161,664,408)	5,718,407	38,098		(155,907,903)		(155,907,903)
Public facilities, parks and recreation	(40,449,688)	4,174,696	1,508,372	3,279,698	(31,486,922)		(31,486,922)
Planning and economic development	(3,623,577)	6,565,823	6,113,859		9,056,105		9,056,105
Health and social services	(4,578,577)	1,045,142	1,696,616		(1,836,819)		(1,836,819)
Education	(407,493,688)	631,266	316,170,091	36,223,067	(54,469,264)		(54,469,264)
Special services	(16,261,348)	702,364	5,383,521	29,502	(10,145,961)		(10,145,961)
Interest on long-term debt	(32,760,018)		1,062,649		(31,697,369)		(31,697,369)
Total governmental activities	(721,552,691)	23,923,276	332,064,803	39,532,267	(326,032,345)	-	(326,032,345)
Business-type activities:							
Water Pollution Control Authority	(39,180,368)	37,850,950		1,320,768		(8,650)	(8,650)
Total	\$ (760,733,059)	\$ 61,774,226	\$ 332,064,803	\$ 40,853,035	(326,032,345)	(8,650)	(326,040,995)
General revenues:							
Property taxes					298,910,281		298,910,281
Grants and contributions not restricted to specific programs					36,455,578		36,455,578
Unrestricted investment earnings					749,011	14,995	764,006
Miscellaneous					1,181,517		1,181,517
Total general revenues					337,296,387	14,995	337,311,382
Change in Net Position					11,264,042	6,345	11,270,387
Net Position, Beginning of Year					(244,663,065)	102,503,970	(142,159,095)
Net Position, End of Year					\$ (233,399,023)	\$ 102,510,315	\$ (130,888,708)

The accompanying notes are an integral part of the financial statements

**CITY OF BRIDGEPORT, CONNECTICUT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	<u>General Fund</u>	<u>Education Grants</u>	<u>Capital Bond Issue</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 43,584,338	\$ 5,186,708	\$ 90,328,699	\$ 10,002,109	\$ 149,101,854
Restricted cash			5,901,174		5,901,174
Investments				1,522,379	1,522,379
Receivables, net:					
Property taxes	31,619,916				31,619,916
Intergovernmental	26,679,602	5,040,589	100,281	5,870,138	37,690,610
Other	1,505,944		28,036	606,522	2,140,502
Due from other funds	20,080,303	260,400	12,845,785	3,124,679	36,311,167
Other assets	350,000				350,000
Total Assets	<u>\$ 123,820,103</u>	<u>\$ 10,487,697</u>	<u>\$ 109,203,975</u>	<u>\$ 21,125,827</u>	<u>\$ 264,637,602</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 25,231,021	\$ 2,504,545	\$ 8,569,812	\$ 2,082,001	\$ 38,387,379
Accrued payroll liabilities	16,496,345	500,408		45,793	17,042,546
Due to other funds	18,778,076	7,374,074		8,772,908	34,925,058
Unearned revenues	642,165	712,325			1,354,490
Notes payable	10,000,000				10,000,000
Total liabilities	<u>71,147,607</u>	<u>11,091,352</u>	<u>8,569,812</u>	<u>10,900,702</u>	<u>101,709,473</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	31,096,448				31,096,448
Unavailable revenue - school construction	2,309,919				2,309,919
Total deferred inflows of resources	<u>33,406,367</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,406,367</u>
Fund Balances:					
Nonspendable	350,000				350,000
Restricted			5,901,174	5,975,558	11,876,732
Committed			94,732,989	4,537,133	99,270,122
Unassigned	18,916,129	(603,655)		(287,566)	18,024,908
Total fund balances	<u>19,266,129</u>	<u>(603,655)</u>	<u>100,634,163</u>	<u>10,225,125</u>	<u>129,521,762</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 123,820,103</u>	<u>\$ 10,487,697</u>	<u>\$ 109,203,975</u>	<u>\$ 21,125,827</u>	<u>\$ 264,637,602</u>

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**CITY OF BRIDGEPORT, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2017**

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	\$	129,521,762
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Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$	1,621,648,499	
Less accumulated depreciation		<u>(427,967,501)</u>	
Net capital assets			1,193,680,998

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

Property tax receivables greater than 60 days	12,344,307
Interest receivable on property taxes	18,752,141
Receivable from the state for school construction projects	2,309,919
Deferred outflows related to PERS	7,445,401
Deferred outflows related to MERS	79,865,115

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.

(66,037,429)

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

Bonds and notes payable	(648,585,506)
Bond issuance premiums	(38,093,315)
Deferred amounts for refunding	6,652,920
Compensated absences	(25,990,673)
OPEB obligation	(286,474,511)
MERS prior service costs	(255,258,739)
Net pension liability	(346,152,410)
Interest payable on bonds and notes	(15,148,458)
Deferred inflows related to PERS	(20,729)
Deferred inflows related to MERS	<u>(2,209,816)</u>

Net Position of Governmental Activities (Exhibit I)	\$	<u><u>(233,399,023)</u></u>
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The accompanying notes are an integral part of the financial statements

**CITY OF BRIDGEPORT, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>General Fund</u>	<u>Education Grants</u>	<u>Capital Bond Issue</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 312,461,292	\$	\$	\$	\$ 312,461,292
Intergovernmental	271,187,039	85,302,330	39,501,032	15,452,320	411,442,721
Fees, permits and licenses	19,752,714				19,752,714
Interest	252,418		479,255	17,333	749,006
Other	2,755,404			649,212	3,404,616
Total revenues	<u>606,408,867</u>	<u>85,302,330</u>	<u>39,980,287</u>	<u>16,118,865</u>	<u>747,810,349</u>
Expenditures:					
Current:					
General government	41,860,311			699	41,861,010
Public safety	137,976,278				137,976,278
Public facilities	36,553,580				36,553,580
Planning and economic development	3,920,695				3,920,695
Health and social services	4,850,797			729,714	5,580,511
Libraries	5,418,033			196,623	5,614,656
Education	294,590,330	85,302,330		1,325	379,893,985
Special services	1,600,570			15,030,286	16,630,856
Debt service:					
Principal retirements	38,171,694			1,583,000	39,754,694
Interest and other charges	37,042,291			128,553	37,170,844
Capital outlay			76,499,225		76,499,225
Total expenditures	<u>601,984,579</u>	<u>85,302,330</u>	<u>76,499,225</u>	<u>17,670,200</u>	<u>781,456,334</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,424,288</u>	<u>-</u>	<u>(36,518,938)</u>	<u>(1,551,335)</u>	<u>(33,645,985)</u>
Other Financing Sources (Uses):					
Transfers in	349,851			2,179,003	2,528,854
Transfers out	(127,152)		(2,401,702)		(2,528,854)
Bonds issued			60,970,000		60,970,000
Premium on bonds issued			9,224,816		9,224,816
Total other financing sources (uses)	<u>222,699</u>	<u>-</u>	<u>67,793,114</u>	<u>2,179,003</u>	<u>70,194,816</u>
Net Change in Fund Balances	4,646,987	-	31,274,176	627,668	36,548,831
Fund Balances at Beginning of Year	<u>14,619,142</u>	<u>(603,655)</u>	<u>69,359,987</u>	<u>9,597,457</u>	<u>92,972,931</u>
Fund Balances at End of Year	<u>\$ 19,266,129</u>	<u>\$ (603,655)</u>	<u>\$ 100,634,163</u>	<u>\$ 10,225,125</u>	<u>\$ 129,521,762</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, 2017**

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 36,548,831
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	79,697,823
Depreciation expense	(30,071,045)

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	(9,681,475)
Property tax interest and lien revenue - accrual basis change	(4,148,365)
School building grant receipts	(1,163,776)
Deferred inflows related to PERS	(12,292,797)
Deferred inflows related to MERS	47,485,877

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

General obligation bonds issued	(60,970,000)
Bond and note principal payments	39,754,694
Premiums on bonds issued	(9,224,816)

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

Change in unamortized issuance premiums	5,918,357
Change in deferred amounts on refunding	(1,202,658)
Compensated absences	(2,467,860)
OPEB obligation	(35,398,182)
MERS prior service costs	(50,351,476)
Net pension liability	18,594,816
Accrued interest	(304,873)
Deferred inflows related to PERS	(20,729)
Deferred inflows related to MERS	(2,209,816)

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

<u>2,771,512</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 11,264,042</u>
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The accompanying notes are an integral part of the financial statements

**CITY OF BRIDGEPORT, CONNECTICUT**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2017**

	<b>Business-Type Activities Enterprise Fund</b>	<b>Governmental Activities Internal Service Fund</b>
<b>Assets:</b>		
Current:		
Cash and cash equivalents	\$ 7,237,154	\$ 465,415
Receivables, net:		
Unbilled usage charges	8,787,315	
Other receivables	2,001,675	936,468
Due from other funds		756,866
Prepaid asset	180,000	2,461,540
Total current assets	<u>18,206,144</u>	<u>4,620,289</u>
Noncurrent:		
Capital assets not being depreciated	862,628	
Capital assets being depreciated, net of accumulated depreciation	125,851,512	
Total noncurrent assets	<u>126,714,140</u>	<u>-</u>
Total assets	<u>144,920,284</u>	<u>4,620,289</u>
<b>Liabilities:</b>		
Current:		
Current portion of long-term debt	4,284,850	
Accounts payable and accrued expenses	3,221,196	1,054,626
Accrued interest payable	76,568	
Construction contracts payable	21,138	
Note payable	333,319	
Due to other funds	466,789	4,484,568
Claims payable - current portion		15,784,699
Total current liabilities	<u>8,403,860</u>	<u>21,323,893</u>
Noncurrent:		
Claims payable - noncurrent portion		49,333,825
Long-term debt less current portion	34,006,109	
Total noncurrent liabilities	<u>34,006,109</u>	<u>49,333,825</u>
Total liabilities	<u>42,409,969</u>	<u>70,657,718</u>
<b>Net Position:</b>		
Net invested in capital assets	88,089,862	
Restricted for self-insured claims		2,461,540
Unrestricted	14,420,453	(68,498,969)
Total Net Position	<u>\$ 102,510,315</u>	<u>\$ (66,037,429)</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, 2017**

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Enterprise Fund</b>	<b>Internal Service Fund</b>
Operating revenues:		
Sewer user fees	\$ 36,827,008	\$
Miscellaneous income	1,023,942	
Charges for services		117,454,045
Total operating revenues	<u>37,850,950</u>	<u>117,454,045</u>
Operating expenses:		
Operation and maintenance	30,345,859	
Depreciation	8,084,352	
Claims		114,682,533
Total operating expenses	<u>38,430,211</u>	<u>114,682,533</u>
Operating income (expense)	<u>(579,261)</u>	<u>2,771,512</u>
Nonoperating revenue (expense):		
Interest income	14,995	
Interest expense	<u>(750,157)</u>	
Total nonoperating expense	<u>(735,162)</u>	<u>-</u>
Income (loss) before capital contributions	(1,314,423)	2,771,512
Capital contributions	<u>1,320,768</u>	<u>-</u>
Change in Net Position	6,345	2,771,512
Net Position, Beginning of Year	<u>102,503,970</u>	<u>(68,808,941)</u>
Net Position, End of Year	<u>\$ 102,510,315</u>	<u>\$ (66,037,429)</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, 2017**

	<b>Business-Type Activities Enterprise Fund</b>	<b>Governmental Activities Internal Service Fund</b>
Cash Flows from Operating Activities:		
Receipts from customers and users	\$ 36,683,950	\$
Payments to suppliers	(28,929,549)	
Payments to employees	(778,532)	
Cash received for interfund services used	327,477	2,727,183
Cash received from charges for services		116,517,577
Cash paid to vendors and beneficiaries		(118,879,085)
Net cash provided by (used in) operating activities	<u>7,303,346</u>	<u>365,675</u>
Cash Flows from Capital and Related Financing Activities:		
Principal payments on debt	(4,231,220)	
Interest paid on debt	(901,626)	
Proceeds from notes payable	2,135,309	
Proceeds received on capital grants	1,320,768	
Purchase of capital assets	(3,841,023)	
Net cash provided by (used in) capital and related financing activities	<u>(5,517,792)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Interest received on investments	14,995	
Net increase (decrease) in cash and cash equivalents	1,800,549	365,675
Cash and Cash Equivalents at Beginning of Year	<u>5,436,605</u>	<u>99,740</u>
Cash and Cash Equivalents at End of Year	<u>\$ 7,237,154</u>	<u>\$ 465,415</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating income (loss)	\$ (579,261)	\$ 2,771,512
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	8,084,352	
(Increase) decrease in accounts receivable and unbilled usage charges	(434,167)	
(Increase) decrease in other receivables	(647,726)	(936,468)
(Increase) decrease in prepaids	10,000	
Increase (decrease) in provision for uncollectible accounts	(85,107)	
(Increase) decrease in due to (from) other funds	327,477	2,727,183
Increase (decrease) in accounts payable and accrued expenses	627,778	334,835
Increase (decrease) in claims payable		(4,531,387)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 7,303,346</u>	<u>\$ 365,675</u>

The accompanying notes are an integral part of the financial statements

**CITY OF BRIDGEPORT, CONNECTICUT**  
**STATEMENT OF NET POSITION - FIDUCIARY FUNDS**  
**JUNE 30, 2017**

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
Assets:		
Cash and cash equivalents	\$ 29,297,432	\$ 606,320
Investments:		
U.S. government agencies	418,663	
U.S. government securities	6,657,864	
Corporate bonds	8,375,474	
Common stocks	84,613,288	
Mutual funds	34,509,235	
Alternative investments	2,136,505	
Total investments	<u>136,711,029</u>	<u>-</u>
Due from other funds	<u>2,808,382</u>	
Contributions receivable	<u>85,949</u>	
Total assets	<u>168,902,792</u>	<u>\$ 606,320</u>
Liabilities:		
Other liabilities	30,583	
Due to student groups		<u>\$ 606,320</u>
Total liabilities	<u>30,583</u>	<u>\$ 606,320</u>
Net Position Restricted for Pensions	<u>\$ 168,872,209</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, 2017**

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	<b><u>Pension Trust Funds</u></b>
Additions:	
Contributions:	
Employer	\$ 18,981,309
Annuity proceeds	1,100,365
Total contributions	<u>20,081,674</u>
Investment income:	
Net change in fair value of investments	17,488,242
Interest and dividends	2,526,515
	<u>20,014,757</u>
Less investment expenses:	
Investment management fees	<u>(1,034,860)</u>
Net investment income	<u>18,979,897</u>
Total additions	<u>39,061,571</u>
Deductions:	
Benefits	38,934,471
Administration	130,517
Total deductions	<u>39,064,988</u>
Change in Net Position	(3,417)
Net Position, Beginning of Year	<u>168,875,626</u>
Net Position, End of Year	<u>\$ 168,872,209</u>

The accompanying notes are an integral part of the financial statements

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **A. Reporting Entity**

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

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

### **B. Government-Wide and Fund Financial Statements**

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

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

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

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

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

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

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

The City reports the following major governmental funds.

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

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

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**D. Cash and Cash Equivalents**

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

**E. Restricted Cash and Cash Equivalents**

Certain assets are classified as restricted because their use is limited. Restricted cash and cash equivalents in the Capital Bond Issue Fund is to be used for debt service purposes.

**F. Investments**

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

**G. Property Taxes**

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

**H. Capital Assets**

In the government-wide and proprietary fund financial statements, capital assets include property, plant, equipment and infrastructure assets. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Purchased and constructed assets are recorded at cost. Donated capital assets are recorded at 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 \$750,157. Of this amount, \$141,164 was included as part of the cost of capital assets under construction in connection with wastewater treatment facilities' construction projects.

**CITY OF BRIDGEPORT, CONNECTICUT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2017**

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

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

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

**I. Deferred Outflows/Inflows of Resources**

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources related to pensions in the government-wide statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). For governmental funds, the City reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes and long-term school construction receivables. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

**J. Claims and Judgments**

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

**K. Compensated Absences**

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

**L. Long-Term Obligations**

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

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

**M. Net Pension Liability**

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

**N. Net OPEB Obligations**

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

**O. Fund Equity and Net Position**

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

**Net Investment in Capital Assets**

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

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**Restricted Net Position**

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

**Unrestricted Net Position**

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

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

**Nonspendable Fund Balance**

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

**Restricted Fund Balance**

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

**Committed Fund Balance**

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

**Assigned Fund Balance**

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

**Unassigned Fund Balance**

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

**P. Encumbrances**

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

**Q. Accounting Estimates**

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

**R. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is January 10, 2018.

**2. BUDGETS AND BUDGETARY ACCOUNTING**

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

**Mayor Recommended Preparation**

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

**City Council Process**

The City Council's Budget and Appropriations Committee, under City Council rules, will set a schedule for budget deliberations and in accordance with City Charter, shall hold at least one public hearing before taking final action on the proposed budget and mill rate. The City Council Budgets & Appropriations Committee reports its changes to the Council as a whole in the form of a budget amendment resolution. The City Council has the power to reduce or delete any item in the budget recommended by the Mayor by a majority vote of the council members present and voting. It shall have the power to increase any item in said budget or add new items to said budget only on a two-thirds (2/3) affirmative vote of the entire membership of the Council. The budget adopted by the City Council shall be submitted to the Mayor not later than the second Tuesday in May of each year. The Mayor shall sign the adopted budget or within fourteen days after adoption of the budget, the Mayor may veto any action taken by the City Council. The veto power of the Mayor shall be that of line item veto only, and any such veto may be overridden by a two-thirds (2/3) vote of the entire membership of the City Council. If the Mayor shall disapprove any action of the City Council, he shall, no later than the close of business of the fourteenth day, return the proposed budget to the City Council with a statement of objections. Thereupon, the President of the City Council shall call a meeting to be held no later than seven days after the receipt of the Mayor's veto. If the City Council fails to adopt a budget by the second Tuesday in May of any year, the proposed budget of the Mayor shall become the budget of the City for the ensuing year.

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

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.

**CITY OF BRIDGEPORT, CONNECTICUT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2017**

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For financial statement comparisons, budgetary results have been reconciled to GAAP. Budgeted amounts are as originally adopted or as amended by the City Council. No supplemental budget amendments were made to the adopted fiscal year 2017 General Fund budget.

During the year ended June 30, 2017, the following line items had overexpended appropriations:

	<u>Final Appropriation</u>	<u>Expenditures, Encumbrances and Other Financing Uses</u>	<u>Balance Overexpended</u>
Registrars of voters	\$ 718,166	\$ 746,595	\$ 28,429
Archives and records	34,171	84,138	49,967
Labor relations/benefits/pensions	17,272,089	21,918,825	4,646,736
Fire department	63,679,050	64,687,745	1,008,695
Airport	1,318,401	1,379,660	61,259
Public facilities administration	15,564,771	15,941,232	376,461
Roadway	3,816,675	4,343,093	526,418
Sanitation	5,565,482	6,091,956	526,474
Parks	2,601,793	2,762,601	160,808
Communicable disease clinic	412,327	431,238	18,911
Lighthouse/Youth services	1,559,362	1,570,297	10,935
Debt service	3,160,000	3430582	270,582

**Special Revenue Funds**

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

**Capital Projects Fund**

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

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**Deficit Fund Equity**

Fund balance and net position deficits existed as of June 30, 2017 in the following funds:

Special Revenue Fund:		
Education Grants	\$	603,655
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Housing Opportunities AIDS		178,369
Social Services		109,197
Proprietary Funds:		
Internal Service Fund		66,037,429

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

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

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

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

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

**CITY OF BRIDGEPORT, CONNECTICUT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2017**

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**Deposits**

**Deposit Custodial Credit Risk**

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$136,811,203 of the City's bank balance of \$138,811,203 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 122,930,083
Uninsured and collateral held by the pledging bank's trust department, not in the City's name	<u>13,881,120</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 136,811,203</u></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, 2017 the City's cash equivalents amounted to \$59,731,315. 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.

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

\* Not rated

## **B. Investments**

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

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

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

### **Interest Rate Risk**

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

### **Concentrations**

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

### **Custodial Credit Risk**

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

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

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Investments of the City consist of the following at June 30, 2017:

Investments:	
Special Revenue Fund:	
U.S. Government Securities	\$ <u>1,522,379</u> *
Pension Trust Funds:	
U.S. Government Agencies	418,663 *
U.S. Government Securities	6,657,864 *
Corporate Bonds	8,375,474 *
Common Stocks	84,613,288 *
Mutual Funds	34,509,235
Alternative Investments	<u>2,136,505</u> *
Total Pension Trust Funds	<u>136,711,029</u>
 Total Investments	 \$ <u><u>138,233,408</u></u>

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

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

Statement of net position:	
Cash and cash equivalents	\$ 156,804,423
Restricted cash and cash equivalents	5,901,174
Investments	<u>1,522,379</u>
	<u>164,227,976</u>
Fiduciary funds:	
Cash and cash equivalents	29,903,752
Investments	<u>136,711,029</u>
	<u>166,614,781</u>
 Total Cash, Cash Equivalents and Investments	 \$ <u><u>330,842,757</u></u>

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Interest Rate Risk**

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

	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-10 Years</u>	<u>Over 10 Years</u>
Interest-bearing investments:				
U.S. Government Securities	\$ 8,180,243	\$ 1,376,217	\$ 6,158,144	\$ 645,882
U.S. Government Agencies	418,663	254,844	105,002	58,817
Corporate Bonds	<u>8,375,474</u>	<u>1,194,921</u>	<u>5,661,793</u>	<u>1,518,760</u>
Total	<u>\$ 16,974,380</u>	<u>\$ 2,825,982</u>	<u>\$ 11,924,939</u>	<u>\$ 2,223,459</u>

**Credit Risk**

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

<u>Average Rating</u>	<u>Corporate Bonds</u>	<u>U.S. Government Securities</u>	<u>U.S. Government Agencies</u>
Aaa	\$	\$ 8,180,243	\$ 418,663
Aa1	228,627		
Aa2	16,500		
Aa3	99,637		
A1	1,916,308		
A2	2,028,121		
A3	1,633,409		
Baa1	983,984		
Baa2	662,179		
Baa3	338,307		
Caa2	14,281		
Caa3	168,008		
Ca	121,041		
C	12,698		
Unrated	<u>152,374</u>		
	<u>\$ 8,375,474</u>	<u>\$ 8,180,243</u>	<u>\$ 418,663</u>

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Fair Value**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The City has the following recurring fair value measurements as of June 30, 2017:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
U.S. Government Securities	\$ 8,180,243	\$ 8,180,243	\$	\$
U.S. Government Agencies	418,663	418,663		
Corporate Bonds	8,375,474	8,375,474		
Common Stock	84,613,288	84,613,288		
Mutual Funds	<u>34,509,235</u>	<u>34,509,235</u>		
 Total investments by fair value level	 136,096,903	 <u>\$ 136,096,903</u>	 <u>\$ -</u>	 <u>\$ -</u>
Investments measured at the net asset value (NAV)				
Other - Alternative Investments	<u>2,136,505</u>			
 Total Investments Measured at Fair Value	 <u>\$ 138,233,408</u>			

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

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

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Alternative Investments	\$ 1,842,995	\$ -	Quarterly	30-60 days
Alternative Investments	<u>293,510</u>	-	Quarterly	30-45 days
 Total Investments Measured at NAV	 <u>\$ 2,136,505</u>			

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

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**4. RECEIVABLES - FUND BASIS**

Receivables at June 30, 2017 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	\$ 31,319,361	\$	\$	\$	\$	\$ 31,319,361
Interest on property taxes	18,752,141					18,752,141
Contributions					85,949	85,949
Sewer user fees				14,000,347		14,000,347
Intergovernmental	26,679,602	5,040,589	100,281		5,870,138	37,690,610
Other	<u>1,505,944</u>		<u>28,036</u>	<u>2,001,675</u>	<u>1,542,990</u>	<u>5,078,645</u>
Gross receivables	78,257,048	5,040,589	128,317	16,002,022	7,499,077	106,927,053
Less allowance for collection losses	<u>18,451,586</u>			<u>5,213,032</u>		<u>23,664,618</u>
Net Receivables	<u>\$ 59,805,462</u>	<u>\$ 5,040,589</u>	<u>\$ 128,317</u>	<u>\$ 10,788,990</u>	<u>\$ 7,499,077</u>	<u>\$ 83,262,435</u>

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**5. INTERFUND ACCOUNTS**

As of June 30, 2017, amounts due from and to other funds were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ <u>20,080,303</u>	\$ <u>18,778,076</u>
Education Grants	<u>260,400</u>	<u>7,374,074</u>
Capital Bond Issue Fund	<u>12,845,785</u>	<u>-</u>
Special Revenue Funds:		
Health and sanitation	389,779	
Public safety	228,190	
Facility and miscellaneous	202,315	2,430,553
Social services	257,774	202,315
Community Development Block Grant		2,217,273
Housing Opportunities AIDS		1,645,684
HOME Program		580,888
Section 108 Loan Guarantee		743,882
Development administration state grant	4,130	1,158,758
Library	2,421	
Library operations	1,960,744	
Miscellaneous grants	62,339	
General government	<u>220,460</u>	
Total special revenue funds	<u>3,328,152</u>	<u>8,979,353</u>
Capital Projects Funds:		
Conversion capital projects	<u>2,204</u>	
Permanent Trust Funds:		
Education	<u>768</u>	
Enterprise Funds:		
WPCA		<u>466,789</u>
Pension Trust Funds:		
Public Safety Plan A	<u>2,808,382</u>	
Internal Service Fund:		
City health insurance	<u>756,866</u>	<u>4,484,568</u>
Nonmajor Governmental Fund elimination	<u>(206,445)</u>	<u>(206,445)</u>
Total	\$ <u><u>39,876,415</u></u>	\$ <u><u>39,876,415</u></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.

