

# **CITY OF STAMFORD, CONNECTICUT**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**FISCAL YEAR ENDED JUNE 30, 2017**

# **CITY OF STAMFORD, CONNECTICUT**

**Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2017**



**Published by the Office  
of the Director of Administration**

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Stamford, Connecticut 06904-2152**

**Michael E. Handler  
Director of Administration**

**CITY OF STAMFORD, CONNECTICUT**  
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**JUNE 30, 2017**

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# INTRODUCTORY SECTION

**DRAFT**  
FOR DISCUSSION PURPOSES ONLY

## **CITY OF STAMFORD, CONNECTICUT**

### **List of Elected and Appointed Officials As of June 30, 2017**

#### **Mayor**

David R. Martin

#### **Chief of Staff**

Michael E. Pollard

#### **Mayor's Directors**

Michael E. Handler	Director of Administration
Ernest A. Orgera	Director of Operations
Kathryn Emmett, Esq.	Director of Legal Affairs
Thaddeus K. Jankowski, Sr.	Director of Public Safety, Health & Welfare
Thomas Madden	Director of Economic Development

#### **Board of Finance**

Richard Freeman	Chairman
Mary Lou T. Rinaldi	Vice-Chair
Salvatore Gabriele	Member
David Kooris	Member
Shelley A. Michelson	Member
Dudley N. Williams	Member

#### **Board of Representatives**

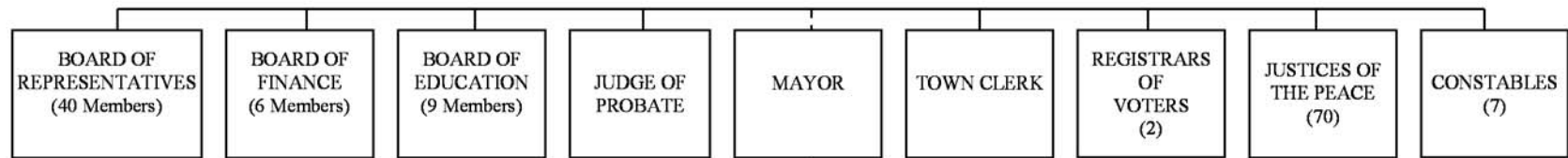
Randall M. Skigen	President and Deputy Mayor
Monica Di Costanza	Chair, Fiscal Committee

#### **Office of Administration**

David A. Yanik	Controller
Jay Fountain	Director of Policy & Management

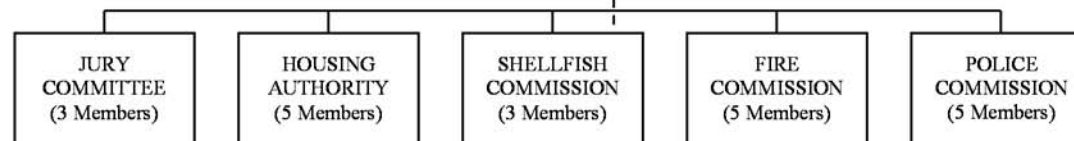
City of Stamford, Connecticut  
Organizational Chart  
CITIZENS OF STAMFORD

VOTERS ELECT

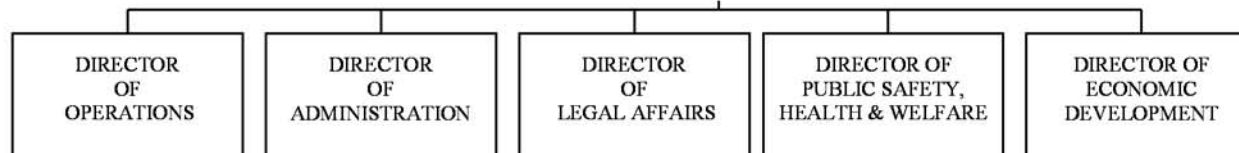


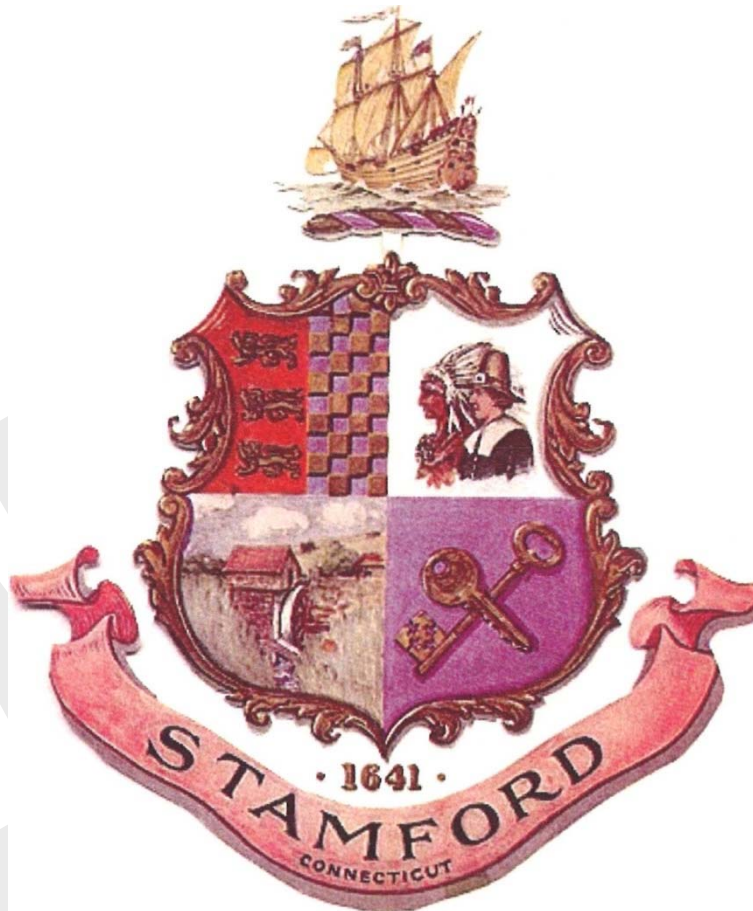
CHIEF OF STAFF

MAYOR APPOINTS



APPOINTED BY THE MAYOR AND APPROVED BY THE BOARD OF REPRESENTATIVES





The seal of the City of Stamford, Connecticut contains a shield divided into four quarters beneath an ancient ship typical of those on which the settlers of Connecticut arrived. The top left quadrant of the shield represents the coat of arms of Stamford, in Lincolnshire, England. The top right quadrant represents, in peaceful profile, the Indian and the settler. The bottom right quadrant contains two crossed keys, one of the ancient design and the other of modern design. The bottom left quadrant shows an old gristmill and fields of grain. 1641 is the year in which the City of Stamford was settled.

# FINANCIAL SECTION

**DRAFT**  
FOR DISCUSSION PURPOSES ONLY

## **Independent Auditors' Report**

To the Board of Finance  
City of Stamford, Connecticut

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Stamford, 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 Stamford, 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, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Stamford, 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 9 and Note 12 to the financial statements, during the fiscal year ended June 30, 2017, the City of Stamford, Connecticut adopted new accounting guidance, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, and GASB Statement No. 77, *Tax Abatement Disclosures*. Our opinion is not modified with respect to these matters. 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 18, the budgetary comparison information on pages 85 through 86; the pension schedules on pages 87 through 96 and the OPEB schedules on pages 97 and 100 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 Stamford, 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.

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

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

West Hartford, Connecticut  
Month XX, 2017

**BASIC  
FINANCIAL  
STATEMENTS**

**DRAFT**  
FOR DISCUSSION PURPOSES ONLY

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

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Urban Redevelopment Commission
Assets:				
Cash and cash equivalents	\$ 59,851,020	\$ 8,266,611	\$ 68,117,631	\$ 1,192,621
Investments	135,271,451	3,021,799	138,293,250	
Restricted cash and cash equivalents		23,979,821	23,979,821	
Restricted investments	2,621,234		2,621,234	
Receivables, net:				
Property taxes	9,351,539		9,351,539	
Accounts	3,576,365	11,470	3,587,835	20,451
Usage		1,477,356	1,477,356	
Loans	35,837,490		35,837,490	2,726,767
Intergovernmental	33,410,734		33,410,734	
Special assessments		12,453,121	12,453,121	
Non-usage		766,220	766,220	
Due from fiduciary funds	985,601		985,601	
Due from component unit	252,411		252,411	
Due from primary government				119,567
Internal balances	4,773,715	(4,773,715)		
Prepaid expenses	355,985		355,985	
Inventory	113,943	9,902	123,845	
Land held for resale				1,069,296
Capital assets, nondepreciable	233,020,935	5,338,813	238,359,748	
Capital assets, net of accumulated depreciation	541,118,300	149,968,752	691,087,052	
Total assets	1,060,540,723	200,520,150	1,261,060,873	5,128,702
Deferred Outflows of Resources:				
Deferred charge on refunding	9,048,505	1,165,888	10,214,393	
Change of assumptions for pension	10,512,974	202,263	10,715,237	
Difference between projected and actual earnings on pension investments	68,965,072	1,415,396	70,380,468	
Total deferred outflows of resources	88,526,551	2,783,547	91,310,098	-
Liabilities:				
Accounts payable	25,499,458	2,159,643	27,659,101	8,540
Accrued liabilities	4,339,304	518,811	4,858,115	2,475
Retainage payable	2,594,355		2,594,355	
Accrued interest payable	6,137,079	536,142	6,673,221	
Due to primary government				252,411
Due to component unit	119,567		119,567	
Unearned revenue	5,936,415	193,121	6,129,536	
Noncurrent liabilities:				
Due within one year	61,810,328	6,798,644	68,608,972	
Due in more than one year	738,288,987	107,365,868	845,654,855	
Total liabilities	844,725,493	117,572,229	962,297,722	263,426
Deferred Inflows of Resources:				
Advance property tax collections	17,919,406		17,919,406	
Differences between expected and actual experience for pension	11,225,889	471,094	11,696,983	
Total deferred inflows of resources	29,145,295	471,094	29,616,389	-
Net Position:				
Net investment in capital assets	414,012,030	59,856,147	473,868,177	
Restricted:				
Debt service		11,170,040	11,170,040	
Unrestricted	(138,815,544)	14,234,187	(124,581,357)	4,865,276
Total Net Position	\$ 275,196,486	\$ 85,260,374	\$ 360,456,860	\$ 4,865,276