**CITY OF BRIDGEPORT, CONNECTICUT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2017**

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Interfund transfers during the year ended June 30, 2017 were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Capital Bond Issue	\$ 349,851
Nonmajor Governmental Funds	Capital Bond Issue	2,051,851
Nonmajor Governmental Funds	General Fund	<u>127,152</u>
	Total	<u>\$ 2,528,854</u>

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

**6. BULK LIEN SALES**

During the year ended June 30, 2017, the City executed a bulk sale of property tax liens and collected proceeds of \$7,954,770. The City retains no interest in the assigned liens. The purchaser bears all risks relating to its ability to collect the amounts owed and, should it acquire title to the underlying real estate through foreclosure or otherwise, will bear all risks associated with the ownership and sale of the real property.

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**7. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposal/ Transfers</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 142,289,368	\$ 206,600	\$	\$ 142,495,968
Construction in progress	235,036,110	76,844,498	(3,826,365)	308,054,243
Total capital assets not being depreciated	<u>377,325,478</u>	<u>77,051,098</u>	<u>(3,826,365)</u>	<u>450,550,211</u>
Capital assets being depreciated:				
Buildings and improvements	865,170,211	2,747,451		867,917,662
Machinery and equipment	72,419,951	1,163,119		73,583,070
Infrastructure	179,017,839	1,333,564		180,351,403
Vehicles	48,343,682	1,228,956	(326,485)	49,246,153
Total capital assets being depreciated	<u>1,164,951,683</u>	<u>6,473,090</u>	<u>(326,485)</u>	<u>1,171,098,288</u>
Less accumulated depreciation for:				
Buildings and improvements	216,034,617	17,899,628		233,934,245
Machinery and equipment	36,901,048	4,841,814		41,742,862
Infrastructure	105,258,299	5,740,017		110,998,316
Vehicles	40,028,977	1,589,586	(326,485)	41,292,078
Total accumulated depreciation	<u>398,222,941</u>	<u>30,071,045</u>	<u>(326,485)</u>	<u>427,967,501</u>
Total capital assets being depreciated, net	<u>766,728,742</u>	<u>(23,597,955)</u>	<u>-</u>	<u>743,130,787</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,144,054,220</u>	<u>\$ 53,453,143</u>	<u>\$ (3,826,365)</u>	<u>\$ 1,193,680,998</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	\$ 13,839,812	\$ 2,175,719	\$ (15,152,903)	\$ 862,628
Capital assets being depreciated:				
Buildings and improvements	119,097,664	63,545		119,161,209
Machinery and equipment	13,996,945	229,623		14,226,568
Distribution and collection systems	88,817,064	15,714,063		104,531,127
Vehicles	2,760,581	19,198		2,779,779
Total capital assets being depreciated	<u>224,672,254</u>	<u>16,026,429</u>	<u>-</u>	<u>240,698,683</u>
Less accumulated depreciation for:				
Buildings and improvements	71,159,014	4,762,703		75,921,717
Machinery and equipment	9,714,810	1,242,391		10,957,201
Distribution and collection systems	23,444,355	1,974,003		25,418,358
Vehicles	2,444,640	105,255		2,549,895
Total accumulated depreciation	<u>106,762,819</u>	<u>8,084,352</u>	<u>-</u>	<u>114,847,171</u>
Total capital assets being depreciated, net	<u>117,909,435</u>	<u>7,942,077</u>	<u>-</u>	<u>125,851,512</u>
Business-Type Activities Capital Assets, Net	<u>\$ 131,749,247</u>	<u>\$ 10,117,796</u>	<u>\$ (15,152,903)</u>	<u>\$ 126,714,140</u>

**CITY OF BRIDGEPORT, CONNECTICUT  
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 4,337,772
Public safety	2,036,296
Public facilities, parks and recreation	7,970,862
Health and social services	3,707
Libraries	276,378
Education	<u>15,446,030</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 30,071,045</u>
 Business-Type Activities:	
WPCA	<u>\$ 8,084,352</u>

**8. LONG-TERM DEBT**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2017 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	\$ 625,787,200	\$ 60,970,000	\$ 38,171,694	\$ 648,585,506	\$ 39,555,669
Notes payable	1,583,000		1,583,000	-	
Premium	34,786,856	9,224,816	5,918,357	38,093,315	3,335,132
Total bonds and notes payable	<u>662,157,056</u>	<u>70,194,816</u>	<u>45,673,051</u>	<u>686,678,821</u>	<u>42,890,801</u>
Claims and judgments	69,649,911	115,284,166	119,815,553	65,118,524	15,784,699
Compensated absences	23,522,813	8,348,563	5,880,703	25,990,673	6,497,668
OPEB obligation	251,076,329	35,398,182		286,474,511	
MERS prior service costs	204,907,263	50,351,476		255,258,739	
Net pension liability	<u>364,747,226</u>		<u>18,594,816</u>	<u>346,152,410</u>	
 Governmental Activity Long-Term Liabilities	 <u>\$ 1,576,060,598</u>	 <u>\$ 279,577,203</u>	 <u>\$ 189,964,123</u>	 <u>\$ 1,665,673,678</u>	 <u>\$ 65,173,168</u>
 Business-type activities:					
Bonds and notes payable:					
General obligation bonds	\$ 3,267,800	\$ 800,000	\$ 213,305	\$ 3,854,495	\$ 224,331
Bond premiums	112,021		7,482	104,539	
Notes payable	<u>37,347,850</u>	<u>1,001,990</u>	<u>4,017,915</u>	<u>34,331,925</u>	<u>4,060,519</u>
 Business-Type Activity Long-Term Liabilities	 <u>\$ 40,727,671</u>	 <u>\$ 1,801,990</u>	 <u>\$ 4,238,702</u>	 <u>\$ 38,290,959</u>	 <u>\$ 4,284,850</u>

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**Notes Payable**

During fiscal year ending June 30, 2017, the City received a grant from the U.S. Department of Housing and Urban Development to pay in full outstanding Section 108 Loans of \$1,583,000.

Notes payable as of June 30, 2017 includes the following:

Business-Type Activities:

Clean Water Program, due in varying installments, plus interest at 2% through 2039	\$ <u>34,331,925</u>
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**General Obligation Bonds**

As of June 30, 2017, the City had the following general obligation bonds outstanding:

Governmental Activities:

Pension, 2.5% to 7.6%	\$ 244,040,000
General Purpose, 2.5% to 6.6%	277,051,821
School, 4.0% to 6.8%	<u>127,493,685</u>
	<u>\$ 648,585,506</u>

Business-Type Activities:

General Purpose, 1.68% to 6.388%	\$ <u>3,854,495</u>
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**CITY OF BRIDGEPORT, CONNECTICUT  
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A schedule of bonds at June 30, 2017 is presented below:

<u>Date</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Original Issue</u>	<u>General Obligation Bonds</u>	<u>Fiscal Year Maturity</u>
08/29/00	Pension	6.92 - 7.64%	\$ 350,000,000	\$ 244,040,000	2030
08/12/04	General Purpose	3.0 - 5.50%	48,035,600	23,255,200	2022
08/12/04	Schools	3.0 - 5.50%	10,544,400	5,104,800	2022
12/15/09	General Purpose	3.98 - 6.571%	13,614,785	12,004,937	2029
12/15/09	Schools	3.98 - 6.571%	15,520,215	13,685,063	2029
12/15/09	Schools	6.821%	4,000,000	4,000,000	2030
07/22/10	General Purpose	1.68 - 6.388%	19,440,000	14,430,000	2030
07/22/10	General Purpose-Refunding	2.50 - 3.0%	6,324,318	2,227,095	2019
07/22/10	Schools-Refunding	2.50 - 3.0%	3,685,682	1,297,905	2019
06/14/12	General Purpose	3.0 - 5.0%	55,940,355	46,507,164	2032
06/14/12	Schools	3.0 - 5.0%	11,989,645	9,967,837	2032
07/12/12	General Purpose-Refunding	2.0 - 5.0%	41,971,000	23,191,400	2022
07/12/12	Schools-Refunding	2.0 - 5.0%	13,254,000	7,323,600	2022
07/11/13	General Purpose-Refunding	5.0%	8,235,327	1,959,420	2019
07/11/13	Schools-Refunding	5.0%	6,054,673	1,440,580	2019
08/28/14	General Purpose	3.525%	43,077,260	43,077,260	2034
08/28/14	Schools	3.525%	23,502,740	23,502,740	2034
11/18/14	General Purpose-Refunding	4.0-4.5%	11,027,900	10,478,800	2026
11/18/14	Schools-Refunding	4.0-4.5%	21,407,100	20,341,200	2026
03/04/16	General Purpose	2.125 - 5.0%	13,917,000	13,917,000	2036
03/04/16	Schools	2.125 - 5.0%	9,278,000	9,278,000	2036
03/04/16	General Purpose-Refunding	4.0 - 5.0%	21,503,160	21,503,160	2026
03/04/16	Schools-Refunding	4.0 - 5.0%	15,096,840	15,066,840	2026
03/04/16	General Purpose-Refunding	4.0 - 5.0%	18,086,880	18,086,880	2025
03/04/16	Schools-Refunding	4.0 - 5.0%	4,983,120	4,983,120	2025
10/26/16	General Purpose	4.0 - 5.0%	46,008,000	46,008,000	2047
10/26/16	Schools	4.0 - 5.0%	11,502,000	11,502,000	2047
10/26/16	General Purpose - Taxable	1.82 - 3.08%	<u>4,260,000</u>	<u>4,260,000</u>	2027
	Total		<u>\$ 852,260,000</u>	652,440,001	
	Less amount representing business-type activities			<u>(3,854,495)</u>	
	Total Outstanding, Governmental Activities			<u>\$ 648,585,506</u>	

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
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**Designation of 2010 Series B Bonds as Build America Bonds**

The federal American Recovery and Reinvestment Act of 2009, Pub. L No. 111-5, 123 Stat. 115 (2009), enacted February 17, 2009 (the Recovery Act) permits the City to issue taxable bonds referred to as "Build America Bonds" to finance capital expenditures for which it could otherwise issue tax-exempt bonds, and to elect to receive payments from the federal government equal to 35% of the corresponding interest payable on such taxable bonds (the BAB Subsidy Payments). The City elected to designate the 2010 Series B Bonds as "Build America Bonds" for purposes of the Recovery Act and to receive BAB Subsidy Payments from the United States Treasury in connection therewith. BAB Subsidy Payments for the 2010 Series B Bonds will be paid to the City on or about each interest payment date; the holders of the 2010 Series B Bonds are not entitled to a tax credit. Such BAB Subsidy Payments are not pledged to pay the 2010 Series B Bonds, nor is their receipt by the City a condition of payment of any portion of the principal and interest on the 2010 Series B Bonds. For the fiscal year ended June 30, 2017, the City received \$906,565 in interest subsidy.

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

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
2018	\$ 39,555,669	\$ 38,193,857	\$ 77,749,526	\$ 4,284,850	\$ 856,182	\$ 5,141,032
2019	42,484,191	35,275,634	77,759,825	4,076,504	757,421	4,833,925
2020	44,176,390	32,948,505	77,124,895	3,949,475	672,616	4,622,091
2021	40,169,343	30,570,001	70,739,344	2,419,676	599,988	3,019,664
2022	42,286,614	28,264,718	70,551,332	2,362,599	546,082	2,908,681
2023	45,242,654	25,793,961	71,036,615	2,361,483	490,592	2,852,075
2024	47,902,969	23,079,252	70,982,221	2,194,614	439,111	2,633,725
2025	49,879,770	20,223,491	70,103,261	2,202,967	385,058	2,588,025
2026	50,106,165	17,313,033	67,419,198	2,136,204	333,964	2,470,168
2027	41,777,212	14,575,371	56,352,583	2,039,095	284,013	2,323,108
2028	40,380,283	12,028,936	52,409,219	2,015,568	234,793	2,250,361
2029	42,849,043	9,332,231	52,181,274	1,867,177	185,296	2,052,473
2030	45,472,580	6,455,103	51,927,683	1,655,164	138,629	1,793,793
2031	13,737,687	3,527,468	17,265,155	997,740	104,166	1,101,906
2032	14,247,046	2,860,752	17,107,798	951,953	80,212	1,032,165
2033	9,462,016	2,153,994	11,616,010	612,179	58,115	670,294
2034	9,787,016	1,672,768	11,459,784	592,196	44,949	637,145
2035	10,142,016	1,174,543	11,316,559	538,945	31,947	570,892
2036	4,737,016	815,242	5,552,258	417,182	21,337	438,519
2037	3,047,016	633,316	3,680,332	353,659	11,782	365,441
2038	1,114,281	529,283	1,643,564	15,719	7,467	23,186
2039	1,114,281	473,569	1,587,850	15,719	6,681	22,400
2040	1,114,281	417,855	1,532,136	15,719	5,895	21,614
2041	1,114,281	362,141	1,476,422	15,719	5,109	20,828
2042	1,114,281	306,427	1,420,708	15,719	4,323	20,042
2043	1,114,281	250,713	1,364,994	15,719	3,537	19,256
2044	1,114,281	194,999	1,309,280	15,719	2,751	18,470
2045	1,114,281	139,285	1,253,566	15,719	1,965	17,684
2046	1,114,281	83,571	1,197,852	15,719	1,179	16,898
2047	1,114,281	27,857	1,142,138	15,719	391	16,110
Total	<u>\$ 648,585,506</u>	<u>\$ 309,677,876</u>	<u>\$ 958,263,382</u>	<u>\$ 38,186,420</u>	<u>\$ 6,315,551</u>	<u>\$ 44,501,971</u>

The State of Connecticut reimburses the City for eligible school bond principal and interest costs. The amount of principal reimbursement for the year ended June 30, 2017 was \$1,163,776. Additional principal reimbursements of \$2,309,919 are expected to be received through the bonds' maturity dates.

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**Legal Debt Limit**

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 705,317,362	\$ 316,116,417	\$ 389,200,945
Schools	1,410,634,724	201,120,875	1,209,513,849
Sewers	1,175,528,936	56,891,964	1,118,636,972
Urban renewal	1,018,791,745		1,018,791,745
Unfunded pension benefit obligation	940,423,149	244,040,000	696,383,149

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$2,194,320,681. All long-term debt obligations are retired through General Fund appropriations or user charges.

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

General purpose	\$ 29,064,596
Schools	75,937,109
Sewer	<u>18,705,544</u>
	<u>\$ 123,707,249</u>

**Notes Payable**

The City issues tax anticipation note payable to fund cash flows for operating expenses. The activity related to the tax anticipation notes payable and balance at June 30, 2017 is summarized in the table below:

<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2017</u>
6/27/2016	7/27/2017	0.48	\$ 15,000,000	\$	\$ 15,000,000	\$ -
11/22/2016	2/1/2017	1.54		20,000,000	20,000,000	-
12/22/2016	2/1/2017	1.44		20,000,000	20,000,000	-
6/27/2017	7/31/2017	1.47		10,000,000		10,000,000
Total			<u>\$ 15,000,000</u>	<u>\$ 50,000,000</u>	<u>\$ 55,000,000</u>	<u>\$ 10,000,000</u>

In addition, the City has a note payable of \$333,319 reported in the business-type activities, which was issued for sewer construction projects. The note carries a 2% interest rate and the principal becomes payable upon the permanent refinancing of the note payable.

**CITY OF BRIDGEPORT, CONNECTICUT  
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**Prior Year Defeasance of Debt**

In prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2017, \$1,410,000 of prior bonds outstanding is considered defeased and the escrow balance is \$1,611,338.

**9. FUND BALANCE**

The components of fund balance for the governmental funds at June 30, 2017 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:					
Future debt payments			5,901,174		5,901,174
Grants				5,368,494	5,368,494
Library trust fund				498,327	498,327
Education trust fund				108,737	108,737
Committed to:					
General government projects			2,447,101		2,447,101
Public safety projects			1,805,529		1,805,529
Public facilities projects			44,218,672		44,218,672
OPED and other projects			46,261,687	8,147	46,269,834
Library				4,073,023	4,073,023
General special revenue				220,460	220,460
Education				235,503	235,503
Unassigned	<u>18,916,129</u>	<u>(603,655)</u>		<u>(287,566)</u>	<u>18,024,908</u>
Total Fund Balances	<u>\$ 19,266,129</u>	<u>\$ (603,655)</u>	<u>\$ 100,634,163</u>	<u>\$ 10,225,125</u>	<u>\$ 129,521,762</u>

**10. COMMITMENTS AND CONTINGENCIES**

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

### **Personal Injury and Other Actions**

There are presently pending certain major personal injury and other claims and lawsuits that the City is actively defending for which, in the event the City is held liable, the amount of recovery could, under certain circumstances, could total between \$10 and \$20 million dollars in the aggregate. Any recovery under such actions would be paid by the City over a number of years through operations or bonding. The City is self-insured for such general liability risks.

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

Wheelabrator Bridgeport L.P. (Wheelabrator), operator of the solid waste to energy facility which is currently the City's largest taxpayer, had filed tax valuation appeals for the 2007, 2008, 2009, 2010, 2011, 2012, 2013 and 2014 Tax Grand Lists. The City and Wheelabrator reached a full and final legal settlement, which was stipulated into a Judgment in Superior Court in spring 2017. The City stipulated to issue certain future tax credits against future tax bills, in lieu of any prior period tax refunds, for a period of years commencing in Fiscal Year 2017 and Wheelabrator stipulated to drop the right to any future tax appeals against the city until the next citywide revaluation. Such tax credits due to Wheelabrator have been applied starting in Fiscal Year 2017 and have been absorbed into the Fiscal Year 2018 budget, and are not material to the City's tax levy or to the City's financial condition.

### **Beardsley Zoo**

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

The City also entered into a service agreement with the Society in which the City is required to provide operating assistance to the Society for such costs as personnel, supplies, services, materials, utilities, maintenance, equipment and vehicles, that it currently provides to the Zoo, which approximated \$1.45 million during the year ended June 30, 2017, before the subsidy referred to below. These levels can be adjusted up or down depending on changes to the Zoo such as expansion. However, the Society is required to pay the City any subsidy received from the State. A subsidy of \$203,879 was received for the year ended June 30, 2017. The Society retains any revenues from admissions, vending, concessions, other grants or bequests.

### **WPCA Privatization Agreement**

On October 8, 2013 the WPCA entered into a ten-year agreement (the Agreement) with a new independent contractor Severn Trent (the Contactor) to provide operations, maintenance and management services to its two wastewater treatment facilities and collection system. This agreement took effect on January 1, 2014. The Agreement was amended in 2017 to include a two-year early termination clause should the city seek any regionalization or other restructuring of the wastewater plant and treatment system. The City of Bridgeport and the Town of Trumbull resolved all litigation regarding amounts Trumbull users pay to the Bridgeport WPCA and such rates are billed on that agreed upon basis.

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**Consent Decrees**

Under various consent decrees issued by the State of Connecticut Department of Environmental Protection (consent decrees), the WPCA is required to bring both of its treatment facilities in compliance with federal standards and eliminate certain combined storm and sanitary sewers. The estimated cost of these improvements was originally \$244,000,000. As of June 30, 2017, approximately \$203,237,166 relating to these projects, including capitalized interest, has been incurred and included in property and equipment. This improvement program is included and eligible for state and federal clean water grants. Based on current engineering estimates, completion of these projects is expected within the next five years. Funding for these improvements is being provided by the State of Connecticut's Clean Water Fund in the form of loans and grants. As of June 30, 2017, the State is committed to providing the WPCA additional funding in the form of loans and grants of approximately \$1,931,781 and \$1,922,832, respectively.

**Municipal Solid Waste Service Agreement**

Bridgeport is one of twelve municipalities that has entered into a Greater Bridgeport Regional Solid Waste Interlocal Agreement (Interlocal Agreement) which creates the Greater Bridgeport Regional Solid Waste Committee (Operating Committee) as a public body comprised of various southwest Connecticut municipalities (including but not limited to Bridgeport, Trumbull, Fairfield, Milford and Westport) for the purpose of, and with the authority to, contract with a solid waste facility for the disposal of municipal solid waste after June 30, 2014.

On or about March 20, 2014, Wheelabrator agreed serve as the waste to energy plant for the consortium and contract terms were set for \$60.00 per ton up to 175,000 aggregate annual tonnage for a term of up to 20 years with a \$1.00 per ton decrease for each new 25,000 tons the Operating Committee attracts and an annual Consumer Price Index escalator at 75% of the change, subject to an executable contract and Wheelabrator Board approvals. The final agreement signed on June 27, 2014 remains enforce.

Bridgeport is also part of an Inter-Community Agreement 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.

## **11. PENSION PLANS**

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

#### **Plan Description**

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

#### **Benefit Provisions**

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

#### **Normal Retirement**

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

If any member covered by social security retires before age 62, the member's benefit until the member reaches age 62, or a social security disability award is received, is computed as if the member is not under social security.

#### **Early Retirement**

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

#### **Disability Retirement - Service Connected**

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

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**Disability Retirement - Non-Service Connected**

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

**Death Benefit**

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

**Contributions**

*Member*

Contributions for members not covered by social security are 5% of compensation; for members covered by social security, 2.25% of compensation up to the social security taxable wage base plus 5%, if any, in excess of such base.

*Employer*

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

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

At June 30, 2017, the City reports a total liability of \$62,160,092 in Exhibit I for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2017, the City's proportion of liability is 18.69%. The increase in proportion from June 30, 2016 is 2.48%.

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For the year ended June 30, 2017, the City recognized pension expense of \$25,835,915 in Exhibit II. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
City contribution after the measurement date	\$ 20,690,524	\$
Change in proportionate share	760,841	2,209,816
Net difference between projected and actual earnings on pension plan	45,953,382	
Differences between expected and actual experience	<u>12,460,368</u>	<u>                    </u>
Total	<u>\$ 79,865,115</u>	<u>\$ 2,209,816</u>

Amounts reported as deferred outflows of resources related to the City's contribution after the measurement date of \$20,690,524 will be recognized as a reduction of the new pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<b><u>Year Ended June 30,</u></b>	
2018	\$ 13,015,157
2019	13,015,155
2020	19,165,623
2021	11,768,840

**Actuarial Assumptions**

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

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

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2007 - June 30, 2012.

Future cost-of-living adjustments for members who retire on or after January 1, 2002 are 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%; the maximum is 6%.

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

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

**Discount Rate**

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

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

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

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
City's proportionate share of the net pension liability (asset) \$	\$ <u>167,482,625</u>	\$ <u>62,160,092</u>	\$ <u>(26,428,742)</u>

**Payable to MERS**

In addition, the City has also recorded \$255,258,739 as a long-term payable to MERS at June 30, 2017. This amount represents prior service costs calculated when the City entered the plan.

**B. Teachers Retirement**

**Plan Description**

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

**Benefit Provisions**

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

**Normal Retirement**

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

**Early Retirement**

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

**Disability Retirement**

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

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**Contributions**

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

*Employer (School Districts)*

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

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

*Employees*

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

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

At June 30, 2017, the City reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the City as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the City		<u>433,546,254</u>
Total	\$	<u>433,546,254</u>

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

For the year ended June 30, 2017, the City recognized pension expense and revenue of \$47,279,777 in Exhibit II for on-behalf amounts for the benefits provided by the State.

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**Actuarial Assumptions**

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

Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increased rates (5% for females and 8% for males) over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

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

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

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

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

**Discount Rate**

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

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

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

**Other Information**

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

**C. Single Employer Defined Benefit Plans**

**Pension Trust Funds**

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

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

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

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

In August 1985, the City purchased an annuity contract for approximately \$75 million to fund a portion of the net pension liability for Plan A. The plan assets available for benefits and the net pension liability amounts for Plan A exclude the plan assets and pension liability covered by the above-mentioned annuity contract. For the year ended June 30, 2017, \$1,100,365 of benefits was provided through this annuity contract.

In August 2000, the City issued \$350,000,000 of taxable general obligation pension funding bonds. The proceeds of these bonds were transferred into Plans A's Investment Trust (the A Trust). The proceeds and any future investment earnings are to be used to make contributions to the Plan A or to pay benefits on behalf of the Plan. The City can, however, withdraw from the Plan A Trust the greater of: 1) 20% of the amount by which the Plan A Trust assets exceed the present value of accrued Plan benefits (\$327,252,219 based on the July 1, 2016 actuarial valuation) or 2) the amount of the Plan A Trust assets in excess of 110% of the present value of accrued Plan benefits.

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Under State statutes regarding pension obligation bonds, the City shall make a contribution to such pension plan as follows: (a) at the beginning of each fiscal year, the City's actuary shall determine the unfunded actuarial accrued liability for such pension plan using actuarial methods and assumptions based on actuarial standards of practice, and a level per cent amortization of the unfunded actuarial accrued liability using a five per cent growth rate; (b) the amortization period shall be twenty-four years for the fiscal year ended June 30, 2013, and shall decline by one year annually for each subsequent fiscal year; and (c) the amount of contribution shall be recalculated each fiscal year, so any gains and losses experienced by such pension plan are taken into account. For the fiscal year ended June 30, 2017, the actuarially required contribution is \$15,945,203, of which the City contributed \$15,945,713.

<b>Provisions of Pension Plans</b>	<b>Public Safety Plan A</b>	<b>Police Retirement Plan B</b>	<b>Firefighters' Retirement Plan B</b>	<b>Janitors' and Engineers' Retirement Plan</b>
Employees covered	All police and fire employed before 6/4/81 and 1/1/84, respectively	All police employed on or after 6/4/81	All firefighters employed on or after 1/1/84	All employees hired before 1985
Plan Status	Closed	Closed, Active participants transferred to CMERS effective July 1, 2013	Closed, Active participants transferred to CMERS effective April 1, 2012	Closed
Benefit provisions	50% of compensation plus 2-1/2% for each year of service in excess of 20 years, maximum 75%	2% of annual salary for each full year of service plus 50% of subsequent compensation increase, maximum 70%	2% of annual salary for each year of service plus 50% of subsequent compensation increase, maximum 70%	2% of 3 year average compensation for each year of service, up to 33 years plus 1% of 3 year compensation thereafter
Definition of "Compensation"	Maximum yearly compensation currently being paid to members in the department in the same position that the employee held at the time of retirement	Maximum yearly compensation currently being paid to members in the department in the same position which the employee held at the time of retirement	Maximum yearly compensation currently being paid to members in the department in the same position which the employee held at the time of retirement	Average of three highest years
Eligibility requirements	Vest after 10 years of service	Vest after 5 years of service	Vest after 5 years of service	Vest after the earlier of 10 years of continuous or 15 years of aggregate service
Obligation to contribute in accordance with funding policy:				
Employee	8% of earnings	6% of earnings	6% of earnings	5% of earnings
Employer	\$ 15,945,203 (Normal Cost)	\$ 2,099,288	\$ 239,304	Pay as you go
Authority under which benefit provisions established	Contract negotiation	Contract negotiation	Contract negotiation	Contract negotiation

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At June 30, 2017, Plan membership consisted of the following:

	<u>Public Safety Plan A</u>	<u>Police Retirement Plan B</u>	<u>Firefighters' Retirement Plan B</u>	<u>Janitors' and Engineers' Retirement Plan</u>
Inactive employees or beneficiaries currently receiving benefits	677	127	68	30
Inactive employees entitled to but not yet receiving benefits	<u>          </u>	<u>          6</u>	<u>          9</u>	<u>          </u>
Total Number of Participants	<u>          677</u>	<u>          133</u>	<u>          77</u>	<u>          30</u>

**Summary of Significant Accounting Policies**

**Basis of Accounting**

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

**Method Used to Value Investments**

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

**Investments**

**Investment Policy**

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

**Rate of Return**

For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense for each pension plan is as follows:

Public Safety Plan A	12.77%
Police Retirement Plan B	12.11%
Firefighters' Retirement Plan B	9.85%

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

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**Net Pension Liability of the City**

The components of the net pension liability of the City at June 30, 2017, were as follows:

	<u>Public Safety Plan A</u>	<u>Police Retirement Plan B</u>	<u>Firefighters' Retirement Plan B</u>	<u>Janitors' and Engineers' Retirement Plan</u>
Total pension liability	\$ 311,235,137	\$ 95,671,030	\$ 37,719,720	\$ 8,238,640
Plan fiduciary net position	<u>71,029,447</u>	<u>60,766,256</u>	<u>37,073,073</u>	<u>3,433</u>
Net Pension Liability	<u>\$ 240,205,690</u>	<u>\$ 34,904,774</u>	<u>\$ 646,647</u>	<u>\$ 8,235,207</u>

Plan fiduciary net position as a percentage of the total pension liability	22.82%	63.52%	98.29%	0.04%
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**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2017, and the total pension liability was used to calculate the net pension liability as of that date, using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2014 (adjusted back to 2006), projected generationally with Scale MP-2017 for Public Safety Plan A, Police Retirement Plan B and Janitors' and Engineers' Retirement Plan. RP - 2014 (adjusted back to 2006), projected generationally with Scale MP-2016 for Firefighters' Retirement Plan B.

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The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans and target asset allocation as of June 30, 2017 (see the discussion of the pension plans' investment policy) are summarized in the following table:

<b>Public Safety, Plan A</b>		
<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Real Rate of Return</b>
Domestic equity	50.0%	5.90%
Core fixed income	12.5%	1.30%
High yield fixed income	12.5%	3.80%
International developed equity	10.0%	6.90%
Hedge funds and alternatives	10.0%	3.10%
Emerging market equity	5.0%	9.00%
Total	<u>100.0%</u>	

<b>Police Retirement Plan B</b>		
<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Real Rate of Return</b>
Domestic equity	79.0%	6.71%
High yield fixed income	12.0%	4.61%
Core fixed income	9.0%	2.11%
Total	<u>100.0%</u>	

<b>Firefighters' Retirement Plan B</b>		
<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Real Rate of Return</b>
Domestic equity	65.0%	6.71%
Core fixed income	35.0%	2.11%
Total	<u>100.0%</u>	

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**Discount Rate**

The discount rate used to measure the total pension liability was 6.75% for Public Safety Plan A, 4.86% for Police Retirement Plan B, 6.25% for Firefighters' Plan B and 3.58% for Janitors' and Engineers' Retirement Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension Liability**

	<b>Public Safety Plan A</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a)-(b)</b>
Balances as of June 30, 2016	\$ 327,252,219	\$ 76,643,488	\$ 250,608,731
Changes for the year:			
Service cost			-
Interest on total pension liability	21,842,806		21,842,806
Differences between expected and actual experience	(6,996,385)		(6,996,385)
Changes in assumptions	(439,229)		(439,229)
Employer contributions		15,944,213	(15,944,213)
Net investment income (loss)		8,866,020	(8,866,020)
Benefit payments, including refund to employee contributions	(30,424,274)	(30,424,274)	-
Net changes	(16,017,082)	(5,614,041)	(10,403,041)
Balances as of June 30, 2017	\$ 311,235,137	\$ 71,029,447	\$ 240,205,690

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**Police Retirement Plan B**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2016	\$ 120,239,065	\$ 56,525,923	\$ 63,713,142
Changes for the year:			
Interest on total pension liability	4,212,914		4,212,914
Differences between expected and actual experience	(3,470,389)		(3,470,389)
Changes in assumptions	(20,849,995)		(20,849,995)
Employer contributions		2,002,000	(2,002,000)
Net investment income (loss)		6,698,898	(6,698,898)
Benefit payments, including refund to employee contributions	(4,460,565)	(4,330,048)	(130,517)
Administrative expenses		(130,517)	130,517
Net changes	<u>(24,568,035)</u>	<u>4,240,333</u>	<u>(28,808,368)</u>
Balances as of June 30, 2017	<u>\$ 95,671,030</u>	<u>\$ 60,766,256</u>	<u>\$ 34,904,774</u>

**Firefighters' Retirement Plan B**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2016	\$ 45,528,031	\$ 35,702,782	\$ 9,825,249
Changes for the year:			
Interest on total pension liability	2,199,953		2,199,953
Differences between expected and actual experience	(945,182)		(945,182)
Changes in assumptions	(6,714,794)		(6,714,794)
Employer contributions		302,100	(302,100)
Net investment income (loss)		3,416,479	(3,416,479)
Benefit payments, including refund to employee contributions	(2,348,288)	(2,348,288)	-
Net changes	<u>(7,808,311)</u>	<u>1,370,291</u>	<u>(9,178,602)</u>
Balances as of June 30, 2017	<u>\$ 37,719,720</u>	<u>\$ 37,073,073</u>	<u>\$ 646,647</u>

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**Janitors' and Engineers' Retirement Plan**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2016	\$ 9,365,998	\$ 3,433	\$ 9,362,565
Changes for the year:			
Interest on total pension liability	256,507		256,507
Changes in assumptions	(652,369)		(652,369)
Employer contributions		731,496	(731,496)
Benefit payments, including refund to employee contributions	(731,496)	(731,496)	-
Net changes	(1,127,358)	-	(1,127,358)
Balances as of June 30, 2017	\$ 8,238,640	\$ 3,433	\$ 8,235,207

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

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

*Public Safety Plan A*

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net Pension Liability	\$ 266,977,724	\$ 240,205,690	\$ 217,089,976

*Police Retirement Plan B*

	1% Decrease 3.86%	Current Discount Rate 4.86%	1% Increase 5.86%
Net Pension Liability	\$ 50,464,674	\$ 34,904,774	\$ 22,642,921

*Firefighters' Retirement Plan B*

	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
Net Pension Liability	\$ 5,684,744	\$ 646,647	\$ (3,452,944)

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*Janitors' and Engineers' Retirement Plan*

	<b>1% Decrease 2.58%</b>	<b>Current Discount Rate 3.58%</b>	<b>1% Increase 4.58%</b>
Net Pension Liability	\$ <u>896,904</u>	\$ <u>8,235,207</u>	\$ <u>7,611,168</u>

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

At June 30, 2017, the City reported deferred outflows and inflows of resources related to pension from the following sources:

	<b>Public Safety Plan A</b>	<b>Police Retirement Plan B</b>	<b>Firefighters' Retirement Plan B</b>	<b>Total</b>
<b>Deferred Outflows of Resources</b>				
Net difference between projected and actual earning on pension plan investments	\$ <u>6,677,476</u>	\$ <u>          </u>	\$ <u>767,925</u>	\$ <u>7,445,401</u>
<b>Deferred Inflows of Resources</b>				
Net difference between projected and actual earning on pension plan investments	\$ <u>          </u>	\$ <u>20,729</u>	\$ <u>          </u>	\$ <u>20,729</u>

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

<b><u>Year Ended June 30,</u></b>	<b>Public Safety Plan A</b>	<b>Police Retirement Plan B</b>	<b>Firefighters' Retirement Plan B</b>	<b>Total</b>
2018	\$ 3,019,349	\$ 387,026	\$ 407,516	\$ 3,813,891
2019	3,019,347	387,027	407,514	3,813,888
2020	1,440,334	(146,212)	202,694	1,496,816
2021	(801,554)	(648,570)	(249,799)	(1,699,923)

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For the year ended June 30, 2017, the City recognized pension expense of (\$18,224,034) as follows:

	<u>Pension Expense</u>
Public Safety Plan A	\$ 12,568,299
Police Retirement Plan B	(23,176,484)
Firefighters' Retirement Plan B	(7,219,987)
Janitors' and Engineers' Retirement Plan	<u>(395,862)</u>
Total	<u>\$ (18,224,034)</u>

**Schedule of Plan Net Position - June 30, 2017**

	<u>Public Safety Investment and Pension Trust Plan A</u>	<u>Police Retirement Plan B</u>	<u>Firefighters' Retirement Plan B</u>	<u>Janitors' and Engineers' Retirement Plan</u>	<u>Total</u>
Assets:					
Cash and cash equivalents	\$ 26,551,043	\$ 2,076,435	\$ 666,521	\$ 3,433	\$ 29,297,432
Investments, at fair value:					
U.S. Government Agencies		163,819	254,844		418,663
U.S. Government Securities		3,889,155	2,768,709		6,657,864
Corporate bonds	449,577	5,507,690	2,418,207		8,375,474
Common stocks	33,632,599	21,860,880	29,119,809		84,613,288
Mutual funds - equities	5,365,392	27,268,277	1,875,566		34,509,235
Alternative investments	2,136,505				2,136,505
Total investments	<u>41,584,073</u>	<u>58,689,821</u>	<u>36,437,135</u>	<u>-</u>	<u>136,711,029</u>
Due from other funds of the City of Bridgeport	<u>2,808,382</u>				<u>2,808,382</u>
Contributions receivable	<u>85,949</u>				<u>85,949</u>
Total assets	<u>71,029,447</u>	<u>60,766,256</u>	<u>37,103,656</u>	<u>3,433</u>	<u>168,902,792</u>
Liabilities:					
Other liabilities			<u>30,583</u>		<u>30,583</u>
Total Net Position	<u>\$ 71,029,447</u>	<u>\$ 60,766,256</u>	<u>\$ 37,073,073</u>	<u>\$ 3,433</u>	<u>\$ 168,872,209</u>

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**Schedule of Changes in Plan Net Position for the Year Ended June 30, 2017**

	<b>Public Safety Investment and Pension Trust Plan A</b>	<b>Police Retirement Plan B</b>	<b>Firefighters' Retirement Plan B</b>	<b>Janitors' and Engineers' Retirement Plan</b>	<b>Total</b>
Additions:					
Contributions:					
Employer	\$ 15,944,213	\$ 2,002,000	\$ 302,100	\$ 731,496	\$ 18,979,809
Plan members					-
Annuity proceeds	1,100,365				1,100,365
Total contributions	<u>17,044,578</u>	<u>2,002,000</u>	<u>302,100</u>	<u>731,496</u>	<u>20,080,174</u>
Investment income:					
Net change in					
fair value of investments	9,057,423	5,644,270	2,788,049		17,489,742
Interest and dividends	474,835	1,174,842	876,838		2,526,515
	<u>9,532,258</u>	<u>6,819,112</u>	<u>3,664,887</u>	-	<u>20,016,257</u>
Less investment management fees	(666,238)	(120,214)	(248,408)		(1,034,860)
Net investment income	<u>8,866,020</u>	<u>6,698,898</u>	<u>3,416,479</u>	<u>-</u>	<u>18,981,397</u>
Total additions	<u>25,910,598</u>	<u>8,700,898</u>	<u>3,718,579</u>	<u>731,496</u>	<u>39,061,571</u>
Deductions:					
Benefits	31,524,639	4,330,048	2,348,288	731,496	38,934,471
Administration		130,517			130,517
Total deductions	<u>31,524,639</u>	<u>4,460,565</u>	<u>2,348,288</u>	<u>731,496</u>	<u>39,064,988</u>
Change in net position	(5,614,041)	4,240,333	1,370,291	-	(3,417)
Net position - Beginning of year	<u>76,643,488</u>	<u>56,525,923</u>	<u>35,702,782</u>	<u>3,433</u>	<u>168,875,626</u>
Net Position - End of Year	<u>\$ 71,029,447</u>	<u>\$ 60,766,256</u>	<u>\$ 37,073,073</u>	<u>\$ 3,433</u>	<u>\$ 168,872,209</u>

**12. OTHER POSTEMPLOYMENT BENEFITS**

**A. Plan Description**

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

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

Number of members:	
Active	3,757
Retired members	<u>3,130</u>
Total participants	<u><u>6,887</u></u>

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**B. Funding Policy**

The City currently pays for postemployment health care benefits on a pay-as-you-go basis. As of June 30, 2017, the City has not established a trust fund to irrevocably segregate assets to fund the liability associated with the postemployment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines. The contribution requirements of plan members and the City are also negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums as follows:

Eligibility:

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

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.

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- 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)	\$ 61,998,950
Interest on net OPEB obligation	11,298,435
Adjustment to annual required contribution	<u>(8,745,825)</u>
Annual OPEB cost	64,551,560
Contributions made	<u>29,153,378</u>
Change in net OPEB obligation	35,398,182
Net OPEB obligation, beginning of year	<u>251,076,329</u>
Net OPEB Obligation, End of Year	<u>\$ 286,474,511</u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2015	\$ 72,299,057	\$ 33,345,101	46.1%	\$ 208,938,006
6/30/2016	74,029,721	31,891,398	43.1	251,076,329
6/30/2017	64,551,560	29,153,378	43.1	286,474,511

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

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**Schedule of Funding Progress**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Underfunded AAL (OAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>OAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
7/1/2010	\$ -	\$ 915,806,973	\$ 915,806,973	0.00%	\$ 180,948,566	506.1%
7/1/2012	-	723,711,649	723,711,649	0.00%	221,438,910	326.8%
7/1/2014	-	1,003,337,378	1,003,337,378	0.00%	236,179,687	424.8%
7/1/2016	-	804,740,362	804,740,362	0.00%	245,409,264	327.9%

**Schedule of Employer Contributions**

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2012	\$ 61,100,372	54.1%
2013	47,743,386	54.0
2014	51,062,573	55.7
2015	70,570,886	47.3
2016	71,905,518	44.4
2017	61,998,950	47.0

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, 2016 actuarial valuation, the entry age normal cost method was used. The ARC effects a closed 30-year, level percent amount amortization of the unfunded actuarial accrued liability (AAL). The actuarial assumptions include an inflation rate of 3%, a 4.5% discount rate and projected salary increase of 4.5%. The medical assumption begins at 8% and decreases to a 4.5% long-term trend rate for all healthcare benefits after 9 years. The dental assumption is a long-term trend rate of 4.0%. Additionally, the Medicare Part B assumption is a long-term trend rate of 5.0%.

**13. RISK MANAGEMENT**

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

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**Workers' Compensation**

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

**Group Health Insurance**

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

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

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

The following programs are provided under fully insured contracts:

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

Approximately 4,137 employees and 3,750 retirees receive their health benefits through these plans. Payments related to these claims are made by outside administrators under administrative services contracts and are accounted for in the Internal Service Fund. The current contracts require that approximately \$2,461,540 be deposited with amount being recorded as a prepaid asset in the accompanying balance sheet. As of June 30, 2017, the amount of prepaid asset in the fund is \$2,461,540.

**Reconciliation of Liabilities**

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

	<b>Beginning of Fiscal Year Liability</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>End of Fiscal Year Liability</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
2016	\$ 76,149,977	\$ 89,186,492	\$ 95,686,558	\$ 69,649,911
2017	69,649,911	115,284,166	119,815,553	65,118,524

**CITY OF BRIDGEPORT, CONNECTICUT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

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The current portion of claims incurred but not reported as of June 30, 2017 is \$15,784,699, which relates to Group Health Insurance Claims of \$6,164,271 and \$9,620,428 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 \$49,333,825 is recorded as long-term liability.

**14. TAX ABATEMENTS**

As of June 30, 2017, the City provides tax abatements through multiple programs as listed below:

<b>Program:</b>	<b>Affordable Housing Tax Abatement Program</b>	<b>Economic Development Tax Abatement Program</b>
Purpose of program:	Generate citizen housing affordability	Generate Jobs and Tax Revenue
Tax being abated:	Real and Personal Property Tax	Real and Personal Property Tax
Authority under which abatement agreement is entered into:	City Council Approved Agreement Resolution under CT Statutes Section 8-215	City Council Approved Agreement Resolution under CT Statute 32-70
Criteria to be eligible to receive abatement:	Number of housing units created; Income limits eligibility	Amount of Net new Property Taxes after Abatement and Jobs created for Bridgeport
How recipients’ taxes are reduced:	Through adjustments to annual property tax bills	Through adjustments to annual property tax bills
How amount of abatement is determined:	City Council Approved Agreement and Resolutions	City Council Approved Agreement and Resolutions
Provisions for recapturing abated taxes:	Abatement must be limited in duration and generate more taxes eventually than original property value.	Abatement must be limited in duration and generate more taxes eventually than original property value.
Types of commitments made by the City other than to reduce taxes:	None	None
Gross dollar amount (accrual basis) by which the City’s taxes were reduced as a result of the abatement agreement/program:	\$1,407,124	\$1,401,596

**15. SUBSEQUENT EVENTS**

On December 6, 2017, the City issued a tax anticipation note in the amount of \$10,000,000 to fund cash flows for operating expenses. The note matured on February 1, 2018 with an interest rate of 1.80%.

On December 6, 2017, the City issued a tax anticipation note in the amount of \$10,000,000 to fund cash flows for operating expenses. The note matured on February 1, 2018 with an interest rate of 1.95%.

On January 4, 2018, the City issued \$99,500,000 of General Obligation Bonds with a coupon rate between 2.84% and 4.51%. Approximately \$95.4 million of the proceeds of the bonds will be used to pay the MERS prior service cost (at net present value) to the State of Connecticut in fiscal year 2018.