The accompanying notes are an integral part of the financial statements

**CITY OF STAMFORD, CONNECTICUT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

					Net Revenue (Expense) and Changes in Net Position			
					Primary Government			Component Unit
								Urban
								Redevelopment
								Commission
Function/Program Activities	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental activities:								
Governmental services	\$ 8,593,980	\$ 10,670,686	\$ 1,823,458	\$	\$ 3,900,164	\$	\$ 3,900,164	\$
Administration	11,149,796	171,115	754,730		(10,223,951)		(10,223,951)	
Legal affairs	35,210,464	140,028			(35,070,436)		(35,070,436)	
Public safety	128,419,100	9,413,862	1,395,955		(117,609,283)		(117,609,283)	
Health and welfare	17,006,455	1,654,663	4,476,061		(10,875,731)		(10,875,731)	
Community services	11,717,043				(11,717,043)		(11,717,043)	
Operations	68,582,383	19,150,559		21,798,464	(27,633,360)		(27,633,360)	
Education	376,685,319	2,819,180	103,443,723	2,170,189	(268,252,227)		(268,252,227)	
Interest	14,918,100		981,492		(13,936,608)		(13,936,608)	
Total governmental activities	672,282,640	44,020,093	112,875,419	23,968,653	(491,418,475)	-	(491,418,475)	-
Business-type activities:								
Water Pollution Control Authority	21,587,398	28,156,676		66,077		6,635,355	6,635,355	
Old Town Hall Redevelopment Agency	2,193,288	1,078,683				(1,114,605)	(1,114,605)	
E.G. Brennan Golf Course	1,227,003	1,195,811				(31,192)	(31,192)	
Total business-type activities	25,007,689	30,431,170	-	66,077	-	5,489,558	5,489,558	-
Total Primary Government	\$ 697,290,329	\$ 74,451,263	\$ 112,875,419	\$ 24,034,730	(491,418,475)	5,489,558	(485,928,917)	-
Component Unit								
Urban Redevelopment Commission	\$ 644,925	\$ -	\$ -	\$ -				(644,925)
General revenues:								
Property taxes					501,198,006		501,198,006	
Grants and contributions not restricted to specific programs					10,783,129		10,783,129	
Unrestricted investment earnings					868,188	(26,785)	841,403	95,390
Gain (loss) on sale of capital assets					840,794		840,794	
Miscellaneous					197,401		197,401	
Transfers					450,876	(450,876)	-	
Total general revenues and transfers					514,338,394	(477,661)	513,860,733	95,390
Change in net position					22,919,919	5,011,897	27,931,816	(549,535)
Net Position at Beginning of Year					252,276,567	80,248,477	332,525,044	5,414,811
Net Position at End of Year					\$ 275,196,486	\$ 85,260,374	\$ 360,456,860	\$ 4,865,276

The accompanying notes are an integral part of the financial statements

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

	<u>General</u>	<u>Capital Projects</u>	<u>Mill River Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,252,875	\$ 10,088,538	\$ 2,886,998	\$ 14,494,244	\$ 33,722,655
Investments	65,336,090	64,155,583		5,779,778	135,271,451
Restricted investments		2,621,234			2,621,234
Property taxes receivable, net	9,351,539				9,351,539
Other receivables:					
Accounts	751,671	130,621		2,382,956	3,265,248
Loans		7,937,641			7,937,641
Intergovernmental	1,254,191	27,825,679	50,000	4,280,864	33,410,734
Due from component unit	252,411				252,411
Advances to other funds	3,816,176	3,637,195			7,453,371
Due from other funds	1,226,190				1,226,190
Prepaid expenditures				1,385	1,385
Inventories	50,681			63,262	113,943
Total Assets	<u>\$ 88,291,824</u>	<u>\$ 116,396,491</u>	<u>\$ 2,936,998</u>	<u>\$ 27,002,489</u>	<u>\$ 234,627,802</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued items	\$ 12,868,416	\$ 10,116,091	\$	\$ 2,490,725	\$ 25,475,232
Accrued liabilities	2,655,509	125,094		1,164,852	3,945,455
Retainage payable		2,594,355			2,594,355
Due to other funds		204,324		1,021,866	1,226,190
Advances from other funds			2,679,656		2,679,656
Due to component unit	63,300			56,267	119,567
Unearned revenue	4,185,062	629,939		1,121,414	5,936,415
Total liabilities	<u>19,772,287</u>	<u>13,669,803</u>	<u>2,679,656</u>	<u>5,855,124</u>	<u>41,976,870</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	7,289,764				7,289,764
Unavailable revenue - school building receivable	480,452				480,452
Unavailable revenue - miscellaneous receivables	245,353				245,353
Unavailable revenue - police extra duty				95,020	95,020
Unavailable revenue - parking				1,265,640	1,265,640
Advance property tax collections	17,919,406				17,919,406
Total deferred inflows of resources	<u>25,934,975</u>	<u>-</u>	<u>-</u>	<u>1,360,660</u>	<u>27,295,635</u>
Fund balances:					
Nonspendable	3,866,857			64,647	3,931,504
Restricted		102,726,688	257,342	16,901,507	119,885,537
Committed	1,915,759				1,915,759
Assigned	26,264,094			2,089,526	28,353,620
Unassigned	10,537,852			731,025	11,268,877
Total fund balances	<u>42,584,562</u>	<u>102,726,688</u>	<u>257,342</u>	<u>19,786,705</u>	<u>165,355,297</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 88,291,824</u>	<u>\$ 116,396,491</u>	<u>\$ 2,936,998</u>	<u>\$ 27,002,489</u>	<u>\$ 234,627,802</u>

(Continued on next page)

**CITY OF STAMFORD, 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 (Exhibit III)	\$ 165,355,297
--	----------------

Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 1,416,291,834	
Less accumulated depreciation	(642,152,599)	
Net capital assets		774,139,235

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

Property tax receivables greater than 60 days	4,771,383
Interest receivable on property taxes	2,518,381
Receivable from the state for school construction projects	480,452
Departmental income	1,606,013
Loan receivable	27,899,849
Deferred outflows related to assumption changes	10,512,974
Deferred outflows related to projected and actual earnings on pension investments	68,965,072

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.	(10,471,213)
---	--------------

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

Bonds payable	(426,337,355)
Deferred amount on premium	(23,924,294)
Deferred charge on refunding	9,048,505
Accrued interest payable	(6,137,079)
Claims payable	(9,844,047)
Early retirement incentives	(744,750)
Compensated absences	(21,489,753)
Pollution remediation obligation	(6,874,593)
Net OPEB obligation	(67,301,000)
Net pension liability	(205,750,702)
Deferred inflows related to expected and actual experience for pension	(11,225,889)

Net Position of Governmental Activities (Exhibit I)	\$ <u>275,196,486</u>
---	-----------------------

The accompanying notes are an integral part of the financial statements

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

	General	Rainy Day	BOE Reserve Fund	Eliminations	General
Revenues:					
Property taxes, interest and lien fees	\$ 498,448,441	\$	\$	\$	498,448,441
Intergovernmental revenues	74,070,586				74,070,586
Charges for services	22,668,215				22,668,215
Interest, dividends and investment income	280,115	(25,183)			254,932
Other	1,195,747				1,195,747
Total revenues	596,663,104	(25,183)	-	-	596,637,921
Expenditures:					
Current:					
Governmental services	4,339,373				4,339,373
Administration	9,475,529				9,475,529
Legal affairs	35,216,676				35,216,676
Public safety	112,161,592				112,161,592
Health and welfare	10,890,216				10,890,216
Community services	11,717,043				11,717,043
Operations	44,342,014				44,342,014
Board of Education	317,259,368				317,259,368
Debt service:					
Principal retirement					
Interest and other charges					
Capital outlay					
Total expenditures	545,401,811	-	-	-	545,401,811
Excess (Deficiency) of Revenues over Expenditures	51,261,293	(25,183)	-	-	51,236,110
Other Financing Sources (Uses):					
Bond issued					
Sale of real property					
Premium on issuance of debt					
Transfers in from other funds	3,819,908	300,000	-	(300,000)	3,819,908
Transfers out to other funds	(54,406,071)		-	300,000	(54,106,071)
Total other financing sources (uses)	(50,586,163)	300,000	-	-	(50,286,163)
Net Change in Fund Balances	675,130	274,817	-		949,947
Fund Balances at Beginning of Year	18,721,812	22,710,963	201,840		41,634,615
Fund Balances at End of Year	\$ 19,396,942	\$ 22,985,780	\$ 201,840	\$ -	42,584,562

(Continued on next page)