# **Required Supplementary Information**

**CITY OF BRIDGEPORT, CONNECTICUT  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues and Other Financing Sources:				
Property taxes:				
Current taxes	\$ 310,357,891	\$ 310,357,891	\$ 305,961,873	\$ (4,396,018)
Interest - current	1,900,000	1,900,000	1,814,192	(85,808)
Arrears - principal	3,304,769	3,304,769	3,848,974	544,205
Arrears - interest	900,000	900,000	686,134	(213,866)
Lien fees	175,000	175,000	150,119	(24,881)
Total property taxes	<u>316,637,660</u>	<u>316,637,660</u>	<u>312,461,292</u>	<u>(4,176,368)</u>
Intergovernmental:				
Elderly exemption refund	744,000	744,000	735,607	(8,393)
Elderly freeze program	7,500	7,500	8,000	500
Distressed municipalities	198,975	198,975	479,032	280,057
Education cost sharing	163,990,041	163,990,041	164,274,690	284,649
School construction refunds	1,340,246	1,340,246	1,319,860	(20,386)
Aid to non-public schools	142,000	142,000	190,522	48,522
Town aid roads	1,387,630	1,387,630	1,390,778	3,148
Miscellaneous PILOTs	1,041,728	1,041,728	1,969,390	927,662
Tax exempt colleges and hospitals	7,454,025	7,454,025	7,454,025	-
Breakfast program:				
State	126,380	126,380	97,735	(28,645)
Federal	4,599,110	4,599,110	3,762,197	(836,913)
Nutrition Center:				
Federal	157,010	157,010	162,337	5,327
State	8,981,367	8,981,367	9,914,176	932,809
Mashantucket Pequot funds	5,913,094	5,913,094	5,913,094	-
Municipal Share	9,874,826	9,874,826	17,571,952	7,697,126
Beardsley Zoo subsidy	336,217	336,217	203,879	(132,338)
Build America Bonds subsidy	637,891	637,891	906,565	268,674
State-owned property	2,367,096	2,367,096	2,367,096	-
Total intergovernmental	<u>209,299,136</u>	<u>209,299,136</u>	<u>218,720,935</u>	<u>9,421,799</u>
Fees, permits and licenses:				
Finance:				
Comptroller Copies/Books/Miscellaneous	25,300	25,300	36,117	10,817
Comptroller Court Fine/CARC	60,000	60,000	47,066	(12,934)
Information Technology Services	250	250	620	370
Total finance	<u>85,550</u>	<u>85,550</u>	<u>83,803</u>	<u>(1,747)</u>
Town Clerk:				
Licenses and Town Fund	1,300	1,300	1,325	25
Notaries/late fees	2,800	2,800	2,510	(290)
Farm fund	25,000	25,000	26,192	1,192
Assignments	900,000	900,000	1,538,684	638,684
Certification	555,000	555,000	664,284	109,284
Other licenses	3,100	3,100	2,798	(302)
Total town clerk	<u>1,487,200</u>	<u>1,487,200</u>	<u>2,235,793</u>	<u>748,593</u>

(Continued on next page)

**CITY OF BRIDGEPORT, CONNECTICUT**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Building Department:</b>				
Building permits	\$ 5,606,000	\$ 5,606,000	\$ 4,774,497	\$ (831,503)
Sign permits	12,300	12,300	15,215	2,915
Certificate of occupancy fees	60,000	60,000	89,368	29,368
Copies	500	500	572	72
Total building department	<u>5,678,800</u>	<u>5,678,800</u>	<u>4,879,652</u>	<u>(799,148)</u>
<b>Police Department:</b>				
Traffic violations	1,100,000	1,100,000	850,367	(249,633)
Photocopy fees	16,500	16,500	18,202	1,702
Outside overtime	4,800,000	4,800,000	4,076,302	(723,698)
Overtime surcharge	165,000	165,000	182,200	17,200
Reclaimed dog fees	2,000	2,000	16,225	16,225
Vendor annual registration fees	35,000	35,000	20,288	(14,712)
Towing fines	156,000	156,000	130,675	(25,325)
Alarms	20,600	20,600	13,954	(6,646)
Other	94,100	94,100	79,266	(14,834)
Total police department	<u>6,389,200</u>	<u>6,389,200</u>	<u>5,389,479</u>	<u>(999,721)</u>
<b>Public facilities:</b>				
Dump license fees	10,000	10,000	9,000	(1,000)
Commercial dump fees	65,000	65,000	65,292	292
Street excavation license	1,300	1,300	750	(550)
Public facility enforcement	19,700	19,700	11,548	(8,152)
Sewer permits	4,000	4,000	3,325	(675)
CRRA host revenue	130,000	130,000	143,317	13,317
Congress Plaza	12,000	12,000		(12,000)
Annual rent	423,650	423,650	(139,608)	(563,258)
Parking meters	415,000	415,000	413,286	(1,714)
Engineering map sales	5,000	5,000	6,261	1,261
Contractors license	143,000	143,000	106,525	(36,475)
Zoning appeals fees	42,200	42,200	33,317	(8,883)
Tavern zoning permits	285,900	285,900	237,216	(48,684)
Other revenues	135,000	135,000	109,564	(25,436)
Total public facilities	<u>1,691,750</u>	<u>1,691,750</u>	<u>999,793</u>	<u>(691,957)</u>
<b>Parks and recreation:</b>				
Golf course revenues	1,865,000	1,865,000	1,684,594	(180,406)
Wonderland of Ice	137,106	137,106	84,000	(53,106)
Kennedy Stadium	6,000	6,000	5,200	(6,000)
Leases/W.I.C.C.	10,500	10,500		(10,500)
Flea market/ball field	9,000	9,000	15,054	6,054
Miscellaneous	2,916,400	2,916,400	1,614,713	(1,301,687)
Parking stickers	44,740	44,740	54,767	10,027
Apartment rental	4,800	4,800	4,800	-
City concessions	7,500	7,500	2,625	(4,875)
Total parks and recreation	<u>5,001,046</u>	<u>5,001,046</u>	<u>3,465,753</u>	<u>(1,535,293)</u>
<b>Civil service:</b>				
Label/Admin fees	<u>5,200</u>	<u>5,200</u>	<u>2,817</u>	<u>(2,383)</u>

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**CITY OF BRIDGEPORT, CONNECTICUT  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Health Department:				
Vital statistics	\$ 487,200	\$ 487,200	\$ 450,778	\$ (36,422)
Business license	353,490	353,490	353,205	(285)
Housing code	46,500	46,500	66,648	20,148
Total health department	<u>887,190</u>	<u>887,190</u>	<u>870,631</u>	<u>(16,559)</u>
Education and Nutrition Center:				
Cafeteria	669,271	669,271	608,766	(60,505)
Summer school tuition	25,000	25,000	22,500	(2,500)
Total Education and Nutrition Center	<u>694,271</u>	<u>694,271</u>	<u>631,266</u>	<u>(63,005)</u>
Sikorsky Airport:				
Airport fees	65,000	65,000	57,861	(7,139)
Shared revenue	95,000	95,000	98,085	3,085
Airport leases	646,700	646,700	807,958	161,258
Total Sikorsky Airport	<u>806,700</u>	<u>806,700</u>	<u>963,904</u>	<u>157,204</u>
Fire Department:				
Firewatch reimbursement	110,150	110,150	134,557	24,407
Copies	850	850	25,140	24,290
Permit	86,200	86,200	65,476	(20,724)
Tank installation	4,850	4,850	4,650	(200)
Total fire department	<u>202,050</u>	<u>202,050</u>	<u>229,823</u>	<u>27,773</u>
Total fees, permits and licenses	<u>22,928,957</u>	<u>22,928,957</u>	<u>19,752,714</u>	<u>(3,176,243)</u>
Interest	<u>27,000</u>	<u>27,000</u>	<u>252,418</u>	<u>225,418</u>
Other:				
Property rental	75,000	75,000	33,264	(41,736)
O.T.B. income	400,000	400,000	316,229	(83,771)
State Bingo	200	200	2	(198)
Weights and measures	92,000	92,000	99,105	7,105
Sale of City-owned property	450,000	450,000	236,211	(213,789)
Miscellaneous	81,100	81,100	70,673	(10,427)
Foreclosure cost recovery	1,000	1,000		(1,000)
Restitution	5,000	5,000	74,655	69,655
Comptroller miscellaneous revenue	1,994,564	1,994,564	1,925,265	(69,299)
Total other	<u>3,098,864</u>	<u>3,098,864</u>	<u>2,755,404</u>	<u>(343,460)</u>
Total revenues	551,991,617	551,991,617	553,942,763	1,951,146
Other financing sources:				
Transfers in	<u>500,000</u>	<u>500,000</u>	<u>349,851</u>	<u>(150,149)</u>
Total Revenues and Other Financing Sources	<u>\$ 552,491,617</u>	<u>\$ 552,491,617</u>	<u>554,292,614</u>	<u>\$ 1,800,997</u>

Budgetary revenues are different than GAAP revenues because:

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

47,279,777

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

5,186,327

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

\$ 606,758,718

**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, 2017**

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
General government:				
Mayor's office	\$ 812,011	\$ 812,011	\$ 766,469	\$ 45,542
Central grants	637,597	637,597	434,407	203,190
Finance divisions	6,273,506	6,273,506	5,399,689	873,817
Registrar of voters	718,166	718,166	746,595	(28,429)
City clerk	460,804	460,804	416,542	44,262
City attorney	5,497,939	5,497,939	5,120,378	377,561
Archives and records	34,171	34,171	84,138	(49,967)
Civil service	970,197	970,197	903,541	66,656
Labor relations/benefits/pensions	17,272,089	17,272,089	21,918,825	(4,646,736)
Town Clerk	858,830	858,830	790,028	68,802
Legislative department	287,446	287,446	181,601	105,845
Office of policy and management	657,543	657,543	589,283	68,260
Ethics commission	3,089	3,089		3,089
Chief administrative officer	1,365,516	1,365,516	1,092,304	273,212
Information technology service	3,407,276	3,407,276	3,169,348	237,928
Minority business enterprise office	347,276	347,276	247,163	100,113
Total general government	<u>39,603,456</u>	<u>39,603,456</u>	<u>41,860,311</u>	<u>(2,256,855)</u>
Public Safety:				
Police department	102,311,133	102,061,133	101,854,968	206,165
Fire department	63,679,050	63,679,050	64,687,745	(1,008,695)
Weights and measures	165,567	165,567	162,609	2,958
Emergency Operation Center	5,751,260	5,751,260	5,166,801	584,459
Total public safety	<u>171,907,010</u>	<u>171,657,010</u>	<u>171,872,123</u>	<u>(215,113)</u>
Public facilities:				
Airport	1,318,401	1,318,401	1,379,660	(61,259)
Engineering	686,213	686,213	571,177	115,036
Harbor master	192,385	192,385		192,385
Maintenance	11,471,113	11,471,113	10,555,031	916,082
Municipal garage	2,610,443	2,610,443	2,160,235	450,208
Public facilities administration	15,564,771	15,564,771	15,941,232	(376,461)
Roadway	3,816,675	3,816,675	4,343,093	(526,418)
Sanitation	5,565,482	5,565,482	6,091,956	(526,474)
Transfer station	1,969,858	1,969,858	1,718,740	251,118
Recreation	934,279	1,184,279	1,106,427	77,852
Department on aging	562,226	562,226	514,057	48,169
Parks administration	298,124	298,124	288,849	9,275
Parks	2,601,793	2,601,793	2,762,601	(160,808)
Zoo	1,510,415	1,510,415	1,449,711	60,704
Golf course	1,510,620	1,510,620	1,398,369	112,251
Total public facilities	<u>50,612,798</u>	<u>50,862,798</u>	<u>50,281,138</u>	<u>581,660</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, 2017**

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Planning and Economic Development:				
OPED administration	\$ 9,576,331	\$ 9,576,331	\$ 9,209,018	\$ 367,313
Building department	1,652,785	1,652,785	1,418,189	234,596
Zoning board of appeals	101,061	101,061	94,992	6,069
Zoning commission	602,457	602,457	588,496	13,961
Total planning and economic development	<u>11,932,634</u>	<u>11,932,634</u>	<u>11,310,695</u>	<u>621,939</u>
Health and social services:				
Health and social services administration	500,682	500,682	452,803	47,879
Vital statistics	367,069	367,069	327,948	39,121
Communicable disease clinic	412,327	412,327	431,238	(18,911)
Environmental health	810,878	810,878	632,387	178,491
Housing code enforcement	978,724	978,724	653,273	325,451
Lead prevention program	180,720	180,720	176,247	4,473
Human services administration	150,197	150,197	127,958	22,239
Persons with disabilities	155,007	155,007	96,648	58,359
Veterans' affairs	169,343	169,343	162,248	7,095
Lighthouse/Youth services	1,559,362	1,559,362	1,570,297	(10,935)
Social services	293,999	293,999	219,750	74,249
Total health and social services	<u>5,578,308</u>	<u>5,578,308</u>	<u>4,850,797</u>	<u>727,511</u>
Libraries	<u>5,825,185</u>	<u>5,825,185</u>	<u>5,825,185</u>	<u>-</u>
Special services:				
Other financing uses	5,629,732	4,724,732	1,340,176	3,384,556
Supportive contributions	493,275	493,275	221,069	272,206
Citywide memberships	40,000	40,000	39,332	668
Debt service	3,160,000	3,160,000	3,430,582	(270,582)
Total special services	<u>9,323,007</u>	<u>8,418,007</u>	<u>5,031,159</u>	<u>3,386,848</u>
Education:				
Schools	226,673,914	227,578,914	227,578,914	-
Food services	14,545,305	14,545,305	14,545,305	-
Board of education debt service	16,490,000	16,490,000	16,490,000	-
Total education	<u>257,709,219</u>	<u>258,614,219</u>	<u>258,614,219</u>	<u>-</u>
Total Expenditures and Other Financing Uses	\$ <u>552,491,617</u>	\$ <u>552,491,617</u>	549,645,627	\$ <u>2,845,990</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers'

Retirement System for Town teachers are not budgeted.

47,279,777

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

5,186,327

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

\$ 602,111,731

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:				
Interest	\$ 21,842,806	\$ 23,461,582	\$ 22,225,409	\$ 24,079,006
Differences between expected and actual experience	(6,996,385)	(3,217,484)	13,730,638	(22,337,660)
Changes of assumptions	(439,229)	(12,438,135)	54,487,379	(22,732,874)
Benefit payments, including refunds of member contributions	<u>(30,424,274)</u>	<u>(31,895,360)</u>	<u>(33,838,820)</u>	<u>(30,964,004)</u>
Net change in total pension liability	(16,017,082)	(24,089,397)	56,604,606	(51,955,532)
Total pension liability - beginning	<u>327,252,219</u>	<u>351,341,616</u>	<u>294,737,010</u>	<u>346,692,542</u>
Total pension liability - ending	<u>311,235,137</u>	<u>327,252,219</u>	<u>351,341,616</u>	<u>294,737,010</u>
Plan fiduciary net position:				
Contributions - employer	15,944,213	15,488,177	11,407,599	11,600,000
Contributions - member			12,334	143,974
Net investment income (loss)	8,866,020	(4,940,329)	778,674	15,837,803
Benefit payments, including refunds of member contributions	<u>(30,424,274)</u>	<u>(31,895,360)</u>	<u>(33,838,820)</u>	<u>(30,964,004)</u>
Net change in plan fiduciary net position	(5,614,041)	(21,347,512)	(21,640,213)	(3,382,227)
Plan fiduciary net position - beginning	<u>76,643,488</u>	<u>97,991,000</u>	<u>119,631,213</u>	<u>123,013,440</u>
Plan fiduciary net position - ending	<u>71,029,447</u>	<u>76,643,488</u>	<u>97,991,000</u>	<u>119,631,213</u>
Net Pension Liability - Ending	<u>\$ 240,205,690</u>	<u>\$ 250,608,731</u>	<u>\$ 253,350,616</u>	<u>\$ 175,105,797</u>
Plan fiduciary net position as a percentage of the total pension liability	22.82%	23.42%	27.89%	40.59%
Covered payroll	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A
Discount rate	6.75%	7.00%	7.00%	8.00%

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

**Notes to Schedule:**

Benefit changes: None

Assumption changes:

**2017:**

Mortality RP-2014 Healthy Annuitant Tables (adjusted back to 2006) with generational projection using scale MP-2017.

**2016:**

Inflation 2.0% (previously 2.30%)

Cost of living adjustment 2.5% for the Police and Fire groups. Previously, 3.0% for the Fire group and 2.5% for the Police group

Mortality RP - 2014 (adjusted back to 2006), projected generationally with Scale MP-2016.

**2015:**

Mortality RP-2014 (adjusted back to 2006), projected generationally with Scale MP-2015 as of June 30, 2015

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:				
Interest	\$ 4,212,914	\$ 4,622,718	\$ 4,100,080	\$ 4,435,830
Differences between expected and actual experience	(3,470,389)	715,864	7,644,858	(991,025)
Changes of assumptions	(20,849,995)	16,313,199	10,329,185	(6,081,926)
Benefit payments, including refunds of member contributions	(4,460,565)	(4,901,990)	(3,839,612)	(3,804,480)
Net change in total pension liability	(24,568,035)	16,749,791	18,234,511	(6,441,601)
Total pension liability - beginning	120,239,065	103,489,274	85,254,763	91,696,364
Total pension liability - ending	<u>95,671,030</u>	<u>120,239,065</u>	<u>103,489,274</u>	<u>85,254,763</u>
Plan fiduciary net position:				
Contributions - employer	2,002,000			
Contributions - member			44,368	181,840
Net investment income	6,698,898	176,428	427,232	9,633,316
Benefit payments, including refunds of member contributions	(4,330,048)	(4,901,990)	(3,839,612)	(3,852,737)
Administrative expense	(130,517)		(305,157)	(215,762)
Net change in plan fiduciary net position	4,240,333	(4,725,562)	(3,673,169)	5,746,657
Plan fiduciary net position - beginning	56,525,923	61,251,485	64,924,654	59,177,997
Plan fiduciary net position - ending	<u>60,766,256</u>	<u>56,525,923</u>	<u>61,251,485</u>	<u>64,924,654</u>
Net Pension Liability - Ending	<u>\$ 34,904,774</u>	<u>\$ 63,713,142</u>	<u>\$ 42,237,789</u>	<u>\$ 20,330,109</u>
Plan fiduciary net position as a percentage of the total pension liability	63.52%	47.01%	59.19%	76.15%
Covered payroll	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A
Discount rate	4.86%	3.57%	4.58%	4.92%

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

**Notes to Schedule:**

Benefit changes: None

Assumption changes:

**2017:**

Assumed one year with no retroactive COLA for retirees.

**2016:**

Inflation 2.0% (previously 2.30%)

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

**2015:**

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:				
Interest	\$ 2,199,953	\$ 2,476,699	\$ 2,281,088	\$ 2,283,352
Differences between expected and actual experience	(945,182)	(850,563)	130,083	(133,251)
Changes of assumptions	(6,714,794)	(1,461,547)	1,779,805	63,339
Benefit payments, including refunds of member contributions	<u>(2,348,288)</u>	<u>(2,207,398)</u>	<u>(2,171,567)</u>	<u>(2,170,390)</u>
Net change in total pension liability	(7,808,311)	(2,042,809)	2,019,409	43,050
Total pension liability - beginning	<u>45,528,031</u>	<u>47,570,840</u>	<u>45,551,431</u>	<u>45,508,381</u>
Total pension liability - ending	<u>37,719,720</u>	<u>45,528,031</u>	<u>47,570,840</u>	<u>45,551,431</u>
Plan fiduciary net position:				
Contributions - employer	302,100			
Net investment income (loss)	3,416,479	(285,465)	942,785	5,310,728
Benefit payments, including refunds of member contributions	(2,348,288)	(2,207,398)	(2,171,567)	(2,170,390)
Administrative expense			(4,879)	(23,230)
Net change in plan fiduciary net position	<u>1,370,291</u>	<u>(2,492,863)</u>	<u>(1,233,661)</u>	<u>3,117,108</u>
Plan fiduciary net position - beginning	<u>35,702,782</u>	<u>38,195,645</u>	<u>39,429,306</u>	<u>36,312,198</u>
Plan fiduciary net position - ending	<u>37,073,073</u>	<u>35,702,782</u>	<u>38,195,645</u>	<u>39,429,306</u>
Net Pension Liability - Ending	<u>\$ 646,647</u>	<u>\$ 9,825,249</u>	<u>\$ 9,375,195</u>	<u>\$ 6,122,125</u>
Plan fiduciary net position as a percentage of the total pension liability	98.29%	78.42%	80.29%	86.56%
Covered payroll	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A
Discount rate	6.25%	4.96%	5.33%	5.13%

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

**Notes to Schedule:**

Benefit changes: None

Assumption changes: None in 2017

**2016:**

Inflation 2.0% (previously 2.30%)

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

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:				
Interest	\$ 256,507	\$ 315,328	\$ 361,880	\$ 401,794
Differences between expected and actual experience		(115,639)		
Changes of assumptions	(652,369)	1,270,097	330,555	226,706
Benefit payments, including refunds of member contributions	<u>(731,496)</u>	<u>(796,380)</u>	<u>(861,495)</u>	<u>(889,803)</u>
Net change in total pension liability	(1,127,358)	673,406	(169,060)	(261,303)
Total pension liability - beginning	<u>9,365,998</u>	<u>8,692,592</u>	<u>8,861,652</u>	<u>9,122,955</u>
Total pension liability - ending	<u>8,238,640</u>	<u>9,365,998</u>	<u>8,692,592</u>	<u>8,861,652</u>
Plan fiduciary net position:				
Contributions - employer	731,496	796,380	861,495	889,803
Benefit payments, including refunds of member contributions	<u>(731,496)</u>	<u>(796,380)</u>	<u>(861,495)</u>	<u>(889,803)</u>
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position - beginning	<u>3,433</u>	<u>3,433</u>	<u>3,433</u>	<u>3,433</u>
Plan fiduciary net position - ending	<u>3,433</u>	<u>3,433</u>	<u>3,433</u>	<u>3,433</u>
Net Pension Liability - Ending	<u>\$ 8,235,207</u>	<u>\$ 9,362,565</u>	<u>\$ 8,689,159</u>	<u>\$ 8,858,219</u>
Plan fiduciary net position as a percentage of the total pension liability	0.04%	0.04%	0.04%	0.04%
Covered payroll	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A
Discount rate at end of year	3.58%	2.85%	3.80%	4.29%

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

**Notes to Schedule:**

Benefit changes: None

Assumption changes:

**2017:**

Discount Rate 3.58%, Previously 2.85%

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

**2016:**

Mortality RP-2014 (adjusted back to 2006), projected generationally with Scale MP-2016. Previously, UP 1994 Projected with Scale AA to 2015

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarially determined contribution	\$ 15,945,203	\$ 15,488,177	\$ 11,407,599	\$ 12,623,967	\$ 11,554,504	\$ 9,794,368	\$ 13,556,622	\$ 12,352,193	\$ 9,621,019	\$ 8,876,359
Contributions in relation to the actuarially determined contribution	<u>15,944,213</u>	<u>15,488,177</u>	<u>11,407,599</u>	<u>11,600,000</u>	<u>10,500,000</u>	<u>7,000,000</u>	<u>5,000,000</u>	<u>4,726,098</u>	<u>8,219,906</u>	<u>4,551,906</u>
Contribution Deficiency (Excess)	\$ <u>990</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,023,967</u>	\$ <u>1,054,504</u>	\$ <u>2,794,368</u>	\$ <u>8,556,622</u>	\$ <u>7,626,095</u>	\$ <u>1,401,113</u>	\$ <u>4,324,453</u>
Covered payroll	N/A	N/A	N/A	N/A	\$ 1,675,494	\$ 2,076,760	\$ 2,556,092	\$ 2,551,393	\$ 3,069,756	\$ 3,616,840
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	626.68%	337.06%	195.61%	185.24%	267.77%	125.85%

**Notes to Schedule**

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method N/A. All participants are inactive.  
Amortization method Closed, increasing 5% per year  
Remaining amortization period 19 years as of June 30, 2017  
Asset valuation method Market value  
Actuarial assumptions:  
Investment rate of return 6.75 %; previously 7.00%  
Inflation 2.0%  
Salary increases N/A  
Cost of living adjustment 2.5% for the Police and Fire groups (plus one additional COLA for Police);  
Previously, 3.0% for the Fire group and 2.5% for the Police group

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2009</u>	<u>2010</u>	<u>2008</u>
Actuarially determined contribution	\$ 2,099,288	\$ 2,002,083	\$ 1,333,325	\$ 1,851,758	\$ 7,792,559	\$ 6,314,039	\$ 5,351,197	\$ 3,544,117	\$ 4,481,341	\$ 3,616,732
Contributions in relation to the actuarially determined contribution	<u>2,002,000</u>				<u>5,895,224</u>	<u>5,474,826</u>	<u>6,176,243</u>	<u>3,396,479</u>	<u>4,340,150</u>	<u>4,590,213</u>
Contribution Deficiency (Excess)	<u>\$ 97,288</u>	<u>\$ 2,002,083</u>	<u>\$ 1,333,325</u>	<u>\$ 1,851,758</u>	<u>\$ 1,897,335</u>	<u>\$ 839,213</u>	<u>\$ (825,046)</u>	<u>\$ 147,638</u>	<u>\$ 141,191</u>	<u>\$ (973,481)</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A	\$ 26,876,411	\$ 25,620,273	\$ 24,796,942	\$ 23,937,171	\$ 24,831,841
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	20.37%	24.11%	13.70%	18.13%	18.49%

**Notes to Schedule**

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	N/A. All participants are inactive.
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	21 years
Asset valuation method	Market value of assets.
Actuarial assumptions:	
Investment rate of return	6.25%
Inflation	2.0%
Salary increases	N/A
Cost of living adjustment	2.5%
Mortality	RP - 2014 (adjusted back to 2006), projected generationally with Scale MP-2017 (prior year MP-2016)

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarially determined contribution	\$ 239,304	\$ 310,155	\$ 515,442	\$ 518,934	\$	\$ 4,300,169	\$ 3,936,546	\$ 3,350,909	\$ 2,505,264	\$ 2,156,816
Contributions in relation to the actuarially determined contribution	<u>302,100</u>					<u>2,939,362</u>	<u>4,207,055</u>	<u>3,301,504</u>	<u>2,434,658</u>	<u>2,485,234</u>
Contribution Deficiency (Excess)	\$ <u>(62,796)</u>	\$ <u>310,155</u>	\$ <u>515,442</u>	\$ <u>518,934</u>	\$ <u>-</u>	\$ <u>1,360,807</u>	\$ <u>(270,509)</u>	\$ <u>49,405</u>	\$ <u>70,606</u>	\$ <u>(328,418)</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A	\$ 15,917,577	\$ 16,162,733	15,814,641	\$ 16,017,719	\$ 14,363,531
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	18.47%	26.03%	20.88%	15.20%	17.30%

**Notes to Schedule**

Valuation timing

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	N/A. All participants are inactive.
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	21 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return	6.25%
Inflation	2.0%
Salary increases	N/A
Cost of living adjustment	2.5%
Mortality	RP - 2014 (adjusted back to 2006), projected generationally with Scale MP-2016.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarially determined contribution	\$ 769,368	\$ 818,100	\$ 836,026	\$ 873,475	\$ 892,501	\$ 894,791	\$ 906,091	\$ 877,018	\$ 877,018	\$ 897,186
Contributions in relation to the actuarially determined contribution	<u>731,496</u>	<u>796,380</u>	<u>861,495</u>	<u>889,803</u>	<u>936,328</u>	<u>914,418</u>	<u>891,196</u>	<u>985,409</u>	<u>1,031,635</u>	<u>1,013,075</u>
Contribution Deficiency (Excess)	\$ <u>37,872</u>	\$ <u>21,720</u>	\$ <u>(25,469)</u>	\$ <u>(16,328)</u>	\$ <u>(43,827)</u>	\$ <u>(19,627)</u>	\$ <u>14,895</u>	\$ <u>(108,391)</u>	\$ <u>(154,617)</u>	\$ <u>(115,889)</u>
Covered payroll	N/A	N/A	N/A	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Notes to Schedule**

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method N/A. All participants are inactive.