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

	<u>General</u>	<u>Capital Projects</u>	<u>Mill River Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes, interest and lien fees	\$ 498,448,441	\$	\$ 2,603,249	\$	\$ 501,051,690
Intergovernmental revenues	74,070,586	21,689,454		50,766,221	146,526,261
Charges for services	22,668,215			19,957,133	42,625,348
Interest, dividends and investment income	254,932	437,389		40,493	732,814
Other	1,195,747	261,878		1,078,394	2,536,019
Total revenues	<u>596,637,921</u>	<u>22,388,721</u>	<u>2,603,249</u>	<u>71,842,241</u>	<u>693,472,132</u>
Expenditures:					
Current:					
Governmental services	4,339,373			1,857,238	6,196,611
Administration	9,475,529				9,475,529
Legal affairs	35,216,676				35,216,676
Public safety	112,161,592			10,027,789	122,189,381
Health and welfare	10,890,216			6,139,738	17,029,954
Community services	11,717,043				11,717,043
Operations	44,342,014			3,948,627	48,290,641
Board of Education	317,259,368			44,936,364	362,195,732
Debt service:					
Principal retirement				37,905,438	37,905,438
Interest and other charges				16,544,283	16,544,283
Capital outlay		57,424,660			57,424,660
Total expenditures	<u>545,401,811</u>	<u>57,424,660</u>	<u>-</u>	<u>121,359,477</u>	<u>724,185,948</u>
Excess (Deficiency) of Revenues over Expenditures	<u>51,236,110</u>	<u>(35,035,939)</u>	<u>2,603,249</u>	<u>(49,517,236)</u>	<u>(30,713,816)</u>
Other Financing Sources (Uses):					
Bond issued		45,000,000			45,000,000
Sale of real property				2,446,753	2,446,753
Premium on issuance of debt				2,741,355	2,741,355
Transfers in from other funds	3,819,908	6,944,792		56,908,479	67,673,179
Transfers out to other funds	(54,106,071)		(3,102,408)	(8,729,871)	(65,938,350)
Total other financing sources (uses)	<u>(50,286,163)</u>	<u>51,944,792</u>	<u>(3,102,408)</u>	<u>53,366,716</u>	<u>51,922,937</u>
Net Change in Fund Balances	949,947	16,908,853	(499,159)	3,849,480	21,209,121
Fund Balances at Beginning of Year	<u>41,634,615</u>	<u>85,817,835</u>	<u>756,501</u>	<u>15,937,225</u>	<u>144,146,176</u>
Fund Balances at End of Year	<u>\$ 42,584,562</u>	<u>\$ 102,726,688</u>	<u>\$ 257,342</u>	<u>\$ 19,786,705</u>	<u>\$ 165,355,297</u>

(Continued on next page)

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

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 of the following:

Net change in fund balances - total governmental funds (Exhibit IV) \$ 21,209,121

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	51,828,271
Depreciation expense	(35,637,029)
Loss on disposition of capital assets	(654,710)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes collected after 60 days	78,753
Interest income on property taxes	60,579
Intergovernmental revenue on school bonds	(520,480)
Departmental income	(116,016)
Mortgage loans	544,298
Change in deferred outflows related to assumption changes	-
Change in deferred outflows related to projected and actual earnings on pension investments	-
Change in deferred inflows related to expected and actual experience for pension	-

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

Bond proceeds	(45,000,000)
Principal payments	37,905,438

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

Amortization of deferred charges in refunding	(1,290,315)
Amortization of premium	138,081
Accrued interest	37,062
Change in early retirement incentive	527,038
Change in long-term compensated absences	(317,330)
Pollution remediation obligation	(674,318)
Change in net OPEB obligation	-
Change in pension liability	-
Change in claims and judgments	(2,012,614)

The net expense of the internal service funds is reported with governmental activities. (3,185,910)

Change in Net Position of Governmental Activities (Exhibit II) \$ 22,919,919

The accompanying notes are an integral part of the financial statements

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

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water Pollution Control Authority	Old Town Hall Redevelopment Agency	Nonmajor E.G. Brennan Golf Course	Total	Internal Service Funds
Assets:					
Current assets:					
Cash and cash equivalents	\$ 7,721,920	\$ 120,349	\$ 424,342	\$ 8,266,611	\$ 26,128,365
Investments	3,021,799			3,021,799	
Receivables, net:					
Accounts			11,470	11,470	311,117
Usage	1,477,356			1,477,356	
Special assessments and connection charges	5,406,185			5,406,185	
Non-usage	766,220			766,220	
Due from other funds					985,601
Prepaid expenses				-	354,600
Inventory	9,902			9,902	
Total current assets	18,403,382	120,349	435,812	18,959,543	27,779,683
Noncurrent assets:					
Restricted cash	23,979,821			23,979,821	
Receivables - special assessments and connection charges, net	7,046,936			7,046,936	
Capital assets:					
Not being depreciated	3,308,562	1,414,391	615,860	5,338,813	
Being depreciated, net	132,950,662	16,503,010	515,080	149,968,752	
Total noncurrent assets	167,285,981	17,917,401	1,130,940	186,334,322	-
Total assets	185,689,363	18,037,750	1,566,752	205,293,865	27,779,683
Deferred outflows of resources:					
Deferred charge on refunding	1,165,888			1,165,888	
Change of assumptions for pension	202,263			202,263	
Difference between projected and actual earnings on pension investments	1,415,396			1,415,396	
Total deferred outflows of resources	2,783,547	-	-	2,783,547	-
Liabilities:					
Current liabilities:					
Accounts payable	2,130,132	24,006	5,505	2,159,643	24,226
Accrued liabilities	484,881		33,930	518,811	393,849
Accrued interest payable	490,636	45,506		536,142	
Due to other funds				-	
Advances from other funds		4,773,715		4,773,715	
Unearned revenues	185,121		8,000	193,121	
Current portion of claims payable				-	15,542,321
Current maturities of bonds payable	2,559,859		27,782	2,587,641	
Current maturities of notes payable	3,996,881			3,996,881	
Current portion of compensated absences	214,122			214,122	
Total current liabilities	10,061,632	4,843,227	75,217	14,980,076	15,960,396
Noncurrent liabilities:					
Claims payable				-	22,290,500
Bonds payable	62,616,338		107,141	62,723,479	
Notes payable	29,936,710	10,182,376		40,119,086	
Compensated absences	139,894		46,865	186,759	
Net pension liability	3,431,544			3,431,544	
Other post employment benefit obligations payable	905,000			905,000	
Total noncurrent liabilities	97,029,486	10,182,376	154,006	107,365,868	22,290,500
Total liabilities	107,091,118	15,025,603	229,223	122,345,944	38,250,896
Deferred inflows of resources:					
Differences between expected and actual experience for pension	471,094			471,094	
Net Position:					
Net investment in capital assets	51,125,105	7,735,025	996,017	59,856,147	
Restricted for debt services	11,170,040			11,170,040	
Unrestricted	18,615,553	(4,722,878)	341,512	14,234,187	(10,471,213)
Total Net Position	\$ 80,910,698	\$ 3,012,147	\$ 1,337,529	\$ 85,260,374	\$ (10,471,213)

The accompanying notes are an integral part of the financial statements

**CITY OF STAMFORD, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental Activities</b>
	<b>Water Pollution Control Authority</b>	<b>Old Town Hall Redevelopment Agency</b>	<b>Nonmajor E.G. Brennan Golf Course</b>	<b>Total</b>	<b>Internal Service Funds</b>
Operating Revenues:					
Charges for services	\$ 23,044,678	\$ 665,064	\$ 1,195,811	\$ 24,905,553	\$ 93,123,888
Miscellaneous	1,098,280	413,619		1,511,899	2,946,068
Total operating revenues	<u>24,142,958</u>	<u>1,078,683</u>	<u>1,195,811</u>	<u>26,417,452</u>	<u>96,069,956</u>
Operating Expenses:					
Salaries	4,213,747		630,341	4,844,088	302,215
Employee benefits	1,883,472		221,631	2,105,103	92,064,389
Operation and supplies	6,453,729	675,858	302,825	7,432,412	393,268
Insurance		6,554		6,554	3,814,208
Judgment and claims				-	1,533,207
Bad debt expense		772,199		772,199	
Depreciation	5,713,812	597,893	65,761	6,377,466	
Total operating expenses	<u>18,264,760</u>	<u>2,052,504</u>	<u>1,220,558</u>	<u>21,537,822</u>	<u>98,107,287</u>
Operating Income (Loss)	<u>5,878,198</u>	<u>(973,821)</u>	<u>(24,747)</u>	<u>4,879,630</u>	<u>(2,037,331)</u>
Nonoperating Revenues (Expenses):					
Special assessments, connection charges, and other	4,013,718			4,013,718	
Interest income	(29,921)	309	2,827	(26,785)	135,374
Gain on sale of assets				-	
Interest expense	(3,322,638)	(140,784)	(6,445)	(3,469,867)	
Total nonoperating revenues (expenses)	<u>661,159</u>	<u>(140,475)</u>	<u>(3,618)</u>	<u>517,066</u>	<u>135,374</u>
Income (Loss) Before Capital Contributions and Transfers	6,539,357	(1,114,296)	(28,365)	5,396,696	(1,901,957)
Capital contributions - grants	66,077			66,077	
Transfers in					300,000
Transfers out	(398,132)		(52,744)	(450,876)	(1,583,953)
Change in Net Position	6,207,302	(1,114,296)	(81,109)	5,011,897	(3,185,910)
Net Position at Beginning of Year	74,703,396	4,126,443	1,418,638	80,248,477	(7,285,303)
Net Position at End of Year	<u>\$ 80,910,698</u>	<u>\$ 3,012,147</u>	<u>\$ 1,337,529</u>	<u>\$ 85,260,374</u>	<u>\$ (10,471,213)</u>