Amortization method None

Remaining amortization period N/A

Asset valuation method Market Value

Actuarial assumptions:

Cost of living adjustment 3%

Salary increases N/A

Investment rate of return 3.58%; previously 2.85%

Retirement age N/A

Mortality RP-2014 (adjusted back to 2006), projected generationally with Scale MP-2017; previously projected generationally with Scale MP-2016

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

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	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Annual money-weighted rate of return, net of investment expense:				
Public Safety Plan A	12.77%	-5.52%	0.72%	14.26%
Police Retirement Plan B	12.11%	0.30%	0.68%	16.82%
Firefighters' Retirement Plan B	9.85%	-0.77%	2.46%	15.11%

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.00%	0.00%	0.00%
City's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the City	<u>433,546,254</u>	<u>329,265,255</u>	<u>304,339,743</u>
Total	<u>\$ 433,546,254</u>	<u>\$ 329,265,255</u>	<u>\$ 304,339,743</u>
City's covered payroll	\$ 124,591,491	\$ 120,969,490	\$ 118,922,621
City's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	52.26%	59.50%	61.51%

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

**Notes to Schedule**

Changes in benefit terms	None
Changes of assumptions	During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015. During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	20.4 years
Asset valuation method	4-year smoothed market
Investment rate of return	8.50%, net of investment related expense

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

	<u>2017</u>	<u>2016</u>	<u>2015</u> <u>(as Restated)</u>
City's proportion of the net pension liability	18.69%	16.21%	2.98%
City's proportionate share of the net pension liability	\$ 62,160,092	\$ 31,237,539	\$ 2,935,498
City's covered payroll	\$ 154,745,655	146,586,378	145,741,934
City's proportionate share of the net pension liability as a percentage of its covered payroll	40.17%	21.31%	\$ 2.01%
Plan fiduciary net position as a percentage of the total pension liability	88.29%	92.72%	90.48%

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

**Notes to Schedule**

Changes in benefit terms	None
Changes of assumptions	During 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2012.
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	25 years
Asset valuation method	5-year smoothed market

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarially determined contribution	\$ 22,690,385	\$ 22,169,395	\$ 24,404,803	\$ 20,033,088	\$ 12,847,194	\$ 9,589,103	\$ 7,199,397	\$ 5,559,696	\$ 5,243,868	\$ 5,410,000
Contributions in relation to the actuarially determined contribution	<u>22,690,385</u>	<u>22,169,395</u>	<u>24,404,803</u>	<u>20,033,088</u>	<u>12,847,194</u>	<u>9,589,103</u>	<u>7,199,397</u>	<u>5,559,696</u>	<u>5,243,868</u>	<u>5,410,000</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 154,745,655	\$ 146,586,378	\$ 145,741,934	\$ 139,687,029	\$ 110,276,343	\$ 82,309,897	\$ 75,783,126	\$ 79,424,228	\$ 74,912,400	\$ 77,285,714
Contributions as a percentage of covered payroll	14.66%	15.12%	16.75%	14.34%	11.65%	11.65%	9.50%	7.00%	7.00%	7.00%

**Notes to Schedule**

Valuation date: June 30, 2016  
 Measurement date: June 30, 2016  
 Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level dollar, closed
Single equivalent amortization period	25 years
Asset valuation method	5 years smoothed market (20% write up)
Inflation	3.25%
Salary increases	4.25% - 11%, including inflation
Investment rate of return	8%, net of investment related expense
Changes in assumptions:	In 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to more closely reflect actual and anticipated experience.

# **COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

**General Fund**

## **GENERAL FUND**

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

**CITY OF BRIDGEPORT, CONNECTICUT  
GENERAL FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 43,584,338	\$ 44,349,927
Receivables:		
Property taxes, net of allowance for uncollectible amounts of \$18,451,586 in 2017 and \$24,307,485 in 2016	31,619,916	45,605,506
Intergovernmental	26,679,602	27,259,255
Other	1,505,944	2,907,710
Due from other funds	20,080,303	12,669,305
Other assets	<u>350,000</u>	<u>350,000</u>
Total Assets	<u>\$ 123,820,103</u>	<u>\$ 133,141,703</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
Liabilities:		
Accounts and other payables	\$ 25,231,021	\$ 18,340,614
Accrued liabilities	16,496,345	18,004,722
Due to other funds	18,778,076	18,063,025
Unearned revenue	642,165	714,217
Notes payable	<u>10,000,000</u>	<u>15,000,000</u>
Total liabilities	<u>71,147,607</u>	<u>70,122,578</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	31,096,448	44,926,288
Unavailable revenue - school construction	<u>2,309,919</u>	<u>3,473,695</u>
Total deferred inflows of resources	<u>33,406,367</u>	<u>48,399,983</u>
Fund Balances:		
Nonspendable	350,000	350,000
Unassigned	<u>18,916,129</u>	<u>14,269,142</u>
Total fund balances	<u>19,266,129</u>	<u>14,619,142</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 123,820,103</u>	<u>\$ 133,141,703</u>

**CITY OF BRIDGEPORT, CONNECTICUT  
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING  
FOR THE YEAR ENDED JUNE 30, 2017**

Grand List Year	Balance Uncollected July 1, 2016	Current Levy	Net Adjustments	Transfers to Suspense	Adjusted Taxes Collectible	Collections				Balance Uncollected June 30, 2017
						Taxes	Interest	Lien Fees	Total	
2001	\$ 1,993,489		\$ (134,567)		\$ 1,858,922	\$ 13,464	\$ 40,353	\$ 972	\$ 54,789	\$ 1,845,458
2002	1,838,393		(119,277)		1,719,116	13,250	20,699	328	34,277	1,705,866
2003	1,132,784		(121,723)		1,011,061	10,514	12,579	214	23,307	1,000,547
2004	1,430,399		(138,554)	(5,558)	1,286,287	13,333	15,244	410	28,987	1,272,954
2005	1,610,763		(131,461)	(13,667)	1,465,635	18,355	29,053	364	47,772	1,447,280
2006	2,009,544		(141,670)	(9,302)	1,858,572	21,718	42,543	384	64,645	1,836,854
2007	3,429,459		(580,366)	(24,359)	2,824,734	32,498	49,808	728	83,034	2,792,236
2008	3,361,735		(1,132,291)	(31,772)	2,197,672	42,855	67,985	657	111,497	2,154,817
2009	3,635,280		(1,260,360)	(23,004)	2,351,916	50,097	60,009	525	110,631	2,301,819
2010	5,269,726		(2,289,651)	(17,786)	2,962,289	673,115	109,542	90	782,747	2,289,174
2011	4,372,947		(1,946,986)	(12,827)	2,413,134	69,989	20,111	1,777	91,877	2,343,145
2012	6,481,827		(3,971,755)	(10,513)	2,499,559	158,195	50,124	1,643	209,962	2,341,364
2013	3,689,617		(1,392,677)	(9,550)	2,287,390	290,755	87,824	3,445	382,024	1,996,635
2014	4,971,951		(1,190,542)	(6,184)	3,775,225	1,419,272	207,394	30,331	1,656,997	2,355,953
2015		323,839,846	(13,034,308)	(5,588)	310,799,950	307,164,691	1,814,192	77,347	309,056,230	3,635,259
	\$ 45,227,914	\$ 323,839,846	\$ (27,586,188)	\$ (170,110)	\$ 341,311,462	\$ 309,992,101	\$ 2,627,460	\$ 119,215	\$ 312,738,776	\$ 31,319,361

## **Nonmajor Governmental Funds**

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

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

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

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

**Facility and Miscellaneous Fund** - is used to account for state and local grants for such programs as Veteran Affairs and Light House programs; School Security and other special revenue projects.

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

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

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

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

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

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

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

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

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

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

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

### **Capital Projects Funds**

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

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

### **Permanent Funds**

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

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

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

**CITY OF BRIDGEPORT, CONNECTICUT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	Special Revenue Funds								
	Health and Sanitation	Public Safety	Facility and Miscellaneous	Social Services	Community Development Block Grant	Housing Opportunities AIDS	HOME Program	Section 108 Loan Guarantee	Development Administration State Grant
<b>ASSETS</b>									
Cash and cash equivalents	\$	\$ 381,158	\$ 3,260,924	\$	\$ 1,127,626	\$ 713,117	\$ 355,807	\$ 583,392	\$ 2,125,250
Investments									
Receivables:									
Intergovernmental		1,654,125	453,762		1,560,761	785,240	254,038	1,039,237	122,875
Other							577,522		
Due from other funds	<u>389,779</u>	<u>228,190</u>	<u>202,315</u>	<u>257,774</u>					<u>4,130</u>
Total Assets	<u>\$ 389,779</u>	<u>\$ 2,263,473</u>	<u>\$ 3,917,001</u>	<u>\$ 257,774</u>	<u>\$ 2,688,387</u>	<u>\$ 1,498,357</u>	<u>\$ 1,187,367</u>	<u>\$ 1,622,629</u>	<u>\$ 2,252,255</u>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable and other liabilities	\$ 102,120	\$ 966,828	\$ 3,616	\$ 162,375	\$ 402,736	\$ 30,523	\$ 302,509	\$ 32,178	\$ 19,298
Accrued payroll liabilities	13,659			2,281	27,929	519	1,405		
Due to other funds			2,430,553	202,315	2,217,273	1,645,684	580,888	743,882	1,158,758
Total liabilities	<u>115,779</u>	<u>966,828</u>	<u>2,434,169</u>	<u>366,971</u>	<u>2,647,938</u>	<u>1,676,726</u>	<u>884,802</u>	<u>776,060</u>	<u>1,178,056</u>
Fund Balances:									
Restricted	274,000	1,296,645	1,482,832		40,449		302,565	846,569	1,074,199
Committed									
Unassigned				(109,197)		(178,369)			
Total fund balances	<u>274,000</u>	<u>1,296,645</u>	<u>1,482,832</u>	<u>(109,197)</u>	<u>40,449</u>	<u>(178,369)</u>	<u>302,565</u>	<u>846,569</u>	<u>1,074,199</u>
Total Liabilities and Fund Balances	<u>\$ 389,779</u>	<u>\$ 2,263,473</u>	<u>\$ 3,917,001</u>	<u>\$ 257,774</u>	<u>\$ 2,688,387</u>	<u>\$ 1,498,357</u>	<u>\$ 1,187,367</u>	<u>\$ 1,622,629</u>	<u>\$ 2,252,255</u>

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**CITY OF BRIDGEPORT, CONNECTICUT  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	Special Revenue Funds					Capital Projects	Permanent Trusts			Total Nonmajor Governmental Funds
	Library	Library Operations	Education	Miscellaneous Grants	General Government	Conversion Capital Projects	Library	Education	Interfund Eliminations	
<b>ASSETS</b>										
Cash and cash equivalents	\$ 558,479	\$	\$ 235,503	\$ 48,714	\$	\$ 5,843	\$ 498,327	\$ 107,969	\$	\$ 10,002,109
Investments	1,522,379									1,522,379
Receivables:										
Intergovernmental						100				5,870,138
Other	29,000									606,522
Due from other funds	2,421	1,960,744		62,339	220,460	2,204		768	(206,445)	3,124,679
<b>Total Assets</b>	<b>\$ 2,112,279</b>	<b>\$ 1,960,744</b>	<b>\$ 235,503</b>	<b>\$ 111,053</b>	<b>\$ 220,460</b>	<b>\$ 8,147</b>	<b>\$ 498,327</b>	<b>\$ 108,737</b>	<b>\$ (206,445)</b>	<b>\$ 21,125,827</b>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts payable and other liabilities	\$	\$	\$	\$ 59,818	\$	\$	\$	\$	\$	\$ 2,082,001
Accrued payroll liabilities										45,793
Due to other funds									(206,445)	8,772,908
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59,818</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(206,445)</b>	<b>10,900,702</b>
Fund Balances:										
Restricted				51,235			498,327	108,737		5,975,558
Committed	2,112,279	1,960,744	235,503		220,460	8,147				4,537,133
Unassigned										(287,566)
<b>Total fund balances</b>	<b>2,112,279</b>	<b>1,960,744</b>	<b>235,503</b>	<b>51,235</b>	<b>220,460</b>	<b>8,147</b>	<b>498,327</b>	<b>108,737</b>	<b>-</b>	<b>10,225,125</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,112,279</b>	<b>\$ 1,960,744</b>	<b>\$ 235,503</b>	<b>\$ 111,053</b>	<b>\$ 220,460</b>	<b>\$ 8,147</b>	<b>\$ 498,327</b>	<b>\$ 108,737</b>	<b>\$ (206,445)</b>	<b>\$ 21,125,827</b>

**CITY OF BRIDGEPORT, CONNECTICUT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017**

	Special Revenue								
	Health and Sanitation	Public Safety	Facility and Miscellaneous	Social Services	Community Development Block Grant	Housing Opportunities AIDS	HOME Program	Section 108 Loan Guarantee	Development Administration State Grant
Revenues:									
Intergovernmental	\$ 579,237	\$ 5,174,493	\$ 1,090,935	\$ 1,357,332	\$ 3,934,013	\$ 442,497	\$ 1,251,219	\$	\$ 1,200,180
Interest		286	11,703						3,805
Other	113,449	133,247	27,000	68,828			677	6,481	194,284
Total revenues	<u>692,686</u>	<u>5,308,026</u>	<u>1,129,638</u>	<u>1,426,160</u>	<u>3,934,013</u>	<u>442,497</u>	<u>1,251,896</u>	<u>6,481</u>	<u>1,398,269</u>
Expenditures:									
General government									
Health and social services	565,053					164,661			
Libraries									
Education									
Special services		8,505,119	711,364	1,390,219	2,306,339		1,230,098		887,147
Debt service:									
Principal retirements					1,583,000				
Interest and other charges					128,553				
Total expenditures	<u>565,053</u>	<u>8,505,119</u>	<u>711,364</u>	<u>1,390,219</u>	<u>4,017,892</u>	<u>164,661</u>	<u>1,230,098</u>	<u>-</u>	<u>887,147</u>
Excess (Deficiency) of Revenues over Expenditures	<u>127,633</u>	<u>(3,197,093)</u>	<u>418,274</u>	<u>35,941</u>	<u>(83,879)</u>	<u>277,836</u>	<u>21,798</u>	<u>6,481</u>	<u>511,122</u>
Other Financing Sources (Uses):									
Transfers in		2,177,207							237,075
Transfers out		(130,235)							(15,669)
Total other financing sources (uses)	<u>-</u>	<u>2,046,972</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>221,406</u>
Net Change in Fund Balances	127,633	(1,150,121)	418,274	35,941	(83,879)	277,836	21,798	6,481	732,528
Fund Balances at Beginning of Year	<u>146,367</u>	<u>2,446,766</u>	<u>1,064,558</u>	<u>(145,138)</u>	<u>124,328</u>	<u>(456,205)</u>	<u>280,767</u>	<u>840,088</u>	<u>341,671</u>
Fund Balances at End of Year	<u>\$ 274,000</u>	<u>\$ 1,296,645</u>	<u>\$ 1,482,832</u>	<u>\$ (109,197)</u>	<u>\$ 40,449</u>	<u>\$ (178,369)</u>	<u>\$ 302,565</u>	<u>\$ 846,569</u>	<u>\$ 1,074,199</u>

(Continued on next page)

**CITY OF BRIDGEPORT, CONNECTICUT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017**

	Special Revenue					Capital Projects	Permanent Trusts			Total Nonmajor Governmental Funds
	Library	Library Operations	Education	Miscellaneous Grants	General Government	Conversion Capital Projects	Library	Education	Interfund Eliminations	
Revenues:										
Intergovernmental	\$	\$	\$	\$	\$ 422,414	\$	\$	\$	\$	\$ 15,452,320
Interest		518	22	296		6	686	11		17,333
Other		89,974			15,272					649,212
Total revenues	<u>90,492</u>	<u>-</u>	<u>22</u>	<u>296</u>	<u>437,686</u>	<u>6</u>	<u>686</u>	<u>11</u>	<u>-</u>	<u>16,118,865</u>
Expenditures:										
General government					699					699
Health and social services										729,714
Libraries	40,819	155,168					636			196,623
Education			1,305					20		1,325
Special services										15,030,286
Debt service:										
Principal retirements										1,583,000
Interest and other charges										128,553
Total expenditures	<u>40,819</u>	<u>155,168</u>	<u>1,305</u>	<u>-</u>	<u>699</u>	<u>-</u>	<u>636</u>	<u>20</u>	<u>-</u>	<u>17,670,200</u>
Excess (Deficiency) of Revenues over Expenditures	<u>49,673</u>	<u>(155,168)</u>	<u>(1,283)</u>	<u>296</u>	<u>436,987</u>	<u>6</u>	<u>50</u>	<u>(9)</u>	<u>-</u>	<u>(1,551,335)</u>
Other Financing Sources (Uses):										
Transfers in		127,152							(362,431)	2,179,003
Transfers out					(216,527)				362,431	-
Total other financing sources (uses)	<u>-</u>	<u>127,152</u>	<u>-</u>	<u>-</u>	<u>(216,527)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,179,003</u>
Net Change in Fund Balances	49,673	(28,016)	(1,283)	296	220,460	6	50	(9)	-	627,668
Fund Balances at Beginning of Year	<u>2,062,606</u>	<u>1,988,760</u>	<u>236,786</u>	<u>50,939</u>	<u>-</u>	<u>8,141</u>	<u>498,277</u>	<u>108,746</u>	<u>-</u>	<u>9,597,457</u>
Fund Balances at End of Year	<u>\$ 2,112,279</u>	<u>\$ 1,960,744</u>	<u>\$ 235,503</u>	<u>\$ 51,235</u>	<u>\$ 220,460</u>	<u>\$ 8,147</u>	<u>\$ 498,327</u>	<u>\$ 108,737</u>	<u>\$ -</u>	<u>\$ 10,225,125</u>

**Fiduciary Fund**

## FIDUCIARY FUND

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

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

Student Activities Fund

**CITY OF BRIDGEPORT, CONNECTICUT  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

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	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
<b>Student Activities Fund</b>				
Assets:				
Cash and Cash Equivalents	\$ <u>625,655</u>	\$ <u>1,493,543</u>	\$ <u>1,512,878</u>	\$ <u>606,320</u>
Liabilities:				
Due to Student Groups	\$ <u>625,655</u>	\$ <u>1,493,543</u>	\$ <u>1,512,878</u>	\$ <u>606,320</u>

**Statistical Section**

## **Statistical Section**

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

### ***Financial Trends***

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

### ***Revenue Capacity***

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

### ***Debt Capacity***

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

### ***Demographic and Economic Information***

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

### ***Operating Information***

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

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

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

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities:										
Net investment in capital assets	\$ 852,428,086	\$ 813,952,729	\$ 723,867,957	\$ 676,991,832	\$ 637,950,314	\$ 552,338,566	\$ 480,649,847	\$ 444,946,155	\$ 444,537,656	\$ 344,230,733
Restricted	8,969,778	3,068,563	3,092,595	3,119,552	5,161,248	3,161,264	3,161,236	3,161,176	3,161,212	3,161,212
Unrestricted	(1,094,796,887)	(1,061,684,357)	(1,023,449,030)	(443,964,841)	(439,224,801)	(400,754,807)	(343,798,284)	(297,902,514)	(302,776,953)	(226,824,933)
Total Governmental Activities Net Position	<u>(233,399,023)</u>	<u>(244,663,065)</u>	<u>(296,488,478)</u>	<u>236,146,543</u>	<u>203,886,761</u>	<u>154,745,023</u>	<u>140,012,799</u>	<u>150,204,817</u>	<u>144,921,915</u>	<u>120,567,012</u>
Business-type activities:										
Net investment in capital assets	88,089,862	91,021,576	86,399,421	85,819,063	83,954,414	80,642,078	75,601,133	73,751,510	74,449,447	73,809,271
Restricted							923,098	820,556	1,433,775	1,290,387
Unrestricted	14,420,453	11,482,394	12,382,135	9,186,043	8,373,469	8,865,646	6,991,988	6,079,946	4,424,261	566,363
Total Business-Type Activities Net Position	<u>102,510,315</u>	<u>102,503,970</u>	<u>98,781,556</u>	<u>95,005,106</u>	<u>92,327,883</u>	<u>89,507,724</u>	<u>83,516,219</u>	<u>80,652,012</u>	<u>80,307,483</u>	<u>75,666,021</u>
Primary Government:										
Net investment in capital assets	940,517,948	904,974,305	810,267,378	762,810,895	721,904,728	632,980,644	556,250,980	518,697,665	518,987,103	418,040,004
Restricted	8,969,778	3,068,563	3,092,595	3,119,552	5,161,248	3,161,264	4,084,334	3,981,732	4,594,987	4,451,599
Unrestricted	(1,080,376,434)	(1,050,201,963)	(1,011,066,895)	(434,778,798)	(430,851,332)	(391,889,161)	(336,806,296)	(291,822,568)	(298,352,692)	(226,258,570)
Total Primary Government Net Position	<u>\$ (130,888,708)</u>	<u>\$ (142,159,095)</u>	<u>\$ (197,706,922)</u>	<u>\$ 331,151,649</u>	<u>\$ 296,214,644</u>	<u>\$ 244,252,747</u>	<u>\$ 223,529,018</u>	<u>\$ 230,856,829</u>	<u>\$ 225,229,398</u>	<u>\$ 196,233,033</u>