The accompanying notes are an integral part of the financial statements

**CITY OF STAMFORD, CONNECTICUT**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water Pollution Control Authority	Old Town Hall Redevelopment Agency	Nonmajor E.G. Brennan Golf Course	Total	Internal Service Funds
Cash Flows from Operating Activities:					
Receipts from customers and users	\$ 25,460,262	\$ 1,457,160	\$ 1,192,482	\$ 28,109,904	\$ 96,532,806
Payments to suppliers	(5,959,285)	(1,477,217)	(338,879)	(7,775,381)	(4,211,062)
Payments to employees	(4,187,521)		(623,851)	(4,811,372)	(302,215)
Payments for benefits and claims	(1,883,472)		(221,631)	(2,105,103)	(91,706,150)
Payments for interfund services used		150,790		150,790	(985,601)
Net cash provided by (used in) operating activities	13,429,984	130,733	8,121	13,568,838	(672,222)
Cash Flows from Noncapital Financing Activities:					
Transfers from other funds				-	300,000
Transfers to other funds	(398,132)		(52,744)	(450,876)	(1,583,953)
Net cash provided by noncapital financing activities	(398,132)	-	(52,744)	(450,876)	(1,283,953)
Cash Flows from Capital and Related Financing Activities:					
Proceeds from capital grants	66,077			66,077	
Proceeds from debt				-	
Principal paid on debt	(6,363,156)		(27,754)	(6,390,910)	
Premium on bonds				-	
Interest paid on debt and other sources and uses	(3,418,322)	(140,784)	(6,445)	(3,565,551)	
Special assessments, connection charges, and other	2,584,475			2,584,475	
Purchase of capital assets	(3,972,990)			(3,972,990)	
Sale of capital assets				-	
Net cash provided by (used in) noncapital financing activities	(11,103,916)	(140,784)	(34,199)	(11,278,899)	-
Cash Flows from Investing Activities:					
Sale (purchase) of investments	3,047,083			3,047,083	
Interest on investments	(29,921)	309	2,827	(26,785)	135,374
Net cash provided by (used in) investing activities	3,017,162	309	2,827	3,020,298	135,374
Net Increase (Decrease) in Cash and Cash Equivalents	4,945,098	(9,742)	(75,995)	4,859,361	(1,820,801)
Cash and Cash Equivalents at Beginning of Year	26,756,643	130,091	500,337	27,387,071	27,949,166
Cash and Cash Equivalents at End of Year	\$ 31,701,741	\$ 120,349	\$ 424,342	\$ 32,246,432	\$ 26,128,365
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ 5,878,198	\$ (973,821)	(24,747)	\$ 4,879,630	\$ (2,037,331)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	5,713,812	597,893	65,761	6,377,466	
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	1,295,086	378,477	(3,329)	1,670,234	462,850
(Increase) decrease in other receivables				-	
(Increase) decrease in due from other funds				-	(985,601)
(Increase) decrease in prepaid items				-	(354,600)
(Increase) decrease in deferred outflows of resources for pensions				-	
Increase (decrease) in accounts payable	1,017,036	(14,515)	(39,553)	962,968	(176,966)
Increase (decrease) in accrued liabilities	(522,592)	(8,091)	3,499	(527,184)	(7,985)
Increase (decrease) in due to City of Stamford		150,790		150,790	
Increase (decrease) in unearned revenue	22,218			22,218	
Increase (decrease) in compensated absences payable	26,226		6,490	32,716	
Increase (decrease) in other postemployment benefits obligations payable				-	
Increase (decrease) in net pension liability				-	
Increase (decrease) in deferred inflows of resources				-	
Increase (decrease) in claims payable				-	2,427,411
Total adjustments	7,551,786	1,104,554	32,868	8,689,208	1,365,109
Net Cash Provided by (Used in) Operating Activities	\$ 13,429,984	\$ 130,733	\$ 8,121	\$ 13,568,838	\$ (672,222)

The accompanying notes are an integral part of the financial statements

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

	<u>Trust Funds</u>	<u>Agency Funds</u>
Assets:		
Cash and cash equivalents	\$ 14,412,316	\$ 1,089,574
Investments, at fair value:		
U.S. government securities	2,689,448	
Corporate bonds	2,892,224	
Common and preferred equities	55,757,786	
Mutual funds	550,634,967	
Alternative investment/Hedge funds	67,679,165	
	<u>679,653,590</u>	<u>-</u>
Receivables:		
Accounts	211,550	
Contribution receivable, net	362,587	
	<u>574,137</u>	<u>-</u>
Due from other funds		
Accrued interest and dividends	56,497	
	<u>694,696,540</u>	<u>\$ 1,089,574</u>
Total assets		
Liabilities:		
Due to student groups		\$ 1,089,574
Accounts payable	357,965	
Due to other funds	985,601	
Claims payable	1,607,018	
	<u>2,950,584</u>	<u>\$ 1,089,574</u>
Total liabilities		
Net Position:		
Restricted for Pension and OPEB Benefits	<u>\$ 691,745,956</u>	

The accompanying notes are an integral part of the financial statements

**CITY OF STAMFORD, CONNECTICUT**  
**STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 47,728,000
Plan members	10,335,936
Other revenues	1,729,648
Total contributions and other revenues	<u>59,793,584</u>
Investment earning (loss):	
Net increase (decrease) in fair value of investments	57,653,419
Interest and dividends	7,132,884
Total investment earnings (loss)	<u>64,786,303</u>
Less investment expenses:	
Investment management fees	1,498,726
Net investment income (loss)	<u>63,287,577</u>
Total additions	<u>123,081,161</u>
Deductions:	
Benefits	46,775,801
Administrative expense	1,063,683
Total deductions	<u>47,839,484</u>
Change in Net Position	75,241,677
Net Position at Beginning of Year	<u>616,504,279</u>
Net Position at End of Year	<u>\$ 691,745,956</u>

The accompanying notes are an integral part of the financial statements

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

The City of Stamford, Connecticut (the City) was incorporated as a City in 1893 and operates in accordance with its Charter, adopted in 1949 and revised on an ongoing basis, and the various other applicable laws of the State of Connecticut. The legislative function is performed by an elected forty-member Board of Representatives. The Mayor serves as the chief executive officer and the Director of Administration serves as the chief financial officer. The Mayor, a six-member elected Board of Finance and the Board of Representatives must approve all appropriations (except that the Mayor does not approve Board of Education (BOE) appropriations). The City provides the following services to its residents: education, public safety, public works, parks and recreation, health and welfare, community services and general administrative support.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the City's more significant accounting policies:

### **A. Financial Reporting Entity**

The financial reporting entity consists of: a) the primary government, which is the City; b) organizations for which the City is financially accountable and c) other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the City's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, the following individual component unit is included in the City's reporting entity because of its operational or financial relationship with the City.

#### **Discretely Presented Component Unit**

The Urban Redevelopment Commission (URC) is an agency created by the City in 1954 in accordance with Section 8-124 to 8-1289 of the General Statutes of Connecticut to handle municipal development projects. The URC has all of the powers and duties of a redevelopment agency as set forth in the General Statutes. Members are appointed by the Mayor, with the approval of the Board of Representatives, for five-year terms. All plans prepared and/or approved by the URC for urban redevelopment and renewal projects must be approved by the City's Board of Representatives and Board of Finance in order to become effective and, therefore, the City is able to impose its will on the URC. Since the URC does not provide services entirely or almost entirely to the City, the financial statements of the URC have been reflected as a discretely presented component unit. URC activities are reported in one single fund. Separate financial statements have not been prepared for the URC.

#### **Blended Component Unit**

The Old Town Hall Redevelopment Agency (OTHRA) is an agency created by the City in 2005 in accordance with Chapter 130 of the General Statutes of Connecticut for the purpose of the redevelopment of the Old Town Hall. Included within OTHRA are two entities, Old Town Hall QALICB, LLC (QALICB) and Old Town Hall Manager, Inc., which were established as financial mechanisms for earning Federal historical and new market tax credits to help fund the rehabilitation. The OTHRA board consists of seven members appointed by the Mayor, with the approval of the Board of Representatives,

## **CITY OF STAMFORD, CONNECTICUT NOTES TO FINANCIAL STATEMENTS**

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for five year terms. The members include the Mayor, two members of the Board of Representatives, one member of the Board of Finance, one member from the URC, one member from the Downtown Special Services District and one community representative. Since the activities of OTHRA provide services entirely or almost entirely to the City, OTHRA has been reflected as a blended component unit in the financial statements as a proprietary fund. As of the report date, separate financial statements have not been prepared for OTHRA.

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

The government wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the primary government as a whole and its component units. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. 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 net position presents the financial position of the City at the end of its fiscal year. The statement of activities demonstrates the degree to which 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 or services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and 3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The City does not allocate indirect expenses to functions in the statement of activities.

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 and enterprise funds are reported as separate columns in the fund financial statements.

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. The Agency Fund has no measurement focus but utilizes the accrual basis of accounting. 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. Grants 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. Property taxes and certain other revenues are considered to be available if collected within sixty days of the fiscal year end.

## **CITY OF STAMFORD, CONNECTICUT NOTES TO FINANCIAL STATEMENTS**

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Property taxes associated with the current fiscal period, as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to early retirement incentives, compensated absences, pollution remediation obligations, other post-employment benefit obligations, pension obligations and certain claims payable are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances/net position, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The City maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with nonmajor funds, if any, aggregated and presented in a single column. The City maintains proprietary and fiduciary funds, which are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

The City reports the following major governmental funds:

### **General Fund**

The General Fund constitutes the primary fund of the City and is used to account for and report all financial resources not accounted for and reported in another fund.