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

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses:										
Governmental activities:										
General government	\$ 54,721,387	\$ 56,810,111	\$ 49,042,611	\$ 58,489,188	\$ 50,229,529	\$ 47,585,310	\$ 72,446,991	\$ 59,866,015	\$ 91,804,266	\$ 86,823,753
Public safety	161,664,408	153,074,372	215,031,986	129,070,130	128,334,652	127,416,487	123,045,441	113,047,552	74,990,792	83,787,624
Public facilities, parks and recreation	40,449,688	41,919,358	46,823,535	44,866,708	42,355,324	40,813,295	36,878,325	35,788,530	31,183,603	23,239,850
Parks and recreation									5,898,866	6,024,774
Planning and economic development	3,623,577	4,117,610	4,385,793	4,000,056	3,804,545	3,630,343	3,610,102	3,441,668		
Health and social services	4,578,577	7,053,282	7,322,735	6,732,534	7,373,284	7,514,927	11,567,506	12,951,797	12,656,636	18,589,707
Education	407,493,688	422,865,095	395,326,952	374,610,065	358,684,463	341,738,042	343,046,242	331,514,612	319,481,793	364,900,855
Special services	16,261,348	11,369,812	15,057,650	17,238,984	21,196,639	16,736,988	20,432,503	26,640,656	19,319,483	30,381,114
Interest on long-term debt	32,760,018	31,583,840	38,508,401	33,248,783	36,008,703	41,869,525	41,407,157	38,620,545	46,224,302	40,053,878
Total governmental activities expenses	721,552,691	728,793,480	771,499,663	668,256,448	647,987,139	627,304,917	652,434,267	621,871,375	601,559,741	653,801,555
Business-type activities:										
Water Pollution Control Authority	39,180,368	37,237,285	35,943,716	35,625,341	28,399,775	26,387,727	26,011,481	27,836,743	24,894,883	25,457,947
Total primary government expenses	760,733,059	766,030,765	807,443,379	703,881,789	676,386,914	653,692,644	678,445,748	649,708,118	626,454,624	679,259,502
Program revenue:										
Governmental activities:										
Charges for services:										
General government	5,085,578	6,691,253	3,930,371	4,296,733	3,766,901	3,632,801	5,681,830	3,728,748	3,330,184	8,914,116
Public safety	5,718,407	6,933,320	5,604,016	6,418,090	6,077,391	6,263,832	6,217,889	5,281,305	7,713,796	9,856,899
Public facilities, parks and recreation	4,174,696	4,281,323	4,267,986	3,882,782	4,217,714	4,008,679	5,225,479	4,350,689	2,792,042	2,985,124
Parks and recreation									2,514,238	2,318,393
Planning and economic development	6,565,823	4,607,067	5,974,668	4,386,547	2,904,860	4,102,402	2,292,655	2,749,419		
Health and social services	1,045,142	772,288	750,404	1,125,770	2,013,222	865,318	1,502,929	924,169	570,541	817,350
Education	631,266	668,925	787,178	735,122	704,164	702,587	756,596	817,448	900,591	1,018,406
Special services	702,364	(152,931)	(1,135,968)	549,529	1,468,921		832,216			
Operating grants and contributions:										
General government	91,597	440,327	420,791	196,264	704,873	425,724	975,269	773,282	3,152	11,467
Public safety	38,098	189,018	43,870	58,274	64,006	77,404	530,148	4,148,209		
Public facilities	1,508,372	5,966,045	11,990,437	11,210,773	1,619,514	4,279,642	1,560,017	738,415	816,659	1,528,445
Parks and recreation										
Planning and economic development	6,113,859	6,046,274	8,558,403	11,141,789	12,587,947	12,320,951	7,291,614	20,985,448		
Health and social services	1,696,616	2,139,543	2,217,947	4,920,034	3,892,593	5,916,291	8,662,148	9,402,270	11,890,493	14,951,983
Education	316,170,091	326,052,764	310,324,708	299,181,796	276,324,293	257,452,149	265,667,950	255,015,046	251,852,265	309,252,770
Special services	5,383,521	11,708,441	8,573,446	3,813,519	8,993,807	3,880,602	6,890,585	1,627,623	25,798,114	25,282,869
Interest on long-term debt	1,062,649	907,552	1,289,418	1,356,816	1,526,001	1,570,900	1,703,694	798,503	1,350,146	
Capital grants and contributions:										
General government		18,100						849,366		
Education	36,223,067	74,399,240	37,877,509	29,876,935	60,215,806	35,750,724	26,475,637	24,941,420	35,296,564	87,193,304
Public facilities	3,279,698	1,133,287	1,756,685	3,522,581	1,205,943	1,188,554	324,725			8,343,237
Public safety										
Special services	29,502	66,670	7,799	251,000	310,000					
Total governmental activities program revenue	395,520,346	452,868,506	403,239,668	386,924,354	388,287,956	342,438,560	342,591,381	337,131,360	344,828,785	472,474,363

(Continued on next page)

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

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Business-type activities:										
Charges for services:										
Water Pollution Control Authority	\$ 37,850,950	\$ 36,596,546	\$ 37,891,428	\$ 36,038,499	\$ 28,159,305	\$ 28,083,135	\$ 28,076,908	\$ 26,813,200	\$ 28,099,203	\$ 27,538,494
Capital grants and contributions:										
Water Pollution Control Authority	1,320,768	4,353,922	1,821,809	2,256,871	3,052,731	4,284,004	775,944	1,342,985	1,404,430	1,158,371
Total business-type activities program revenues	39,171,718	40,950,468	39,713,237	38,295,370	31,212,036	32,367,139	28,852,852	28,156,185	29,503,633	28,696,865
Total primary government program revenues	434,692,064	493,818,974	442,952,905	425,219,724	419,499,992	374,805,699	371,444,233	365,287,545	374,332,418	501,171,228
Net (expense) revenue:										
Governmental activities	(326,032,345)	(275,924,974)	(368,259,995)	(281,332,094)	(259,699,183)	(284,866,357)	(309,842,886)	(284,740,015)	(256,730,956)	(181,327,192)
Business-type activities	(8,650)	3,713,183	3,769,521	2,670,029	2,812,261	5,979,412	2,841,371	319,442	4,608,750	3,238,918
Total primary government net expense	(326,040,995)	(272,211,791)	(364,490,474)	(278,662,065)	(256,886,922)	(278,886,945)	(307,001,515)	(284,420,573)	(252,122,206)	(178,088,274)
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes	298,910,281	300,053,001	303,836,495	296,275,535	284,379,599	278,055,567	277,621,119	267,026,434	247,817,417	220,435,186
Grants and contributions not restricted to specific programs	36,455,578	25,146,880	20,206,133	22,591,287	23,820,702	21,237,067	21,546,933	22,625,844	32,403,834	32,440,856
Unrestricted investment earnings	749,011	279,984	251,486	259,308	307,620	305,947	468,605	370,639	864,608	4,115,785
Miscellaneous	1,181,517	2,270,522			23,000					
Transfers							14,211			
Total governmental activities	337,296,387	327,750,387	324,294,114	319,126,130	308,530,921	299,598,581	299,650,868	290,022,917	281,085,859	256,991,827
Business-type activities:										
Investment earnings	14,995	9,231	6,929	7,194	7,898	12,093	22,836	25,087	32,712	
Total primary government	337,311,382	327,759,618	324,301,043	319,133,324	308,538,819	299,610,674	299,673,704	290,048,004	281,118,571	256,991,827
Changes in Net Position:										
Governmental activities	11,264,042	51,825,413	(43,965,881)	37,794,036	48,831,738	14,732,224	(10,192,018)	5,282,902	24,354,903	75,664,635
Business-type activities	6,345	3,722,414	3,776,450	2,677,223	2,820,159	5,991,505	2,864,207	344,529	4,641,462	3,238,918
Total Primary Government	\$ 11,270,387	\$ 55,547,827	\$ (40,189,431)	\$ 40,471,259	\$ 51,651,897	\$ 20,723,729	\$ (7,327,811)	\$ 5,627,431	\$ 28,996,365	\$ 78,903,553

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

Function/Program	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities:										
General government	\$ 5,177,175	\$ 7,149,680	\$ 4,351,162	\$ 4,492,997	\$ 4,471,774	\$ 4,058,525	\$ 6,657,099	\$ 5,351,396	\$ 3,333,336	\$ 8,925,583
Public safety	5,756,505	7,122,338	5,647,886	6,476,364	6,141,397	6,341,236	6,748,037	9,429,514	7,713,796	9,856,899
Public facilities	8,962,766	11,380,655	18,015,108	18,616,136	7,043,171	9,476,875	7,110,221	5,089,104	3,608,701	12,856,806
Parks and recreation									2,514,238	2,318,393
Planning and economic development	12,679,682	10,653,341	14,533,071	15,528,336	15,492,807	16,423,353	9,584,269	23,734,867		
Health and social services	2,741,758	2,911,831	2,968,351	6,045,804	5,905,815	6,781,609	10,165,077	10,326,439	12,461,034	15,769,333
Education	353,024,424	401,120,929	348,989,395	329,793,853	337,244,263	293,905,460	292,900,183	280,773,914	288,049,420	397,464,480
Special services	6,115,387	11,622,180	7,445,277	4,614,048	10,772,728	3,880,602	7,722,801	1,627,623	25,798,114	25,282,869
Interest on long-term debt	1,062,649	907,552	1,289,418	1,356,816	1,526,001	1,570,900	1,703,694	798,503	1,350,146	
Total governmental activities	<u>395,520,346</u>	<u>452,868,506</u>	<u>403,239,668</u>	<u>386,924,354</u>	<u>388,597,956</u>	<u>342,438,560</u>	<u>342,591,381</u>	<u>337,131,360</u>	<u>344,828,785</u>	<u>472,474,363</u>
Business-type activities:										
Water Pollution Control Authority	39,171,718	40,950,468	39,713,237	38,295,370	31,212,036	32,367,139	28,852,852	28,156,185	29,503,633	28,696,865
Total Government	<u>\$ 434,692,064</u>	<u>\$ 493,818,974</u>	<u>\$ 442,952,905</u>	<u>\$ 425,219,724</u>	<u>\$ 419,809,992</u>	<u>\$ 374,805,699</u>	<u>\$ 371,444,233</u>	<u>\$ 365,287,545</u>	<u>\$ 374,332,418</u>	<u>\$ 501,171,228</u>

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

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund:										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$ 30,876	\$	\$
Unreserved								15,611,351	10,752,753	10,605,102
Nonspendable	350,000	350,000	350,000	350,000	350,000	350,000	350,000			
Assigned						3,222,700	5,222,700			
Unassigned	<u>18,916,129</u>	<u>14,269,142</u>	<u>13,363,461</u>	<u>13,045,816</u>	<u>12,574,082</u>	<u>9,147,814</u>	<u>10,987,910</u>			
Total General Fund	<u>\$ 19,266,129</u>	<u>\$ 14,619,142</u>	<u>\$ 13,713,461</u>	<u>\$ 13,395,816</u>	<u>\$ 12,924,082</u>	<u>\$ 12,720,514</u>	<u>\$ 16,560,610</u>	<u>\$ 15,642,227</u>	<u>\$ 10,752,753</u>	<u>\$ 10,605,102</u>
All Other Governmental Funds:										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$ 10,068,125	\$ 5,068,118	\$ 114,188,749
Unreserved, reported in:										
Special revenue funds								(5,968,762)	(1,854,831)	(14,537,239)
Capital projects funds								53,320,116	29,831,588	(12,518,325)
Permanent fund								59,770	47,182	35,573
Restricted	11,876,732	5,902,507	7,578,873	4,864,914	4,592,021	1,910,141	1,398,998			
Committed	99,270,122	73,656,280	72,250,958	38,990,756	67,334,090	97,217,290	60,355,682			
Unassigned	<u>(891,221)</u>	<u>(1,204,998)</u>	<u>(887,110)</u>	<u>(29,861)</u>	<u>(1,132,864)</u>	<u>(2,933,603)</u>	<u>(4,216,210)</u>			
Total All Other Governmental Funds	<u>\$ 110,255,633</u>	<u>\$ 78,353,789</u>	<u>\$ 78,942,721</u>	<u>\$ 43,825,809</u>	<u>\$ 70,793,247</u>	<u>\$ 96,193,828</u>	<u>\$ 57,538,470</u>	<u>\$ 57,479,249</u>	<u>\$ 33,092,057</u>	<u>\$ 87,168,758</u>

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

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

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Property taxes	\$ 312,461,292	\$ 299,380,641	\$ 297,658,389	\$ 290,690,776	\$ 285,962,925	\$ 274,118,745	\$ 272,206,146	\$ 268,637,066	\$ 248,743,175	\$ 227,028,207
Intergovernmental	411,442,721	447,358,336	401,772,314	387,013,540	391,193,349	346,936,724	340,359,992	340,863,435	355,431,137	475,240,256
Fees, permits and licenses	19,752,714	22,139,661	19,169,677	17,937,764	15,953,121	16,664,394	15,355,420	15,454,092	16,100,329	19,942,980
Interest	749,006	279,985	251,486	259,308	307,039	305,673	467,604	370,639	864,608	4,115,785
Other	3,404,616	12,609,215	4,231,035	6,248,652	7,046,473	4,347,520	9,412,146	5,023,480	7,183,515	11,122,689
Total revenues	<u>747,810,349</u>	<u>781,767,838</u>	<u>723,082,901</u>	<u>702,150,040</u>	<u>700,462,907</u>	<u>642,373,056</u>	<u>637,801,308</u>	<u>630,348,712</u>	<u>628,322,764</u>	<u>737,449,917</u>
Expenditures:										
Governmental and community services:										
General government	41,861,010	36,079,269	35,060,037	39,060,527	39,691,634	39,935,817	38,663,676	39,461,942	84,165,283	77,150,939
Public safety	137,976,278	135,416,264	119,804,154	119,804,154	121,687,093	115,629,783	107,582,600	99,874,176	65,494,093	72,907,644
Public facilities	36,553,580	35,862,313	37,473,983	37,473,983	36,166,380	34,490,427	33,119,337	32,932,515	26,706,098	27,997,221
Parks and recreation									5,368,932	5,675,667
Planning and economic development	3,920,695	4,228,157	4,000,056	4,000,056	3,804,545	3,630,343	3,610,102	3,441,668		
Health and social services	5,580,511	7,319,991	6,847,381	6,847,381	6,962,930	6,536,848	11,501,774	12,954,954	13,378,869	18,483,802
Charities and hospitals									123,835	184,968
Libraries	5,614,656	7,485,850	6,576,900	6,576,900	6,166,881	6,034,045	5,392,768	4,660,185		
Education	379,893,985	388,183,531	353,994,653	353,994,653	332,092,576	312,976,935	317,360,583	306,601,910	302,812,667	357,577,107
Special services	16,630,856	21,568,961	20,274,199	20,274,199	20,237,367	17,368,994	21,096,024	27,006,901	27,925,851	30,945,946
Debt service:										
Principal retirements	39,754,694	38,679,933	38,143,098	38,143,098	27,717,065	31,183,000	31,641,000	32,375,000	30,961,925	26,232,000
Interest and other charges	37,170,844	34,878,001	35,880,297	35,880,297	38,484,830	39,791,002	41,269,592	40,933,701	41,594,667	41,521,922
Capital outlay	76,499,225	95,861,461	66,802,507	66,802,507	93,042,777	74,551,555	45,222,964	41,669,094	83,719,594	118,136,031
Total expenditures	<u>781,456,334</u>	<u>805,563,731</u>	<u>724,857,265</u>	<u>728,857,755</u>	<u>726,054,078</u>	<u>682,128,749</u>	<u>656,460,420</u>	<u>641,912,046</u>	<u>682,251,814</u>	<u>776,813,247</u>
Excess of revenues over (under) expenditures	<u>(33,645,985)</u>	<u>(23,795,893)</u>	<u>(1,774,364)</u>	<u>(26,707,715)</u>	<u>(25,591,171)</u>	<u>(39,755,693)</u>	<u>(18,659,112)</u>	<u>(11,563,334)</u>	<u>(53,929,050)</u>	<u>(39,363,330)</u>
Other financing sources (uses):										
Transfers in	2,528,854	4,313,331	3,410,284	3,410,284	500,000	500,000	500,000	205,649,402	224,867,074	219,222,813
Transfers out	(2,528,854)	(5,813,331)	(3,410,284)	(3,410,284)	(500,000)	(500,000)	(500,000)	(205,649,402)	(224,867,074)	(219,222,813)
Bonds issued	60,970,000	23,195,000				67,930,000	19,440,000	40,840,000		
Bond refunding issue		59,640,000	14,290,000	14,290,000	55,225,000					
Premium on long-term debt	9,224,816	12,337,545	1,150,189	1,150,189	4,874,093	6,641,055				
Payments to escrow agent		(69,559,903)	(15,228,178)	(15,228,178)	(59,704,935)					
Total other financing sources (uses)	<u>70,194,816</u>	<u>24,112,642</u>	<u>212,011</u>	<u>212,011</u>	<u>394,158</u>	<u>74,571,055</u>	<u>19,440,000</u>	<u>40,840,000</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balance	<u>\$ 36,548,831</u>	<u>\$ 316,749</u>	<u>\$ (1,562,353)</u>	<u>\$ (26,495,704)</u>	<u>\$ (25,197,013)</u>	<u>\$ 34,815,362</u>	<u>\$ 780,888</u>	<u>\$ 29,276,666</u>	<u>\$ (53,929,050)</u>	<u>\$ (39,363,330)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>11.0%</u>	<u>10.5%</u>	<u>11.2%</u>	<u>11.2%</u>	<u>10.5%</u>	<u>11.7%</u>	<u>12.0%</u>	<u>12.4%</u>	<u>12.3%</u>	<u>10.5%</u>

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

<b>Fiscal Year</b>	<b>Real Estate</b>	<b>Personal Property</b>	<b>Motor Vehicle</b>	<b>Total</b>
2008	\$ 183,892,848	\$ 27,243,385	\$ 15,891,974	\$ 227,028,207
2009	230,926,963	24,496,725	14,343,553	269,767,241
2010	224,429,907	31,097,659	15,181,089	270,708,655
2011	235,380,246	31,814,553	14,853,112	282,047,911
2012	231,147,846	31,242,492	17,044,538	279,434,876
2013	237,452,454	28,608,729	20,026,111	286,087,294
2014	247,634,510	29,273,456	20,620,272	297,528,238
2015	249,909,726	30,117,975	21,608,636	301,636,337
2016	251,167,365	31,015,137	22,335,890	304,518,362
2017	258,466,001	44,695,896	20,667,952	323,829,849
Change 2008-2017	<u>40.55%</u>	<u>64.06%</u>	<u>30.05%</u>	<u>42.64%</u>

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

TABLE 7

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

<b>Fiscal Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Miscellaneous Land</b>	<b>Personal Property</b>	<b>Motor Vehicle</b>	<b>Total Taxable Assessed Value</b>	<b>Percent Growth</b>	<b>Total Direct Tax Rate</b>	<b>Actual Taxable Value</b>	<b>Value as a Percentage of Actual Value</b>
2008	\$ 3,258,061	\$ 1,026,195	\$ 171,007	\$ 35,280	\$ 718,127	\$ 397,042	\$ 5,605,712	4.02%	\$ 41.28	\$ 8,008,160	70.00%
2009	4,087,787	1,256,373	291,075	79,212	703,831	379,451	6,797,729	21.30%	38.74	9,711,041	70.00%
2010	4,084,631	922,699	578,540	75,833	784,502	382,974	6,829,179	0.4%	39.64	9,755,970	70.00%
2011	4,159,228	877,194	421,714	84,023	804,932	396,467	7,022,705	0.2%	39.64	10,159,571	70.00%
2012	4,089,937	1,192,378	564,301	119,384	636,574	412,029	7,014,603	0.0%	41.11	10,020,861	70.00%
2013	4,082,205	1,225,399	587,398	125,387	698,880	419,227	7,138,496	0.2%	41.86	10,197,851	70.00%
2014	4,085,344	1,197,586	552,296	124,698	714,071	430,836	7,104,831	0.0%	42.20	10,149,759	70.00%
2015	4,085,727	1,220,504	552,923	129,092	734,447	442,829	7,165,522	0.0%	42.20	10,236,460	70.00%
2016	3,105,335	1,166,716	441,566	122,995	822,259	460,091	6,118,962	(-) 14.6 %	54.37	8,741,375	70.00%
2017	3,104,031	1,180,193	357,015	121,630	802,342	486,016	6,015,227	(-) 1.1%	54.37	8,593,181	70.00%

Source: City of Bridgeport Tax Assessor's Office

**CITY OF BRIDGEPORT, CONNECTICUT  
PRINCIPAL PROPERTY TAXPAYERS  
FY 2017 and FY 2008  
(Unaudited)**

TABLE 8

Taxpayer	FY 2017			FY 2008		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
United Illuminating Co. Inc.	\$ 282,486,109	10	34.40%	\$ 54,812,359	4	9.35%
Bridgeport Energy LLC	151,672,179	9	18.47%	54,564,491	5	9.31%
CRRA/US Bank NAT Assoc James E. Mogavero (Wheelabrator real property)	105,373,818	8	12.83%	140,046,244		23.89%
Connecticut Light & Power	51,656,540	7	6.29%			
PSEG Power Connecticut LLC*	50,758,134	6	6.18%	83,752,150	1	14.29%
People's United Bank	48,900,843	5	5.96%	62,199,063	3	10.61%
Southern CT Gas Co.-Energy EA	42,048,692	4	5.12%			
Dominion Bpt Fuel Cell LLC	39,069,813	3	4.76%	32,196,075	6	5.49%
Watermark 3030 Park LLC* (conveyed to NHI-Reit of Axel LLC on 6/7/2016)	24,065,731	2	2.93%			
Aquarian Water Co. of CT*	25,078,447	1	3.05%	23,302,683	8	3.98%
<b>Total</b>	<b>\$ 821,110,306</b>		<b>100.00%</b>			
Success Village Apts Inc.	21,719,430			14,641,200	10	2.50%
Bridgeport Lafayette 2005 LLC	12,542,009			15,400,000	9	2.63%
Wheelabrator BPT LP (personal property)	3,126,182			24,585,924	7	4.19%
Cingular Wireless LLC (now declares to State - City gets PILOT from CT State)				80,663,062	2	13.76%
<b>Total</b>				<b>\$ 586,163,251</b>		<b>100.00%</b>

\* Note: Name change occurred during period.

Source: City of Bridgeport - Assessor's Office

TABLE 9

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

Fiscal Year Ended June 30:	Grand List Year	Taxes Levied for the Tax Year	Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2008	2006	\$ 222,282,166	\$ 215,712,695	97.04%	\$ 385,291	\$ 215,712,695	97.04%
2009	2007	250,083,276	243,126,091	97.22%	1,634,940	243,126,091	97.22%
2010	2008	267,703,716	260,055,196	97.14%	2,599,244	262,654,440	98.11%
2011	2009	273,823,500	267,033,575	97.52%	1,969,582	269,003,157	98.23%
2012	2010	275,342,274	267,783,020	97.25%	2,463,132	270,246,152	98.15%
2013	2011	286,087,294	278,613,368	97.39%	2,826,411	281,439,779	98.38%
2014	2012	293,618,038	284,699,957	96.96%	4,559,726	289,259,683	98.52%
2015	2013	296,309,866	291,238,982	98.29%	2,686,607	293,925,589	99.20%
2016	2014	298,378,831	293,406,881	98.33%	1,810,121	295,217,001	98.94%
2017	2015	310,799,149	307,164,691	98.83%	2,827,411	309,995,102	99.74%

Source: City of Bridgeport - Tax Collector's Office

TABLE 10

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

Fiscal Year	Governmental Activities			Percentage of Actual Property Value	Debt Per Capita	Business-Type Activities			Total Primary Government	Percentage of Per Capita Income	Per Capita
	General Obligation Bonds	Less Amount Available in Debt Services	Net General Bonded Debt			Loan Payable	General Obligation Bonds	Revenue Bonds			
2008	\$ 684,228	\$ -	\$ 684,228	8.54%	\$ 4,904	\$ 51,713	\$ 490	\$ -	\$ 736,431	26.00%	\$ 5,278
2009	654,200	-	654,200	6.74%	4,689	49,486	450	-	704,136	24.86%	5,046
2010	669,140	-	669,140	6.86%	4,796	44,509	2,255	-	715,904	29.23%	5,131
2011	651,890	-	651,890	6.42%	4,520	43,621	2,152	-	697,663	29.66%	4,837
2012	689,265	-	689,265	6.80%	4,779	42,812	4,008	-	736,085	27.00%	5,104
2013	654,330	-	654,330	6.38%	4,493	44,866	3,874	-	703,070	24.00%	4,828
2014	636,625	-	636,625	6.08%	4,315	40,025	3,679	-	680,329	23.12%	4,618
2015	673,343	-	673,343	6.34%	4,399	38,276	3,595	-	715,214	23.26%	4,683
2016	662,157	-	662,157	7.57%	3,153	37,347	3,268	-	702,772	23.20%	4,873
2017	648,586	-	648,586	7.42%	3,143	34,332	3,854	-	686,772	22.19%	4,661

Source: City of Bridgeport Finance Dept.