### **Capital Projects Fund**

The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets, other than those financed by proprietary funds.

### **Mill River Capital Projects Fund**

The Mill River Capital Projects Fund was created to be a financing mechanism, whereby a portion of property taxes in the Mill River Corridor tax increment financing district are set aside to fund improvements in the district.

The City reports the following major proprietary funds:

### **Water Pollution Control Authority (SWPCA) Fund**

SWPCA Fund is used to account for the operations of the Stamford Water Pollution Control Authority.

### **Old Town Hall Redevelopment Agency (OTHRA) Fund**

OTHRA Fund is used to account for the operations of the Old Town Hall QALICB, LLC and the Old Town Hall Manager, Inc.

## **CITY OF STAMFORD, CONNECTICUT NOTES TO FINANCIAL STATEMENTS**

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Additionally, the City reports the following fund types:

### **Internal Service Funds**

The Internal Service Funds are used to account for the risk management activities related to City Medical, Board of Education Medical, Risk Management and Disputed Assessments funds.

### **Fiduciary Funds**

The Trust Fund accounts for the activities of the City's four defined benefit pension plans and the Other Post Employment Benefit (OPEB) Trust Fund, which accumulate resources for pension and health benefit payments to qualified employees upon retirement.

The Agency Funds are primarily utilized to account for monies held as custodian for outside student groups. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency Funds include Student Activity Fund and Scholarship Fund.

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 operation. The principal operating revenues of the enterprise funds and the internal service funds are charges to customers for services. Operating expenses for the Enterprise funds and the internal service funds include the cost of services, administrative expenses, depreciation costs and benefit costs. All revenues and expenses not meeting the definition are reported as nonoperating revenues and expenses.

## **D. Deposits, Investments and Risk Disclosure**

### **Cash and Cash Equivalents**

Cash and cash equivalents consist of funds deposited in demand deposit accounts, time deposit accounts, certificates of deposit, money market funds, State of Connecticut Treasurer's Short-Term Investment Fund, Tax Exempt Proceeds Funds and treasury bills with original maturities of less than three months.

### **Investments**

The investment policies of the City conform to the policies as set forth by the State of Connecticut. The City's policy is to only allow prequalified financial institution broker/dealers and advisors. The City policy allows investments in the following: 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. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short-Term Investment Fund.

Investments are stated at fair value, based on quoted market prices.

The pension funds allow for investments in certain alternative investments. Alternative investments may include private equity partnerships; infrastructure limited partnerships, hedge and absolute return funds for which there may be no ready market to determine fair value. These investments are valued using the most recent valuation available from the external fund manager. These estimated values do not necessarily represent the amounts that will ultimately be realized upon the disposition of those assets, which may be materially higher or lower than values determined if a ready market for the securities existed.

## **CITY OF STAMFORD, CONNECTICUT NOTES TO FINANCIAL STATEMENTS**

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Other provisions of the Statutes cover specific municipal pension funds with particular investment authority and do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries (i.e., prudent person rule) and the provisions of the applicable plan. Their approved policies target an asset mix to provide the probability of meeting or exceeding the return objectives at the lowest possible risk. The set asset allocation parameters are as follows:

Large Cap Equities	30.0% - 50.0%
Small Cap Equities	7.5% - 15.0%
Fixed Income	35.0% - 45.0%
International Equities	5.0% - 17.5%

The Connecticut State Treasurer's Short-Term Investment Fund is a money market fund managed by the Cash Management Division of the State Treasurer's Office, created by Section 3-27 of the General Statutes of Connecticut. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

Investments in 2a-7 like pools are stated at amortized cost.

### **Interest Rate Risk**

The City's and the pension funds' policy is to limit its 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.

### **Restricted Cash, Cash Equivalents and Investments**

Certain assets are classified as restricted because their use is limited. Restricted cash and cash equivalents in the Enterprise funds are to be used for construction and debt service purposes. Restricted investments in capital projects are to be used for construction purposes.

## **E. Receivables and Payables**

### **Taxes Receivable**

Property taxes are assessed as of October 1st, levied on the following July 1st, and billed and due in two installments, July 1st and January 1st and are used to finance the operations for the City's fiscal year from the first billing on July 1st to June 30th of the following year. Motor vehicle taxes are due in one installment on July 1st, and supplemental motor vehicle taxes are due in full January 1st. Taxes become delinquent thirty days after the installment is due. Liens are filed by the last day of the fiscal year. Under State statute, the City has the right to impose a lien on a taxpayer if any personal property tax, other than a motor vehicle tax, due the City is not paid within the timeframe limited by any local charter or ordinance. The lien shall be effective for a period of fifteen years from the date of filing unless discharged. A notice of tax lien shall not be effective if filed more than two years from the date of assessment for the taxes claimed to be due.

### **Other Receivables**

Other receivables include amounts due from other governments and individuals for services provided by the City. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

## **CITY OF STAMFORD, CONNECTICUT NOTES TO FINANCIAL STATEMENTS**

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### **Loans Receivable**

Loans receivable in the Capital Projects Fund are due, directly or indirectly, from OTHRA. Loans receivable in the URC are due from a developer pursuant to the sale of land by the URC. Loans receivable are recorded and revenues recognized as earned. The loans have various interest rates and maturities.

### **Advances from/to Other Funds**

Advances from/to other funds represent loans to other funds, which are not expected to be repaid within the subsequent annual operating cycle. The advances are offset by nonspendable fund balance in the general fund, which indicates that the funds are not “available” for appropriation and are not expendable available financial resources. For all other governmental funds the advances are included within restricted, committed or assigned fund balance as appropriate.

### **Due from/to Other Funds**

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2017, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

## **F. Prepaid Items and Inventories**

### **Prepaid Expenses/Expenditures**

Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Prepaid expenses/expenditures consist of certain costs related to the food service program at the BOE which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year’s budget and/or will benefit such periods. Reported amounts are equally offset by nonspendable fund balance, in the fund financial statements, which indicates that these amounts do not constitute “available spendable resources” even though they are a component of current assets.

### **Inventories**

Inventories in the governmental funds are valued at cost on a first-in, first-out basis, and consist of certain expendable supplies held for consumption. The cost is recorded as inventory at the time individual items are purchased. The City uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance in governmental funds, which indicates that they do not constitute “available spendable resources” even though they are a component of current assets. Purchases of other inventorial items are recorded as expenditures/expenses at the time of purchase and year-end balances are not material.

## **G. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and enterprise fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Purchased and constructed assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation.

## CITY OF STAMFORD, CONNECTICUT NOTES TO FINANCIAL STATEMENTS

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In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and used an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

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, net of interest earned on specific project related debt, during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed.

Land and construction-in-progress are not depreciated. Property, plant, equipment and infrastructure of the City are depreciated using the straight line method over the following estimated useful lives.

<b>Assets</b>	<b>Years</b>
Buildings and improvements	25-50
Land improvements	20-40
Distribution and collection systems	50-100
Public domain infrastructure	50
System infrastructure	30
Machinery and equipment	5-20

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheet.

### **H. Land Held for Resale**

The URC was created to promote development within certain geographic areas of the City. To further its objectives, URC purchases and holds land for resale. As such, this land is presented as an asset of the component unit at the lower of cost or net realizable value.

### **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 in the government-wide statement of net position and deferred outflows related to changes of assumptions for pensions and difference between projected and actual earnings on pension investments. 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).

## **CITY OF STAMFORD, CONNECTICUT NOTES TO FINANCIAL STATEMENTS**

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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 advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet and deferred inflows of resources related to differences between expected and actual experience for pensions in the government-wide statement of net position. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. 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). Also, 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 several sources: property taxes, school building receivable, police extra duty, parking and other departmental revenues. These amounts are deferred and recognized as an inflow of resources (revenue) in the period that the amounts become available.

### **J. Compensated Absences**

City employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. In addition, certain vacation and sick leave expenses will be paid out of the pension funds upon retirement.

### **K. Long-Term Obligations**

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. 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.

In the fund financial statements, governmental fund types 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, and debt payments, are reported as debt service expenditures.

### **L. Net Pension Liability**

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

### **M. Net OPEB Obligation**

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

### **N. Fund Equity**

Equity in the government-wide financial statements is defined as "net position." Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The components of net position are detailed below:

#### **Net Investment in Capital Assets**

The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

#### **Restricted for Debt Service**

The component of net position that reflects funds set aside in accordance with indenture agreements with bondholders.

#### **Restricted for Special Revenue Funds**

The component of net position that reports the difference between assets and liabilities of the various special revenue funds with constraints placed on their use by federal, state or local requirements.

#### **Unrestricted**

All other amounts that do not meet the definition of "restricted" or "net investment in capital assets."

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

#### **Nonspendable Fund Balance**

Includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

#### **Restricted Fund Balance**

Is to be reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification will be used to report funds that are restricted for capital projects and debt service obligations and for other items contained in the Connecticut statutes.

## **CITY OF STAMFORD, CONNECTICUT NOTES TO FINANCIAL STATEMENTS**

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### **Committed Fund Balance**

Will be reported for amounts that can only be used for specific purposes pursuant to formal action of the City's highest level of decision making authority. The Board of Finance and Board of Representatives are the highest level of decision making authority for the City that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Board of Finance and Board of Representatives removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Finance and Board of Representatives.