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

Fiscal Year	Governmental Activities		Percentage of Actual Property Value	Debt Per Capita	Business-Type Activities		Total Primary Government	Percentage of Per Capita Income	Per Capita
	General Obligation Bonds	Net General Bonded Debt			General Obligation Bonds				
2008	\$ 684,228	\$ 684,228	8.54%	\$ 4,904	\$ 490	\$ 684,718	24.17%	\$ 5,278	
2009	654,200	654,200	6.74%	4,689	450	654,650	23.11%	5,046	
2010	669,140	669,140	6.86%	4,796	2,255	671,395	23.70%	5,131	
2011	651,890	651,890	6.42%	4,520	2,152	654,042	24.22%	4,837	
2012	689,265	689,265	6.80%	4,779	4,008	693,273	25.68%	5,104	
2013	654,330	654,330	6.38%	4,493	3,874	658,204	24.38%	4,828	
2014	636,625	636,625	6.08%	4,315	3,806	640,431	21.86%	4,618	
2015	673,343	673,343	6.34%	4,399	3,595	676,938	21.97%	4,423	
2016	662,157	662,157	10.3%	4,440	3,268	665,425	21.97%	4,400	
2017	648,586	648,586	7.8%	4,370	3,854	652,440	21.90%	4,370	

Source: City of Bridgeport Finance Dept.

**CITY OF BRIDGEPORT, CONNECTICUT  
 DIRECT GOVERNMENTAL ACTIVITIES DEBT  
 FOR THE YEAR ENDED JUNE 30, 2017  
 (Unaudited)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>
General obligation debt	\$ 686,771,926
Less school construction grants receivable - principal portion only	<u>(2,309,919)</u>
Total Direct Debt	<u>\$ 684,462,007</u>

Source: City records.

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

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

Source: City of Bridgeport Finance Dept.

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limit	\$ 1,595,640	\$ 1,741,261	\$ 1,741,508	\$ 1,909,787	\$ 1,918,226	\$ 1,975,977	\$ 2,050,851	\$ 2,084,816	\$ 2,091,301	\$ 2,194,321
Total net debt applicable to limit	<u>957,601</u>	<u>925,639</u>	<u>959,344</u>	<u>717,376</u>	<u>755,691</u>	<u>870,367</u>	<u>689,996</u>	<u>761,541</u>	<u>934,134</u>	<u>818,169</u>
Legal debt margin	<u>\$ 638,039</u>	<u>\$ 815,622</u>	<u>\$ 782,164</u>	<u>\$ 1,192,411</u>	<u>\$ 1,162,535</u>	<u>\$ 1,105,610</u>	<u>\$ 1,360,855</u>	<u>\$ 1,323,275</u>	<u>\$ 1,157,167</u>	<u>\$ 1,376,152</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>59.34%</u>	<u>60.01%</u>	<u>55.09%</u>	<u>37.56%</u>	<u>39.40%</u>	<u>44.05%</u>	<u>33.64%</u>	<u>36.53%</u>	<u>44.67%</u>	<u>37.29%</u>

**CITY OF BRIDGEPORT, CONNECTICUT  
COMPUTATION OF LEGAL DEBT LIMITATION  
JUNE 30, 2017**

Total tax collections (including interest and lien fees) for the year ended June 30, 2016					\$	312,738,776
Reimbursement for revenue loss:						
Tax relief for the elderly						<u>735,607</u>
Base					\$	<u>313,474,383</u>
Debt Limit					\$	<u>2,194,320,681</u>
						<b>Unfunded Past Benefit Obligation</b>
	<b>General Purpose</b>	<b>Schools</b>	<b>Sewer</b>	<b>Urban Renewal</b>		
Debt Limitation						
2-1/4 times base	\$ 705,317,362	\$	\$	\$	\$	
4-1/2 times base		1,410,634,724				
3-3/4 times base			1,175,528,936			
3-1/4 times base				1,018,791,745		
3 times base						940,423,149
Total debt limitation	<u>705,317,362</u>	<u>1,410,634,724</u>	<u>1,175,528,936</u>	<u>1,018,791,745</u>		<u>940,423,149</u>
Debt as Defined by Statute:						
Bonds and Notes Payable	277,051,821	127,493,685	38,186,420			244,040,000
Tax Anticipation Notes	10,000,000					
Bonds authorized but unissued <sup>1</sup>	29,064,596	75,937,109	18,705,544			
Less: school construction grants		<u>(2,309,919)</u>				
Total indebtedness	<u>316,116,417</u>	<u>201,120,875</u>	<u>56,891,964</u>	<u>-</u>		<u>244,040,000</u>
Debt Limitation in Excess of Indebtedness	<u>\$ 389,200,945</u>	<u>\$ 1,209,513,849</u>	<u>\$ 1,118,636,972</u>	<u>\$ 1,018,791,745</u>		<u>\$ 696,383,149</u>

1. Includes all bonds currently authorized

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

<b>Calendar Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2008	139,529	\$ 54,313	\$ 20,302	31.4	20,677	8.6%
2009	139,529	54,313	20,302	31.4	20,235	10.7%
2010	139,529	54,313	20,302	31.4	20,407	12.9%
2011	144,229	48,088	18,721	32.1	19,993	13.98%
2012	144,229	48,088	18,721	32.1	20,338	12.57%
2013	144,229	48,088	18,721	32.1	20,320	12.37%
2014	144,229	48,088	19,854	32.1	21,180	10.1%
2015	144,229	48,088	20,132	32.1	20,918	8.5%
2016	144,229	48,088	21,002	32.1	21,127	8.4%
2017	144,229	48,088	21,002	32.1	21,076	7.4%

**CITY OF BRIDGEPORT, CONNECTICUT  
PRINCIPAL EMPLOYERS  
2017 AND 2008  
(Unaudited)**

<u>Employer</u>	<u>2017</u>		<u>2008</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees*</u>	<u>Rank</u>
St. Vincent's Medical Center	3,571 (1,936 FT / 618 PT / 1,017 Per Diem)	1	2,200*	3
Bridgeport Hospital, Inc.	2,686 (1,738 FT / 640 PT / 308 Per Diem)	2	2,700*	1
People's United Bank	1,338 (1,288 FT / 50 PT)	3	2,400*	2
Bridgeport Health Care Center	525**	4	1,100*	4
Prime Line Resources	667 (499 FT Reg. / 168 FT Temp.)	5	406*	7
University of Bridgeport	911 (477 FT / 434 PT)	6	537	6
Lacey Manufacturing Company	334 (332 FT / 2 PT)	7	350*	8
Sikorsky Aircraft	309 (3 Shifts)	8	600*	5
Housatonic Community College	215 (201 Perm. FT / 10 Temp. FT / 4 Perm. PT)	9	184*	10
Watermark	236 (105 FT/131 PT)	10	300	9

\*=2007 Data

\*\*=2016 Data

**Note:** Rankings are based on Full Time Employees Only

**Sources:** City of Bridgeport - Finance Dept.

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

Function/Program	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>General Government:</b>										
Office of the Mayor	7.5	9	9	9	9	8	8	8	9	9
Central Grants Office	6	8	5	5	5	6	6	6	6	6
Comptroller's Office	11	11	11	11	11	14.5	14.5	14.5	15	15
Finance Department	6	6	4.5	4	4	4	4	4	4	5
In-Plant Printing	6	6.5	6.5	6.5	7.5	7.5	7.5	7.5	7.5	7.5
Purchasing	6	6	6	6	5	6	6	6	7	8
Tax Collector	13	14	14	14	16	18	18	18	18	19
Tax Assessor	11	11	11	11	11	13	13	13	14	15
Treasurer's Office	2.5	2.5	2.5	2.5	3.5	2	2	2	2	3
Registrar of Voters / Elections	5	5	5	5	5	5	5	5	6	6
City Clerk	6	6	6	5	6	5	6	6	6	6
City Attorney	22	21	20	20	18	21	21	21	21	22
Archives and Records	0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	1
Civil Service	6	6	7	7	7	9	9	8	8	9
Grants Personnel / Benefits Administration	11	12	13.5	14	14	11	11	9	7	7
Labor Relations	6	6	6	6	6	6	6	6	6	7
Town Clerk	8	7	7	7	7	7	7	7	8	8
Legislative Department	0	0	-	-	-	1	1	2	2	2
Office of Policy and Management	6	6.5	6.5	6.5	6.5	6.5	6.5	5.5	5.5	5.5
Chief Administrative Office / Citistat	10	8	8	8	8	7	7	7	8	3
Information Technology Services	14	14	15	15	15	16	15	15	19	21
Minority Business Resource Ctr	0	3	3	3	3	2	2	2	-	-
<b>Public Safety:</b>										
Police Department / Animal Shelter	488	492	491	471	471	479	473	486	532	538
Fire Department	305	296	296	277	281	295	299	310	329	330
Weights and Measures	2	2	2	2	2	2	2	2	2	2
Emergency Operations Center	55	57	57	57	57	59	60	60	48	42
<b>Public Facilities:</b>										
Public Facilities Administration	14	18	17.5	16	16	15.5	15.5	15.5	17	15
Municipal Garage	10	10	10	10	10	10	10	10	10	10
Facilities Maintenance	32	32	33	33	31	31	31	31	37	34
Roadway Maintenance	37.5	37	37	37	44	45	45	45	43	43
Sanitation / Recycling	29	29	29	29	29	34	34	34	36	36
Transfer Station	1	1	1	1	1	1	1	1	1	1
<b>Parks and Recreation:</b>										
Recreation	3	3	3	3	3	3	3	3	3	3
Department on Aging	8.5	7	7	7	7	6	6	6	6	6
Parks & Rec Administration	3	5	5	5	4	4	4	4	5	6
Parks Maintenance	14	14	14	14	15	16	17	17	17	23
Beardsley Zoological Gardens	12	12	12	12	12	13	13	13	13	13
Fairchild Wheeler G.C.	2	2	2	2	2	3	3	3	3	3

TABLE 17

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

Function/Program	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Transportation:										
Sikorsky Airport	12	13	13	13	13	14	14	14	15	15
City Engineer	7	6	5.25	6	5	6	6	6	5	6
Harbor Master	1	-	-	-	1	1	1	1	1	1
Planning & Development:										
Planning & Economic Development	15	21.5	20.5	20.5	20.5	19.5	18.5	20	22	18
Building Department	14	13	12.25	12	11	13	13	13	14	14
Zoning Board of Appeals	1	1	1	1	1	1	1	1	1	1
Zoning Commission	6	6	6	6	6	6	5	4	7	7
Health & Social Services:										
Health Administrative	5	6	4.5	3	2	2	2	2	3	3
Dental Hygiene	0	0	-	-	-	-	-	-	7	7
Vital Statistics	5	4.5	4.5	5	5	5	5	5	5	4
Communicable Diseases	4	5	5	5.2	5.2	5	5	5	4	5
Environmental Health	8	8	8	8	8	8	7	7	7	7
Housing Code	10	6	6	6	6	5	5	1	3	3
Lead Program	2.5	2	2	2	2	-	-	-	-	-
Public Health Nursing	0	-	-	-	-	-	-	-	-	37
Clinics	0	2	-	-	-	-	-	-	1	6
School Based Health Centers	0	-	-	-	-	-	-	-	19	26
Social Services	2	2	1.25	1.8	1.8	1	2	2	2	2
Human Services:										
Human Services Administration	2.5	2	2	2	2	2	2	2	2	2
Persons with Disabilities	2	1	1	1	1	0.5	-	-	1	1
Veterans Affairs	2	2	2	2	2	2	1	1	1	1
Lighthouse / Youth Services	4	6	6	6	6	4	4	4	4	4
Parent Aide Program		-	-	-	-	-	-	-	1	1
Libraries	57	53	53	54	53	53	52	52	60	69
Total	1,339	1,341	1,346	1,297	1,305	1,342	1,336	1,354	1,467	1,530

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

<b>Function/Program</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Police:</b>										
Calls for service	116,640	111,765	109,523	109,919	114,115	114,780	112,740	111,331	122,713	102,659
Adult arrest	6,505	5,317	4,397	4,237	4,230	6,422	3,771	3,047	2,964	3,369
Juvenile arrest	1,081	1,013	740	553	574	800	590	413	432	400
<b>Fire:</b>										
Total fire runs	9,239	12,318	8,720	10,180	12,648	9,394	9,262	10,130	5,781	3,981
Total rescue runs	868	3,366	3,573	3,166	4,838	8,810	5,660	8,650	4,167	7,602
Property loss	3,302,875	3,724,050	4,506,600	3,415,473	7,418,300	3,649,017	3,541,176	3,171,020	2,537,913	2,025,200
<b>Building safety:</b>										
Total building permits	2,454	2,683	2,522	2,425	N/A	3,127	2,939	3,199	3,461	3,520
Total value all permits	131,211,499	173,761,110	80,959,002.82	48,862,471.60	N/A	91,501,839.00	172,883,186.00	252,650,376.00	\$ 316,366,980.00	\$174,003,971.00
<b>Library, volumes in collection</b>	395,561	530,000	550,851	537,580	533,600	538,600	573,455	573,705	525,372	571,143
<b>Public service:</b>										
Garbage collected (ton)	59,533	58,543	59,756	60,436	58,736	55,698	55,538	55,224	57,218	55,088
Recycle collected (ton)	3,055	3,128	3,194	3,217	4,762	5,339	5,421	5,649	6,043	6,343
<b>Parks and recreation:</b>										
Recreation program attendance	2,550	1,500	1,850	1,950	2,000	2,000	1,750	1,750	1,750	1,675
Aquatics program attendance	800	900	600	700	700	750	750	750	750	700
Golf rounds played	49,708	53,706	60,059	54,776	59,286	50,703	52,884	53,284	59,154	51,684
Street trees maintained	1,430	1,430	1,430	1,800	1,800	1,700	1,962	1,990	1,900	1,962

Source: City Records

Note: n/a - Indicator not available

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

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

<b>Function/Program</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Police:</b>										
Stations	3	2	2	1	1	1	1	1	1	9
Police Officer Sector Terminals (POST)	3	3	3	4	3	3	3	4	4	4
Number of personnel and officers	574	574	557	469	456	473	454	429	349	388
Number of Divisions	11	11	11	11	11	11	11	11	11	11
<b>Fire:</b>										
Stations	8	8	8	8	8	8	8	8	8	8
Number of personnel and officers	337	366	366	366	296	283	282	284	272	291
Equipment (pieces)	28	28	28	28	28	30	30	30	30	31
<b>Refuse collection:</b>										
Collection Trucks	15	15	15	15	15	18	18	18	18	18
<b>Public facilities:</b>										
Streets (Miles)	829	829	829	829	829	829	829	829	829	829
Traffic Signals	1,552	1,552	1,700	1,750	1,750	1,750	1,750	1,800	1,800	1,840
<b>Parks and recreation:</b>										
Playgrounds	19	19	19	19	21	21	19	24	24	24
Parks	44	45	45	45	46	46	46	47	47	47
Park Acreage	1,330	1,330	1,330	1,330	1,330	1,330	1,330	1,351.45	1,351.45	1,351.45
Golf Courses	2	2	2	2	2	2	2	2	2	2
Swimming Pools	-	2	2	3	3	2	2	2	2	2
Tennis Courts	22	24	23	25	25	25	24	24	25	25
Museums	2	2	2	2	2	2	2	2	2	2
Zoo	1	1	1	1	1	1	1	1	1	1
Baseball/softball diamonds	25	25	31	31	30	30	25	25	27	27
Ice Skating Rinks	2	1	1	1	1	1	1	1	2	2
Soccer/Football Fields	17	17	19	21	26	28	17	17	20	20
<b>Library:</b>										
Facilities	4	5	5	5	5	5	5	5	5	5
Volumes	395,561	530,000	550,851	537,580	533,600	538,600	573,455	573,705	525,372	571,143
<b>Water:</b>										
Average Daily Consumption (MGPD)	12,800	12,359	12,021	12,318	11,716	11,447	11,457	11,572	11,428	11,401
<b>Wastewater:</b>										
Sanitary Sewers (miles)	160	160	160	160	170	170	170	170	170	170
Storm Sewers (miles)	n/a									
Combination Sanitary and Storm (miles)	123	123	123	123	113	113	113	113	113	113
Number of sewer wells	55,050	55,050	55,050	55,050	55,050	55,050	55,050	55,050	55,050	55,050
Number of Treatment Plants	2	2	2	2	2	2	2	2	2	2

Source: City Records

Note: n/a - Indicator not available

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**APPENDIX C – FORM OF LEGAL OPINIONS**

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**FORM OF LEGAL OPINION  
2018 SERIES A BONDS**

June 12, 2018

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 \$34,315,000 General Obligation Refunding Bonds (Federally Taxable), 2018 Series A (the “Series A Bonds”), dated June 12, 2018.

The Series A Bonds are issued in the form of registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof. The Series A 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 Series A Bonds.

The Series A Bonds are issued pursuant to a resolution adopted by the Bridgeport City Council (the “Proceedings”). The Series A Bonds are subject to an Indenture of Trust dated as of May 1, 1996, by and between the City and Fleet National Bank, as amended and supplemented by a First Supplemental Indenture of Trust dated as of March 1, 1997, by and between the City and Fleet National Bank, as amended and supplemented by a Second Supplemental Indenture of Trust dated as of January 15, 2000, by and between the City and State Street Bank and Trust Company, successor to Fleet National Bank, as amended and supplemented by a Third Supplemental Indenture of Trust dated as of August 15, 2000, by and between the City and State Street Bank and Trust Company, as amended and supplemented by a Fourth Supplemental Indenture of Trust dated as of July 1, 2001, by and between the City and State Street Bank and Trust Company, as amended and supplemented by a Fifth Supplemental Indenture of Trust dated as of June 15, 2002, by and between the City and State Street Bank and Trust Company, as amended and supplemented by a Sixth Supplemental Indenture of Trust dated as of November 1, 2003, by and between the City and U.S. Bank National Association, as successor to State Street Bank and Trust Company, as amended and supplemented by a Seventh Supplemental Indenture of Trust dated as of August 12, 2004, by and between the City and U.S. Bank National Association, as amended and supplemented by an Eighth Supplemental Indenture of Trust dated as of April 15, 2006, by and between the City and U.S. Bank National Association, as amended and supplemented by a Ninth Supplemental Indenture of Trust dated as of June 1, 2006, by and between the City and U.S. Bank National Association, as amended and supplemented by a Tenth Supplemental Indenture of Trust dated as of June 1, 2007, by and between the City and U.S. Bank National Association, as amended and supplemented by an Eleventh Supplemental Indenture of Trust dated as of December 1, 2009, by and between the City and U.S. Bank National Association, as amended and supplemented by a Twelfth Supplemental Indenture of Trust dated as of July 1, 2010, by and between the City and U.S. Bank National Association, as amended and supplemented by a Thirteenth Supplemental Indenture of Trust dated as of June 1, 2012 by and between the City and U.S. Bank National Association, as amended and supplemented by a Fourteenth Supplemental Indenture of Trust dated as of July 1, 2012 by and between the City and U.S. Bank National Association, as amended and supplemented by a Fifteenth Supplemental Indenture of Trust dated as of July 1, 2013 by and between the City and U.S. Bank National Association, as amended and supplemented by a Sixteenth Supplemental Indenture of Trust dated as of August 1, 2014 by and between the City and U.S. Bank

National Association, as amended and supplemented by a Seventeenth Supplemental Indenture of Trust dated as of November 1, 2014 by and between the City and U.S. Bank National Association, as amended and supplemented by an Eighteenth Supplemental Indenture of Trust dated as of February 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Nineteenth Supplemental Indenture of Trust dated as of March 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twentieth Supplemental Indenture of Trust dated as of May 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twenty-First Supplemental Indenture of Trust dated as of November 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twenty-Second Supplemental Indenture of Trust dated as of November 1, 2017 by and between the City and U.S. Bank National Association, as amended and supplemented by the Twenty-Third Supplemental Indenture of Trust dated as of January 1, 2018, by and between the City and U.S. Bank National Association, and as further amended and supplemented by a Twenty-Fourth Supplemental Indenture of Trust dated as of June 1, 2018, by and between the City and U.S. Bank National Association, the current trustee (the "Trustee"). Such indenture, as supplemented hereinafter, is referred to as the "Indenture".

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

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

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

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement dated May 31, 2018, or other offering material relating to the Series A Bonds except to the extent stated in the Official Statement and we express no opinion relating thereto excepting only the matters set forth as our opinion in the Official Statement.

Based upon the foregoing, we are of the opinion:

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

2. That the Twenty-Fourth Supplemental Indenture of Trust, dated as of June 1, 2018, authorizing the issuance of the Series A Bonds has been duly authorized, executed and delivered by the City and all applicable conditions in the Indenture for the Trustee's execution and delivery of the Twenty-Fourth Supplemental Indenture of Trust have been satisfied.

3. That the Series A 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 Series A Bonds, when executed by the City and authenticated and delivered by the Trustee and when issued by the City, will be valid and legally binding general obligations of the City (i) entitled to the benefits of and secured by the Indenture equally and ratably with all other outstanding bonds issued pursuant to the Indenture, and (ii) payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes.

5. That the Disclosure Agreement is a valid, binding and enforceable agreement of the City.

6. That under existing law, interest on the Series A Bonds is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended.

7. That, under existing statutes, interest on the Series A 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 Series A Bonds.

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

Except as stated in paragraphs 6 and 7 above, we express no opinion as to any other federal, state or local tax consequences arising with respect to the Series A Bonds or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason. We have not undertaken to advise whether any events after the date of issuance of the Series A Bonds, including the adoption of federal or state tax legislation, may affect the tax status of interest on the Series A Bonds.

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.

Respectfully,

PULLMAN & COMLEY, LLC

**FORM OF LEGAL OPINION  
2018 SERIES B BONDS**

June 12, 2018

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 \$4,245,000 General Obligation Refunding Bonds, 2018 Series B (the “2018 Series B Bonds”), dated June 12, 2018.

The 2018 Series B Bonds are issued in the form of registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof. The 2018 Series B 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 2018 Series B Bonds.