### **Assigned Fund Balance**

In the General Fund, will represent amounts constrained by the Board of Finance and Board of Representatives for amounts assigned for balancing the subsequent year's budget or the Director of Administration for amounts assigned for encumbrances. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund.

### **Unassigned Fund Balance**

In the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, the City considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

## **O. Encumbrances**

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities. Encumbrances in total by each major fund and for nonmajor funds in the aggregate are presented in Note 10 - Fund Balance.

## **P. Use of Estimates**

The preparation of 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, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**Q. 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 **Month XX, 2017**.

**R. Adoption of New Accounting Pronouncements**

For the year ended June 30, 2017, the City implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, and GASB Statement No. 77, *Tax Abatement Disclosures*.

The objective of GASB Statement No. 74 is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

This Statement requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net position. The total OPEB liability generally is required to be determined through an actuarial valuation. Actuarial valuations, or calculations using the specified alternative measurement method, of the total OPEB liability are required to be performed at least every two years, with more frequent valuations or calculations encouraged. Unless otherwise specified by this Statement, all assumptions underlying the determination of the total OPEB liability are required to be made in conformity with the guidance in Actuarial Standards of Practice issued by the Actuarial Standards Board.

GASB Statement 77 - Tax Abatement Disclosures. Financial statement users need information about certain limitations on a government's ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens.

This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
- The gross dollar amount of taxes abated during the period
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

The City's general budget policies are as follows:

An annual budget is legally adopted for the General Fund. Budgetary control within the General Fund is exercised at the operating department level. Consistent with State statutes, the Board of Education is budgeted as a single operating department. Unless encumbered, General Fund appropriations lapse at the end of the fiscal year.

The City's Charter establishes the following process for adopting the annual General Fund budget:

- By March 8th, the BOE's and the Mayor's operating budgets are submitted to the Board of Finance and the Board of Representatives.
- By April 8th, joint public hearings on the budgets are held before the Board of Finance and the Board of Representatives.
- By April 20th, the budgets are approved by the Board of Finance and are submitted to the Board of Representatives. The Board of Finance may not increase amounts requested by the Mayor and the BOE.
- By May 15th, the Board of Representatives adopts the final budgets and files a report with the City Clerk. The Board of Representatives may not increase amounts approved by the Board of Finance.
- By May 25th, the Board of Finance sets the tax rate, which rate also allows for anticipated supplemental General Fund appropriations. During the year ended June 30, 2017, there was \$11,156,367 in additional appropriations.
- Additional appropriations during the fiscal year require approval of the Mayor, the Board of Finance and the Board of Representatives.
- The General Fund budget is legally adopted annually on a basis consistent with generally accepted accounting principles. 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. The Capital Projects Fund is budgeted on a project basis. Annual budgets are also adopted for the Proprietary funds.
- Transfers may be made in proper cases from one line item to another, with the approval of the Director of Administration and the Board of Finance. A transfer or transfers between nonsalary line item accounts within a department may not exceed, in the case of any single transfer, the greater of \$50,000 or 5% of the budget of said department and, in the case of all such transfers during any fiscal year, the greater of \$100,000 or 10% of the budget of said department. Transfers may be made up to 10% of the annual appropriation from salary accounts to overtime accounts and/or from overtime accounts to salary accounts.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures of the current year.

**CITY OF STAMFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

**B. Fund Deficits**

At June 30, 2017, the City reported deficit fund balance/net position for the following funds:

Nonmajor Governmental Funds:	
Marinas	\$ 25,699
Internal Service Fund:	
Risk Management	\$ 21,214,050

The City plans to address these deficits in subsequent years.

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

**Deposits and Investments**

Cash and investments of the City, including the component unit and fiduciary funds consist of the following at June 30, 2017:

Cash, Restricted Cash and Equivalents:	
Deposits with financial institutions	\$ 60,050,819
Cash equivalents	48,741,144
Total Cash, Restricted Cash and Equivalents	108,791,963
Investments:	
General Fund:	
Certificate of Deposit	12,216,622
U.S. Government Agencies	53,119,468 *
Total General Fund Investments	65,336,090
Capital Project Fund:	
U.S. Government Agencies	64,155,583 *
U.S. Government Agencies - Restricted	2,621,234 *
Total Capital Project Fund Investments	66,776,817
Nonmajor Funds:	
Certificate of Deposit	501,209
U.S. Government Agencies	5,278,569 *
Total Nonmajor Funds Investments	5,779,778
Enterprise Fund:	
Mutual funds	3,021,799 *
Pension and OPEB Trust Funds:	
U.S. Government Securities	2,689,448 *
Corporate bonds	2,892,224 *
Common and preferred equities	55,757,786 *
Mutual funds	550,634,967 *
Alternative investments/hedge funds	67,679,165 *
Total Pension and OPEB Investments	679,653,590
Total Investments	820,568,074
Total Cash and Equivalents and Investments	\$ 929,360,037

\*These investments are uninsured and unregistered, with securities held by the counterparty, but not in the City's or the Pension and OPEB Trust Fund's name.

**CITY OF STAMFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

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

Statement of Net Position:

Cash and equivalents	\$ 69,310,252
Restricted cash and equivalents	23,979,821
Investments	138,293,250
Restricted investments	<u>2,621,234</u>
	<u>234,204,557</u>

Fiduciary Funds:

Cash and equivalents	15,501,890
Investments	<u>679,653,590</u>
	<u>695,155,480</u>

Total Cash and Investments	\$ <u><u>929,360,037</u></u>
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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's custodial credit risk policy is to only allow the City to use banks that operate in the State of Connecticut. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk-based capital ratio.

As of June 30, 2017, \$52,504,812 of the City's bank balance of \$55,151,942 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 46,991,860
Uninsured and collateral held by the pledging bank's trust department, not in the City's name	<u>5,512,952</u>
Total Amount Subject to Custodial Credit Risk	\$ <u><u>52,504,812</u></u>

At June 30, 2017, \$826,480 of the URC bank balance of \$1,196,089 was exposed to custodial credit risk.

**CITY OF STAMFORD, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS**

**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. As of June 30, 2017, the cash equivalent amounted to \$48,741,144. The following table provides summary of the City's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<b>Standard &amp; Poor's</b>
State Short-Term Investment Fund (STIF)	AAAm
US Bank *	
Wells Fargo*	
JP Morgan Chase*	
Morgan Stanley*	
Oppenheimer*	
* Not rated	

**Investments**

**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 has a formal investment policy that limits its investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maximum average weighted maturity of investments exceeding 2 years shall not be more than 5 years and no more than 25% of the dollar value of those investments may exceed 5 years in duration. Information about the City's interest-bearing investments at June 30, 2017 is as follows:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Investment Maturities (in Years)</b>		
		<b>Less Than 1 Year</b>	<b>1-10 Years</b>	<b>Over 10 Years</b>
Interest-bearing investments:				
Certificate of deposit *	\$ 12,717,831	\$ 4,702,923	\$ 8,014,908	\$
U.S. Government Securities	2,689,448	291,909	1,828,830	568,709
U.S. Government Agencies	128,196,653	76,273,561	51,923,092	
Corporate bonds	2,892,224	819,627	1,575,303	497,294
	<u>\$ 146,496,156</u>	<u>\$ 82,088,020</u>	<u>\$ 63,342,133</u>	<u>\$ 1,066,003</u>

\*Subject to coverage by federal depository insurance and collateralization.

**CITY OF STAMFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

**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 obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. Presented below is the average rating of investments in debt securities.

<b>Average Rating</b>	<b>Corporate Bonds</b>	<b>U.S. Government Securities</b>	<b>U.S. Government Agencies</b>	<b>Certificate of Deposit</b>	<b>Total</b>
Aaa	\$ 127,807	\$ 2,689,448	\$ 128,196,653	\$	\$ 131,013,908
Aa1	75,277				75,277
Aa2	135,146				135,146
Aa3	181,312				181,312
A1	226,928				226,928
A2	537,626				537,626
A3	408,213				408,213
Baa1	560,514				560,514
Baa2	254,963				254,963
C	298,718				298,718
Unrated	85,720			12,717,831	12,803,551
	<u>\$ 2,892,224</u>	<u>\$ 2,689,448</u>	<u>\$ 128,196,653</u>	<u>\$ 12,717,831</u>	<u>\$ 146,496,156</u>

**Concentration of Credit Risk**

The City's and the City's OPEB and Pension Funds' policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific maturity. Information regarding concentration of the investments that represent more than 5% of the investments in each of the respective Plans is detailed in Note 8.

**CITY OF STAMFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

The City and its fiduciary funds categorize their 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 and its fiduciary funds have the following recurring fair value measurements as of June 30, 2017:

	June 30, 2017	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
U.S. Government Securities	\$ 2,689,448	\$ 2,689,448	\$	\$
U.S. Government Agencies	128,196,653	128,196,653		
Corporate Bonds	2,892,224	2,892,224		
Common and Preferred Equities	55,757,786	52,760,180	2,997,606	
Preferred Stock	-			
Mutual Funds	550,634,967	546,200,710	4,434,257	
Alternative Investments	10,179,138		10,179,138	
Total Investments by fair value level	750,350,216	\$ 732,739,215	\$ 17,611,001	\$ -
Investments Measured at Net Asset Value (NAV):				
Other Alternative Investments	57,500,027			
Total Investments Measured at Fair Value	807,850,243			
Certificate of Deposit	12,717,831			
Total Investments	\$ 820,568,074			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The alternative investments classified in Level 3 are not actively traded and significant observable inputs are not available; therefore a degree of judgment is necessary to estimate fair value. 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.