The 2018 Series B Bonds are issued pursuant to a resolution adopted by the Bridgeport City Council (the “Proceeding”). The 2018 Series B Bonds are subject to an Indenture of Trust dated as of May 1, 1996, by and between the City and Fleet National Bank, as amended and supplemented by a First Supplemental Indenture of Trust dated as of March 1, 1997, by and between the City and Fleet National Bank, as amended and supplemented by a Second Supplemental Indenture of Trust dated as of January 15, 2000, by and between the City and State Street Bank and Trust Company, successor to Fleet National Bank, as amended and supplemented by a Third Supplemental Indenture of Trust dated as of August 15, 2000, by and between the City and State Street Bank and Trust Company, as amended and supplemented by a Fourth Supplemental Indenture of Trust dated as of July 1, 2001, by and between the City and State Street Bank and Trust Company, as amended and supplemented by a Fifth Supplemental Indenture of Trust dated as of June 15, 2002, by and between the City and State Street Bank and Trust Company, as amended and supplemented by a Sixth Supplemental Indenture of Trust dated as of November 1, 2003, by and between the City and U.S. Bank National Association, as successor to State Street Bank and Trust Company, as amended and supplemented by a Seventh Supplemental Indenture of Trust dated as of August 12, 2004, by and between the City and U.S. Bank National Association, as amended and supplemented by an Eighth Supplemental Indenture of Trust dated as of April 15, 2006, by and between the City and U.S. Bank National Association, as amended and supplemented by a Ninth Supplemental Indenture of Trust dated as of June 1, 2006, by and between the City and U.S. Bank National Association, as amended and supplemented by a Tenth Supplemental Indenture of Trust dated as of June 1, 2007, by and between the City and U.S. Bank National Association, as amended and supplemented by an Eleventh Supplemental Indenture of Trust dated as of December 1, 2009, by and between the City and U.S. Bank National Association, as amended and supplemented by a Twelfth Supplemental Indenture of Trust dated as of July 1, 2010, by and between the City and U.S. Bank National Association, as amended and supplemented by a Thirteenth Supplemental Indenture of Trust dated as of June 1, 2012 by and between the City and U.S. Bank National Association, as amended and supplemented by a Fourteenth Supplemental Indenture of Trust dated as of July 1, 2012 between the City and U.S. Bank National Association, as

amended and supplemented by a Fifteenth Supplemental Indenture of Trust dated as of July 1, 2013 by and between the City and U.S. Bank National Association, as amended and supplemented by a Sixteenth Supplemental Indenture of Trust dated as of August 1, 2014 by and between the City and U.S. Bank National Association, as amended and supplemented by a Seventeenth Supplemental Indenture of Trust dated as of November 1, 2014 by and between the City and U.S. Bank National Association, as amended and supplemented by an Eighteenth Supplemental Indenture of Trust dated as of February 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Nineteenth Supplemental Indenture of Trust dated as of March 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twentieth Supplemental Indenture of Trust dated as of May 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twenty-First Supplemental Indenture of Trust dated as of November 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twenty-Second Supplemental Indenture of Trust dated as of November 1, 2017 by and between the City and U.S. Bank National Association, as amended and supplemented by the Twenty-Third Supplemental Indenture of Trust dated as of January 1, 2018, by and between the City and U.S. Bank National Association, and as further amended and supplemented by a Twenty-Fourth Supplemental Indenture of Trust dated as of June 1, 2018, by and between the City and U.S. Bank National Association, the current trustee (the "Trustee"). Such indenture, as supplemented hereinafter, is referred to as the "Indenture".

The Indenture is authorized by Chapter 117 (the "Act") of the Connecticut General Statutes. The Act permits a Connecticut municipality, at its option, to support its general obligations by the tax intercept procedure provided for in the Act. Through the Indenture, the City has availed itself of this option afforded by the Act. Under the Indenture, the Tax Collector of the City will deposit with the Trustee certain property taxes to fund the Debt Service Account. The funds in the Debt Service Account will be used to pay all amounts due on the 2018 Series B Bonds or any other bonds and notes issued pursuant to the Indenture from time to time and certain other general obligations of the City (collectively, the "Supported General Obligations"). Earnings on the investments of the Debt Service Account are to be remitted to the City periodically for its general operating purposes. Any capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture.

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

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met upon and subsequent to the issuance and delivery of the 2018 Series B Bonds in order that interest on the 2018 Series B Bonds be excluded 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 2018 Series B Bonds to ensure that interest on the 2018 Series B Bonds shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2018 Series B Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the 2018 Series B Bonds.

In connection herewith, we have examined the applicable law and such other materials as we have deemed necessary in order to render this opinion and have relied upon originals or copies, certified or otherwise, identified to our satisfaction, of such public records, certificates and correspondence of public officials, including certificates of officials of the City, and such other documents as were provided to us. In making such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to original documents of documents submitted as certified or photostatic copies, and the capacity of all persons executing documents. As to questions of fact material to our opinion, we have relied upon representations of the City contained in the certified Proceedings of the City, including the Continuing Disclosure Agreement (the "Disclosure Agreement") and the Tax Compliance Agreement, and other certifications received from the City, all dated of even date herewith, in connection with the issuance and delivery of the 2018 Series B 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 2018 Series B 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 May 31, 2018 or other offering material relating to the 2018 Series B Bonds except to the extent stated in the Official Statement and we express no opinion relating thereto excepting only the matters set forth as our opinion in the Official Statement.

Based upon the foregoing, we are of the opinion:

1. That the Indenture has been duly authorized, executed and delivered by the City and constitutes the valid and binding agreement of the City enforceable upon the City in accordance with its terms, and establishes a valid property tax intercept procedure and debt service payment fund in accordance with Chapter 117 of the Connecticut General Statutes, as amended.
2. That the Twenty-Fourth Supplemental Indenture of Trust, dated as of June 1, 2018, authorizing the issuance of the 2018 Series B Bonds has been duly authorized, executed and delivered by the City and all applicable conditions in the Indenture for the Trustee's execution and delivery of the Twenty-Fourth Supplemental Indenture of Trust have been satisfied.
3. That the 2018 Series B 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 2018 Series B Bonds, when executed by the City and authenticated and delivered by the Trustee and when issued by the City, will be valid and legally binding general obligations of the City (i) entitled to the benefits of and secured by the Indenture equally and ratably with all other outstanding bonds issued pursuant to the Indenture, and (ii) payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes.

5. That the Tax Compliance Agreement and the Disclosure Agreement are valid, binding and enforceable agreements of the City.

6. That under existing law, (i) interest on the 2018 Series B Bonds is not included in gross income for federal income tax purposes, and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations; however, for taxable years that began before January 1, 2018 with respect to certain corporations (as defined for federal income tax purposes), such interest is taken into account in computing the corporation's federal alternative minimum tax liability. We express no opinion regarding other federal income tax consequences caused by the ownership or disposition of, or receipt of interest on the 2018 Series B Bonds.

7. That, under existing statutes, interest on the 2018 Series B 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 2018 Series B Bonds.

It is to be understood that the rights of the holders of the 2018 Series B Bonds and the enforceability of the 2018 Series B Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Except as stated in paragraphs 6 and 7 above, we express no opinion as to any other federal, state or local tax consequences arising with respect to the Series B Bonds or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason. We have not undertaken to advise whether any events after the date of issuance of the 2018 Series B Bonds, including the adoption of federal tax legislation, may affect the tax status of interest on the 2018 Series B Bonds.

Although we have rendered an opinion that interest on the 2018 Series B Bonds 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 2018 Series B Bonds. We express no opinion regarding any tax consequence caused by ownership or disposition of, or receipt of interest income on, the 2018 Series B Bonds not specifically described herein.

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.

Respectfully,

PULLMAN & COMLEY, LLC

**APPENDIX D – SUMMARY OF THE INDENTURE**

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## SUMMARY OF THE TWENTY-FOURTH INDENTURE

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

The following, in addition to the information contained in the Official Statement under the caption “THE BONDS - Security for the Bonds” herein, summarizes certain provisions of the Indenture. This summary is qualified in its entirety by reference to the Indenture of Trust dated as of May 1, 1996, by and between the City of Bridgeport (the “City”) and Fleet National Bank, as amended and supplemented by that First Supplemental Indenture of Trust dated as of March 1, 1997 by and between the City and Fleet National Bank, as amended and supplemented by that Second Supplemental Indenture of Trust dated as of January 15, 2000, by and between the City and State Street Bank and Trust Company, successor to Fleet National Bank, as amended and supplemented by that Third Supplemental Indenture of Trust dated as of August 15, 2000, by and between the City and State Street Bank and Trust Company, as amended and supplemented by that Fourth Supplemental Indenture of Trust dated as of July 1, 2001 by and between the City and State Street Bank and Trust Company, as amended and supplemented by that Fifth Supplemental Indenture of Trust dated as of June 15, 2002 by and between the City and the State Street Bank and Trust Company as amended and supplemented by that Sixth Supplemental Indenture of Trust dated as of November 1, 2003 by and between the City and U.S. Bank National Association, successor to State Street Bank and Trust Company, as amended and supplemented by that Seventh Supplemental Indenture of Trust dated as of August 12, 2004 by and between the City and U.S. Bank National Association, as amended and supplemented by that Eighth Supplemental Indenture of Trust dated as of April 15, 2006 by and between the City and U.S. Bank National Association, as amended and supplemented by that Ninth Supplemental Indenture of Trust dated as of June 1, 2006 by and between the City and U.S. Bank National Association, as amended and supplemented by that Tenth Supplemental Indenture of Trust dated as of June 1, 2007 by and between the City and U.S. Bank National Association, as amended and supplemented by that Eleventh Supplemental Indenture of Trust dated as of December 1, 2009 by and between the City and U.S. Bank National Association, as amended and supplemented by that Twelfth Supplemental Indenture of Trust dated as of July 1, 2010 by and between the City and U.S. Bank National Association, as amended and supplemented by that Thirteenth Supplemental Indenture of Trust dated as of June 1, 2012 by and between the City and U.S. Bank National Association, as amended and supplemented by that Fourteenth Supplemental Indenture of Trust dated as of July 1, 2012 by and between the City and U.S. Bank National Association, as amended and supplemented by that Fifteenth Supplemental Indenture of Trust dated as of July 1, 2013 by and between the City and U.S. Bank National Association, as amended and supplemented by that Sixteenth Supplemental Indenture of Trust dated as of August 1, 2014 by and between the City and U.S. Bank National Association, as amended and supplemented by the Seventeenth Supplemental Indenture of Trust dated as of November 1, 2014 by and between the City and U.S. Bank National Association, as amended and supplemented by an Eighteenth Supplemental Indenture of Trust dated as of February 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Nineteenth Supplemental Indenture of Trust dated as of March 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twentieth Supplemental Indenture of Trust dated as of May 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twenty-First Supplemental Indenture of Trust dated as of November 1, 2016 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twenty-Second Supplemental Indenture of Trust dated as of November 1, 2017 by and between the City and U.S. Bank National Association, as amended and supplemented by a Twenty-Third Supplemental Indenture of Trust dated as of January 1, 2018 by and between the City and U.S. Bank National Association, and as further amended and

supplemented by a Twenty-Fourth Supplemental Indenture of Trust dated as of June 1, 2018 by and between the City and U.S. Bank National Association, the current trustee (the “Trustee”). Such Indenture of Trust, as supplemented, is hereinafter referred to as the “Indenture.” A copy of the Indenture is on file at the office of the Director of Finance, City of Bridgeport, 999 Broad Street, Bridgeport, CT 06604 and the Connecticut office of the Trustee at 225 Asylum Street, Corporate Trust, 23<sup>rd</sup> Floor, Hartford, CT 06103.

## **Definitions**

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

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

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

“**BAM**” means Build America Mutual Assurance Company, a New York Stock Exchange Company.

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

“**Bond Insurer**” shall mean, with respect to the 2000 Series B Bonds, FGIC, with respect to the 2004 Series C Bonds, MBIA, with respect 2009 Bonds, the 2010 Bonds, the 2012 Series B Bonds (August 15, 2020 and 2021 maturities), the 2014 Series A Bonds, the 2014 Series B Bonds, the 2016 Series A Bonds, the 2016 Series B Bonds, the 2016 Series C Bonds, the 2016 Series D Bonds and the 2016 Series E Bonds, AGM, and with respect to the 2018 Series A Bonds and the 2018 Series B Bonds, BAM.

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

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

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

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

(a) For purposes of the City’s 2000 Series B Bonds, as issued pursuant to the City’s Second Supplemental Indenture of Trust dated as of August 15, 2000, the term “**Defeasance Obligation**” shall mean Treasury Bonds, Treasury Notes, Treasury Bills, debt obligations of the Federal Home Loan Mortgage Corporation, debt obligations of the Federal National Mortgage Association, guaranteed mortgage backed securities and guaranteed participation certificates of

the Government National Mortgage Association, consolidated debt obligations of all the Federal Home Loan Banks, and strips of non-callable obligations issued by the U.S. Treasury, none of which shall be callable or prepayable at the option of the issuer;

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

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

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

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

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

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

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

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

(j) For purposes of the City's 2016 Series A Bonds and the 2016 Series B Bonds, as issued pursuant to the City's Nineteenth Supplemental Indenture of Trust dated as of March 1, 2016, the term "**Defeasance Obligation**" shall have that meaning as set forth in the City's Indenture of Trust dated as of May 1, 1996.

(k) For purposes of the City's 2016 Series C Bonds, as issued pursuant to the City's Twentieth Supplemental Indenture of Trust dated as of May 1, 2016, the term "**Defeasance Obligation**" shall have that meaning as set forth in the City's Indenture of Trust dated as of May 1, 1996.

(l) For purposes of the City's 2016 Series D Bonds and 2016 Series E Bonds, as issued pursuant to the City's Twenty-First Supplemental Indenture of Trust dated as of November 1, 2016, the term "**Defeasance Obligation**" shall have that meaning as set forth in the City's Indenture of Trust dated as of May 1, 1996.

(m) For purposes of the City's 2017 Series A Bonds, 2017 Series B Bonds, and 2017 Series C Bonds, as issued pursuant to the City's Twenty-Second Supplemental Indenture of Trust dated as of November 1, 2017, the term "**Defeasance Obligation**" shall have that meaning as set forth in the City's Indenture of Trust dated as of May 1, 1996.

(n) For purposes of the City's 2017 Series D Bonds, as issued pursuant to the City's Twenty-Third Supplemental Indenture of Trust dated as of January 1, 2018, the term "**Defeasance Obligation**" shall have that meaning as set forth in the City's Indenture of Trust dated as of May 1, 1996.

(o) For purposes of the City's 2018 Series A Bonds and 2018 Series B Bonds, as issued pursuant to the City's Twenty-Fourth Supplemental Indenture of Trust dated as of June 1, 2018, the term "**Defeasance Obligation**" shall have that meaning as set forth in the City's Indenture of Trust dated as of May 1, 1996.

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

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

Obligation. At the City's election, it may treat Excluded Obligations as Supported General Obligations.

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

**"FGIC"** shall mean Financial Guaranty Insurance Company, a New York stock insurance company.

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

**"FSA"** means Financial Security Assurance Inc., a New York stock insurance company.

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

**"MBIA"** shall mean MBIA Insurance Corporation, a New York stock insurance company.

**"Municipal Bond Insurance Policy"** shall mean the municipal bond insurance policies issued by: (i) FGIC insuring the payment when due of the principal of and interest on the 2000 Series B Bonds, all as provided in the Indenture, (ii) MBIA insuring the payments when due of the principal and interest on the 2004 Bonds, all as provided in the Indenture, (iii) AGM insuring the payments when due of the principal and interest on the 2009 Bonds, the 2010 Bonds, the 2012 Series B Bonds (August 15, 2020 and 2021 maturities), the 2014 Series A Bonds, the 2014 Series B Bonds, the 2016 Series A Bonds, the 2016 Series B Bonds, the 2016 Series C Bonds, the 2016 Series D Bonds and the 2016 Series E Bonds, and (iii) BAM insuring the payments when due of the principal and interest on the 2018 Series A Bonds and the 2018 Series B Bonds, all as provided in the Indenture.

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

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

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

**"Secretary"** means the Secretary of the Office of Policy and Management of the State of Connecticut.

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

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

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

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

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

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

**“2009 Bonds”** means the 2009 Subseries B Bonds and the 2009 Subseries C Bonds.

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

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

**“2010 Bonds”** means the 2010 Series B Bonds and the 2010 Series C Bonds.

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

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

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

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

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

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

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

**“2016 Series A Bonds”** means the City’s General Obligation Bonds, 2016 Series A dated March 17, 2016.

**“2016 Series B Bonds”** means the City’s General Obligation Refunding Bonds, 2016 Series B dated March 17, 2016.

**“2016 Series C Bonds”** means the City’s General Obligation Refunding Bonds, 2016 Series C dated May 17, 2016.

**“2016 Series D Bonds”** means the City’s General Obligation Bonds, 2016 Series D dated November 22, 2016.

**“2016 Series E Bonds”** means the City’s General Obligation Bonds (Federally Taxable), 2016 Series E dated November 22, 2016.

**“2017 Series A Bonds”** means the City’s General Obligation Bonds, 2017 Series A dated November 30, 2017.

**“2017 Series B Bonds”** means the City’s General Obligation Refunding Bonds, 2017 Series B dated November 30, 2017.

**“2017 Series C Bonds”** means the City’s General Obligation Refunding Bonds, 2017 Series C dated November 30, 2017.

**“2017 Series D Bonds”** means the City’s General Obligation Bonds (Federally Taxable), 2017 Series D dated January 4, 2018.

**“2018 Series A Bonds”** means the City’s General Obligation Refunding Bonds (Federally Taxable), 2018 Series A dated June 12, 2018.

**“2018 Series B Bonds”** means the City’s General Obligation Refunding Bonds, 2018 Series B dated June 12, 2018.

## **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 (iii) 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 2018 Series B Bonds which shall require the City to make no use of the proceeds of the 2018 Series B Bonds or of other amounts which would cause the 2018 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 2018 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 2018 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 no longer “Outstanding” under the Indenture.

**APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT**

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**FORM OF CONTINUING DISCLOSURE AGREEMENT –  
2018 SERIES A BONDS and 2018 SERIES B BONDS**

This Continuing Disclosure Agreement (the “Agreement”) is made as of June 12, 2018 by the City of Bridgeport, Connecticut (the “Issuer”), acting by its undersigned officers, duly authorized, in connection with the issuance of its \$34,315,000 General Obligation Refunding Bonds (Federally Taxable), 2018 Series A and \$4,245,000 General Obligation Refunding Bonds, 2018 Series B, each dated June 12, 2018 (collectively, the “Bonds”), for the benefit of beneficial owners from time to time of the Bonds. The Bonds are issued pursuant to the Indenture (defined below). A copy of the Indenture may be reviewed at the office of the Director of Finance of the Issuer.

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

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

“EMMA” shall mean the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.

“Final Official Statement” shall mean the official statement of the Issuer dated May 31, 2018 prepared in connection with the Bonds.

“Fiscal Year End” shall mean the last day of the Issuer’s fiscal year, currently June 30.

“Indenture” shall mean the Indenture of Trust dated as of May 1, 1996, as amended and supplemented by a First Supplemental Indenture of Trust dated as of March 1, 1997, as amended and supplemented by a Second Supplemental Indenture of Trust dated as of January 15, 2000, as amended and supplemented by a Third Supplemental Indenture of Trust dated as of August 15, 2000, as amended and supplemented by a Fourth Supplemental Indenture of Trust dated as of July 1, 2001, as amended and supplemented by a Fifth Supplemental Indenture of Trust dated as of June 15, 2002, as amended and supplemented by a Sixth Supplemental Indenture of Trust dated as of November 1, 2003, as amended and supplemented by a Seventh Supplemental Indenture of Trust dated as of August 12, 2004, as amended and supplemented by an Eighth Supplemental Indenture of Trust dated as of April 15, 2006, as amended and supplemented by a Ninth Supplemental Indenture of Trust dated as of June 1, 2006, as amended and supplemented by a Tenth Supplemental Indenture of Trust dated as of June 1, 2007, as amended and supplemented by an Eleventh Supplemental Indenture of Trust dated as of December 1 2009, as amended and supplemented by a Twelfth Supplemental Indenture of Trust dated as of July 1, 2010, as amended and supplemented by a Thirteenth Supplemental Indenture of Trust dated as of June 1, 2012, as amended and supplemented by a Fourteenth Supplemental Indenture of Trust dated as of July 1, 2012, as amended and supplemented by a Fifteenth Supplemental Indenture of Trust dated as of July 1, 2013, as amended and supplemented by a Sixteenth Supplemental Indenture of Trust dated as of August 1, 2014, as amended and supplemented by a Seventeenth Supplemental Indenture of Trust dated as of November 1, 2014, as amended and supplemented by an Eighteenth Supplemental Indenture of Trust dated as of February 1, 2016, as amended and supplemented by a Nineteenth Supplemental Indenture of Trust dated as of March 1, 2016, as amended and supplemented by a Twentieth Supplemental Indenture of Trust dated as of May 1, 2016, as amended and supplemented by a Twenty-First Supplemental Indenture of Trust dated as of

November 1, 2016, as amended and supplemented by a Twenty-Second Supplemental Indenture of Trust dated as of November 1, 2017, as amended and supplemented by a Twenty-Third Supplemental Indenture of Trust dated as of January 1, 2018, and as further amended and supplemented by a Twenty-Fourth Supplemental Indenture of Trust dated as of June 1, 2018 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, 2018, provide to the MSRB an annual report (the “Annual Report”) which is consistent with the requirements of Section 4 of this Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Agreement; provided that, if audited financial statements of the Issuer are unavailable at the time the Annual Report is due, the Issuer will include unaudited financial statements with the Annual Report and the audited financial statements, when available, will be provided to the MSRB, within thirty (30) days of receipt.

**Section 4. Content of Annual Report.** The Annual Report shall contain or incorporate by reference the following:

(i) Audited financial statements of the Issuer for the prior fiscal year, which statements shall be in accordance with the accounting principles that are required by State law. As of the date of this Agreement, the Issuer prepares its financial statements pursuant to generally accepted accounting principles; and

(ii) To the extent not included in the audited financial statements referred to in Subsection (i) above, financial information and operating data within the meaning of the Rule of the type set forth in the table entitled “Debt Service Schedule”, as set forth under the heading “THE BONDS”, as well those tables in the Final Official Statement and its Appendix A entitled “Principal Amount of Indebtedness – Long Term Debt”, “Detail of WPCA Borrowing”, “Principal Amount of Outstanding Debt”, “Debt Statement”, “Current Debt Ratios”, “Ratio of Annual Debt Service Expenditures to General Fund Expenditures”, “Statement of Statutory Debt Limitation and Debt Margin”, “Debt Limitation and Debt Margin Computation”, and the financial information under “Other Long-Term Commitments”, as set forth in the “DEBT AND CAPITAL PROGRAMS” section of Appendix A to the Final Official Statement, together with the information relating to the pension programs set forth in the “FINANCIAL INFORMATION” section, and the real and personal property taxes of the type set forth under the “TAX BASE DATA” section of Appendix A to the Final Official Statement.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer, which have been submitted to the MSRB. If the

document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

The Issuer reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in mandated state statutory principles as in effect from time to time; provided that the Issuer agrees that the exercise of any such right will be done in a manner consistent with the Rule.

#### **Section 5. Reporting of Listed Events.**

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;
- (vi) tender offers;
- (vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;
- (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 with the MSRB. The annual financial information provided on the first date following adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver.

**Section 10. Additional Information.** The Issuer shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided however, nothing in this Agreement shall be construed as prohibiting the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 11. Default.** In the event of a failure of the Issuer to comply with the provisions of this Agreement, the Issuer may cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 4(i) of this Agreement or 10 days with respect to the undertakings set forth in Sections 4(ii) and 5 of this Agreement) from the time the Issuer receives written notice of such failure. For purposes of this Section, notices to the Issuer should be sent to the Director of Finance of the Issuer with a copy to the Issuer's City Attorney. In the event the Issuer does not cure such failure within the time frame specified above, any Participating Underwriter (as defined in the Rule) or

any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance, to cause the Issuer to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default with respect to the Bonds, and the sole remedy under this Agreement in the event of any failure of the Issuer to comply with this Agreement shall be an action to compel specific performance. The parties expressly agree and acknowledge that no monetary damages shall arise or be payable hereunder.

**Section 12. Governing Law.** This Agreement shall be governed by the laws of the State of Connecticut.

**Section 13. Method of Filing.** To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

**Section 14. Beneficiaries.** This Agreement shall inure solely to the benefit of the Issuer, any dissemination agent, any Participating Underwriter and the Bondholders, and shall create no rights in any other person or entity.

Dated: As of June 12, 2018

**CITY OF BRIDGEPORT, CONNECTICUT**

By: \_\_\_\_\_  
Joseph P. Ganim  
Mayor

By: \_\_\_\_\_  
Kenneth Flatto  
Director of Finance

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**APPENDIX F – SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

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## MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: \_\_\_\_\_

MEMBER: [NAME OF MEMBER]

BONDS: \$ \_\_\_\_\_ in aggregate principal  
amount of [NAME OF TRANSACTION]  
[and maturing on]

Effective Date: \_\_\_\_\_

Risk Premium: \$ \_\_\_\_\_

Member Surplus Contribution: \$ \_\_\_\_\_

Total Insurance Payment: \$ \_\_\_\_\_

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: \_\_\_\_\_  
Authorized Officer

SPECIMEN

**Notices (Unless Otherwise Specified by BAM)**

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

1 World Financial Center, 27<sup>th</sup> floor

200 Liberty Street

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

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