**CITY OF STAMFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

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	\$ 2,144,944	\$ 900,000	N/A	N/A
Alternative Investments	49,541,973	-	Quarterly	45-90 days
Alternative Investments	3,148,965	-	Monthly	185 days
Alternative Investments	<u>2,664,145</u>	-	N/A	N/A
Total Investments Measured at NAV	<u>\$ 57,500,027</u>			

The above include investments in 9 alternative investments which invest in various types of investments. The fair values of the investments in this type have been determined using the NAV per share of the investments.

**4. TAXES RECEIVABLE**

Taxes receivable at June 30, 2017 consisted of the following:

Property taxes - current	\$ 6,305,289
Property taxes - delinquent	<u>3,527,869</u>
Total property tax - principal	9,833,158
Property taxes - interest	3,687,451
Property taxes - collection agency	<u>11,342,352</u>
	24,862,961
Allowance for uncollectible amounts	<u>(15,511,422)</u>
Net Taxes Receivable	<u>\$ 9,351,539</u>

**CITY OF STAMFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

**5. CAPITAL ASSETS**

Changes in the City's capital assets are as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 86,868,626	\$	\$ 940,000	\$ 85,928,626
Construction in progress	124,892,492	21,432,817		146,325,309
Works of art	767,000			767,000
Total capital assets not being depreciated	<u>212,528,118</u>	<u>21,432,817</u>	<u>940,000</u>	<u>233,020,935</u>
Capital assets being depreciated:				
Land improvements	205,657,769	16,873,656		222,531,425
Building and improvements	539,559,057			539,559,057
Machinery and equipment	131,698,369	5,733,881	2,743,144	134,689,106
Infrastructure	277,763,394	8,727,917		286,491,311
Total capital assets being depreciated	<u>1,154,678,589</u>	<u>31,335,454</u>	<u>2,743,144</u>	<u>1,183,270,899</u>
Less accumulated depreciation for:				
Land improvements	58,634,000	9,391,806		68,025,806
Building and improvements	288,328,815	10,842,365		299,171,180
Machinery and equipment	96,110,515	8,913,252	2,088,434	102,935,333
Infrastructure	165,530,674	6,489,606		172,020,280
Total accumulated depreciation	<u>608,604,004</u>	<u>35,637,029</u>	<u>2,088,434</u>	<u>642,152,599</u>
Total capital assets being depreciated, net	<u>546,074,585</u>	<u>(4,301,575)</u>	<u>654,710</u>	<u>541,118,300</u>
Governmental Activities Capital Assets, Net	<u>\$ 758,602,703</u>	<u>\$ 17,131,242</u>	<u>\$ 1,594,710</u>	<u>\$ 774,139,235</u>

**CITY OF STAMFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 4,863,529	\$	\$	\$ 4,863,529
Construction in progress	369,211	106,073		475,284
Total capital assets not being depreciated	<u>5,232,740</u>	<u>106,073</u>	<u>-</u>	<u>5,338,813</u>
Capital assets being depreciated:				
Land improvements	6,701,086	3,401,284		10,102,370
Building and improvements	138,280,171			138,280,171
Machinery and equipment	38,054,958			38,054,958
Infrastructure	71,706,999	465,634		72,172,633
Total capital assets being depreciated	<u>254,743,214</u>	<u>3,866,918</u>	<u>-</u>	<u>258,610,132</u>
Less accumulated depreciation for:				
Land improvements	1,560,386	177,836		1,738,222
Building and improvements	47,566,520	4,240,056		51,806,576
Machinery and equipment	27,799,382	1,121,223		28,920,605
Infrastructure	25,337,626	838,351		26,175,977
Total accumulated depreciation	<u>102,263,914</u>	<u>6,377,466</u>	<u>-</u>	<u>108,641,380</u>
Total capital assets being depreciated, net	<u>152,479,300</u>	<u>(2,510,548)</u>	<u>-</u>	<u>149,968,752</u>
Business-Type Activities Capital Assets, Net	<u>\$ 157,712,040</u>	<u>\$ (2,404,475)</u>	<u>\$ -</u>	<u>\$ 155,307,565</u>

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

Governmental activities:	
Governmental services	\$ 1,988,485
Administration	1,707,005
Public safety	3,255,093
Operations	14,691,934
Education	<u>13,994,512</u>

Total Depreciation Expense - Governmental Activities \$ 35,637,029

Business-type activities:	
Water Pollution Control Authority	\$ 5,713,812
Old Town Hall Redevelopment Agency	597,893
E.G. Brennan Golf Course	<u>65,761</u>

Total Depreciation Expense - Business-Type Activities \$ 6,377,466

**Construction Commitments**

The City has active construction projects as of June 30, 2017 that includes building construction and renovations, infrastructure upgrades, road construction and a variety of projects. At June 30, 2017, the City had \$56,602,230 in construction commitments in the following funds.

<u>Fund</u>	<u>Amount</u>
Capital Projects	\$ 55,070,468
Mill River Capital Projects	<u>1,531,762</u>
	<u>\$ 56,602,230</u>

**CITY OF STAMFORD, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS**

**6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The balances reflected as due from/to other funds at June 30, 2017 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 204,324
	Nonmajor Governmental Funds	1,021,866
Board of Education Medical	OPEB Fund	<u>985,601</u>
Total		<u>\$ 2,211,791</u>

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Old Town Hall Redevelopment Agency	\$ 3,816,176
Capital Projects Fund	Old Town Hall Redevelopment Agency	957,539
	Mill River Capital Projects	<u>2,679,656</u>
Total		<u>\$ 7,453,371</u>

The outstanding balances between funds result mainly from the time lag between the dates that:  
1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made.

**CITY OF STAMFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

**Interfund Transfers**

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without equivalent flows of assets in return. The interfund transfers reflected below have been reported as transfers.

	Transfers In				Total Transfers Out
	General Fund	Capital Projects	Non-Major Governmental Funds	Internal Service Fund	
Transfers Out:					
General Fund	\$	\$	\$ 53,806,071	\$ 300,000	\$ 54,106,071
Mill River Capital projects			3,102,408		3,102,408
Non-Major Governmental Funds	1,785,079	6,944,792			8,729,871
Water Pollution Control Authority	398,132				398,132
E.G. Brennan Golf Course	52,744				52,744
Internal Service Funds	1,583,953				1,583,953
Total Transfers In	\$ 3,819,908	\$ 6,944,792	\$ 56,908,479	\$ 300,000	\$ 67,973,179

Transfers are used to 1) move funds from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due and 2) move funds from the General Fund to the other funds in accordance with budget authorizations.

**7. LONG-TERM LIABILITIES**

The following table summarizes changes in the City's long-term liabilities for the year ended June 30, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Bonds payable:					
General obligation bonds	\$ 419,242,793	\$ 45,000,000	\$ 37,905,438	\$ 426,337,355	\$ 39,009,787
Premium	24,062,375	2,741,355	2,879,436	23,924,294	
Total bonds payable	443,305,168	47,741,355	40,784,874	450,261,649	39,009,787
Early retirement incentive	1,271,788	1,444,508	1,971,546	744,750	535,117
Compensated absences	21,172,423	2,434,572	2,117,242	21,489,753	2,148,175
Pollution remediation obligations	6,200,275	674,318		6,874,593	
Net OPEB obligation	67,301,000			67,301,000	
Net pension liability	205,750,702			205,750,702	
Claims payable	43,236,843	97,546,525	93,106,500	47,676,868	20,117,249
Total Governmental Activities					
Long-Term Liabilities	\$ 788,238,199	\$ 149,841,278	\$ 137,980,162	\$ 800,099,315	\$ 61,810,328

**CITY OF STAMFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-Type Activities</b>					
Bonds payable:					
General obligation bonds	\$ 11,785,797	\$	\$ 1,210,145	\$ 10,575,652	\$ 1,322,641
Premium on general obligation bonds	129,589		13,415	116,174	
Revenue bonds	51,715,000		1,210,000	50,505,000	1,265,000
Premium on revenue bonds	4,266,499		152,205	4,114,294	
Total bonds payable	67,896,885	-	2,585,765	65,311,120	2,587,641
Notes payable	48,058,978		3,943,011	44,115,967	3,996,881
Compensated absences	368,165	224,886	192,170	400,881	214,122
Net OPEB obligation	905,000			905,000	
Net pension liability	3,431,544			3,431,544	
<b>Total Business-Type Activities</b>					
Long-Term Liabilities	<u>\$ 120,660,572</u>	<u>\$ 224,886</u>	<u>\$ 6,720,946</u>	<u>\$ 114,164,512</u>	<u>\$ 6,798,644</u>

For governmental activities liabilities for bonds and notes are liquidated by the Debt Service Fund, which is funded primarily by the General Fund. Early retirement incentives, compensated absences, pollution remediation obligations, other post-employment benefit obligations, net pension liability of the governmental activities are liquidated primarily from the General Fund. Claims are liquidated primarily by the Internal Service Funds which is primarily funded by the General Fund.

**CITY OF STAMFORD, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS**

**General Obligation Bonds**

General obligation bonds outstanding as of June 30, 2017 consisted of the following:

<b>Description</b>	<b>Date of Issue</b>	<b>Date of Maturity</b>	<b>Interest Rate (%)</b>	<b>Amount of Original Issue</b>	<b>Balance Outstanding June 30, 2017</b>
Refunding bonds	2003	2018	3.60-5.25	\$ 25,345,000	\$ 3,125,000
Qualified zone academy bonds	2006	2022	2.00	1,337,000	489,673
Public Improvements	2008	2018	3.10-5.00	88,000,000	4,140,000
Qualified zone academy bonds	2008	2023	-	3,750,000	1,500,000
Refunding bonds	2009	2020	3.25-5.00	54,405,000	39,335,000
Clean renewable energy	2009	2024	-	2,000,000	933,334
Public Improvements	2009	2030	2.80-5.45	50,000,000	24,320,000
Public Improvements	2010	2023	4.00-5.00	26,580,000	25,665,000
Public Improvements	2010	2028	2.70-5.00	21,600,000	19,800,000
Public Improvements	2010	2031	5.25-5.35	4,425,000	4,425,000
Public Improvements	2011	2026	2.00-4.00	23,960,000	22,525,000
Public Improvements	2011	2032	3.00-5.00	45,000,000	30,000,000
Public Improvements	2013	2033	2.00-4.00	50,000,000	38,400,000
Refunding bonds	2013	2019	2.00-5.00	22,220,000	3,525,000
Refunding bonds	2015	2024	2.00-5.00	33,670,000	30,460,000
Refunding bonds	2015	2033	2.00-4.00	16,550,000	15,350,000
Public Improvements	2015	2035	2.00-5.00	50,000,000	45,000,000
Public Improvements	2016	2035	3.00-5.00	65,000,000	61,750,000
Refunding bonds	2016	2027	2.25-5.00	21,170,000	21,170,000
Public Improvements	2017	2037	2.00-4.00	45,000,000	45,000,000
Total					436,913,007
Less amount representing business-type activities					(10,575,652)
Total outstanding governmental activities					\$ 426,337,355

**School Bond Reimbursements**

The State of Connecticut reimburses the City for eligible school bond principal and interest costs. The amount of reimbursement for the year ended June 30, 2017 was \$520,480. Additional reimbursements of \$480,452 are expected to be received through the bonds' maturity dates of 2022.

**CITY OF STAMFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

**Revenue Bonds**

SWPCA revenue bonds outstanding as of June 30, 2017 consisted of the following:

<u>Purpose</u>	<u>Year of Issue</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount Outstanding at June 30, 2017</u>
Stamford Water Pollution Control System and Facility Revenue and Revenue Refunding Bonds	2014	\$ 22,095,000	August 2044	3.0-6.0 %	\$ 20,795,000
Stamford Water Pollution Control System and Facility Revenue and Revenue Refunding Bonds	2016	31,070,000	August 2044	3.0-5.0	<u>29,710,000</u>
					<u>\$ 50,505,000</u>

The City issued bonds pursuant to a 2001 and 2006 indenture of trust by and among the City, the SWPCA and the Bank (the Indenture), supplemented through 2006. This Indenture requires the SWPCA to establish and maintain restricted accounts, and follow certain procedures for bond issuance and payments.

After each fiscal year, the SWPCA is required to review its fees to ensure anticipated revenues are sufficient to meet the above requirements. If this review discloses any risk of future noncompliance, the SWPCA must engage an independent industry specialist to undertake a study of its fee schedules. Within 90 days after the beginning of the fiscal year, the specialist's recommended fees must be implemented at a level adequate to meet the above requirements.

The City has pledged future SWPCA customer revenues, net of specified operating expenses, to repay \$50,505,000 in outstanding SWPCA revenue bonds. Proceeds from the bonds provided financing for the construction of capital assets or refunded other revenue bonds issued for that purpose. The bonds are payable solely from SWPCA customer net revenues and are payable through 2045.

**Notes Payable**

The SWPCA has loans from the State of Connecticut for various sewer projects. The loans bear interest at 2%. The loans are payable in monthly installments ranging from \$3,601 to \$368,000, including interest through August 2025. As of June 30, 2017, the combined loan balance is \$33,933,591.

OTHRA has a loan from the City for funding of the Old Town Hall redevelopment. The loan bears interest at 4.32%, with monthly interest payments of approximately \$8,000 through December 2017. At that time, monthly interest only payments ranging from approximately \$22,000 to \$24,000 through February 2029 would be made, based on available cash flow as defined in the operating agreement. At June 30, 2017, the outstanding loan balance is \$2,254,380.

OTHRA has a mortgage payable that bears interest at 0.5%, with monthly interest only payments of approximately \$3,000 through February 2029. At that time, monthly interest only payments ranging from approximately \$24,000 to \$26,000 through June 2043 would be made, based on available cash flow as defined in the operating agreement. As of June 30, 2017, the outstanding loan balance is \$7,927,996.

**CITY OF STAMFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

**Payments to Maturity**

The annual requirements to amortize all general obligation bonds, special obligation revenue bonds, revenues bonds and notes outstanding as of June 30, 2017, including interest payments, were as follows:

**General Obligation Bonds:**

Year Ending June 30,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 39,009,787	15,725,349	\$ 1,322,641	\$ 484,320	\$ 40,332,428	\$ 16,209,669
2019	37,993,209	13,946,717	1,321,101	425,290	39,314,310	14,372,007
2020	34,603,193	12,369,566	998,036	374,158	35,601,229	12,743,724
2021	33,999,198	10,888,721	933,989	329,181	34,933,187	11,217,902
2022	31,331,301	9,448,176	683,884	290,442	32,015,185	9,738,618
2023-2027	130,430,667	30,447,526	3,316,001	953,188	133,746,668	31,400,714
2028-2032	84,635,000	11,422,038	2,000,000	167,355	86,635,000	11,589,393
2033-2037	34,335,000	1,967,654			34,335,000	1,967,654
	<u>\$ 426,337,355</u>	<u>\$ 106,215,747</u>	<u>\$ 10,575,652</u>	<u>\$ 3,023,934</u>	<u>\$ 436,913,007</u>	<u>\$ 109,239,681</u>

**Special Obligation Revenue Bonds:**

**Notes Payable:**

Year Ending June 30,	Business-Type Activities		Year Ending June 30,	Business-Type Activities	
	Principal	Interest		Principal	Interest
2018	\$ 1,265,000	\$ 2,331,719	2018	\$ 3,996,881	\$ 642,166
2019	1,330,000	2,264,819	2019	4,077,555	561,491
2020	1,400,000	2,190,594	2020	4,159,858	479,189
2021	1,480,000	2,112,269	2021	4,026,883	397,206
2022	1,565,000	2,029,444	2022	4,108,163	761,291
2023-2027	9,205,000	8,783,995	2023-2027	13,564,251	
2028-2032	11,815,000	6,170,189	2028-2032		
2033-2037	11,235,000	3,590,699	2033-2037		
2038-2042	7,035,000	1,721,250	2038-2042		
2043-2045	4,175,000	232,107	2043-2045	10,182,376	
	<u>\$ 50,505,000</u>	<u>\$ 31,427,085</u>		<u>\$ 44,115,967</u>	<u>\$ 2,841,343</u>

The above general obligation bonds, revenue bonds and notes are direct obligations of the City, for which its full faith and credit are pledged and are payable from taxes levied on all taxable property located within the City.

Upon completion or cancellation of a bonded capital project, any unexpended general obligation bond funds will be used for any other authorized capital project after approval by the City's Board of Finance and Board of Representatives.

**CITY OF STAMFORD, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS**

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**Legal Debt Limit**

The City's indebtedness (including authorized but unissued bonds), net of principal reimbursements expected from the state, does not exceed the legal debt limitation as required by the Connecticut General Statutes as reflected in the following schedule:

	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$	\$	\$ -
Schools			-
Sewers			-
Urban renewal			-
Unfunded pension benefit obligation			-

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or **\$3.3 billion.**

**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, \$60,505,000 of prior bonds outstanding is considered defeased, of which \$64,724,448 is held in escrow

**Early Retirement Incentive**

In prior years, an early retirement incentive plan was offered to members of the Stamford Education Association (SEA) whose age and years of teaching total at least 70 and who have been employed by the BOE for at least 15 years. Those who were eligible and elected early retirement received \$16,550 over the first two or three years after retirement. During the fiscal year ended June 30, 2017, the City paid \$1,971,546 in early retirement benefits and this amount was charged to the General Fund. At June 30, 2017, the balance due of \$744,750 has been reflected in the government-wide financial statements for governmental activities.

**Compensated Absences**

Vacation time earned during the fiscal year can be carried over to the succeeding year, subject to limitations as provided in the respective collective bargaining agreements. Employees are entitled to accumulate sick leave up to a maximum amount stipulated in each contract. Payment for accumulated sick leave is dependent upon the length of service and accumulated days. Additionally, certain vacation and sick leave expenses will be paid out of the pension funds upon retirement. The value of all compensated absences has been reflected in the government-wide financial statements.

### **Pollution Remediation Obligation**

GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations," requires the reporting of pollution remediation obligations as a general long-term obligation of the City. The pollution remediation obligation represents contractual commitments of the City with either vendor to clean up hazardous waste contaminated sites or the administrative authorization to proceed to clean up identified hazardous waste contaminated sites. Pollution remediation activities include the engagement of contractors to define the extent of the hazardous waste contamination through a remedial investigative contract; outline the method of clean up/remediation through a feasibility study contract; implement the required/recommended remediation action through construction contractors; and maintain and monitor the operations of the cleanup remedy at the site.

The pollution remediation obligation estimates that appear in this report are subject to change over time. Costs may vary due to price fluctuations, changes in technology, changes in potential responsible parties, results of environmental studies, changes to statutes or regulations and other factors that could result in revisions to these estimates. Prospective recoveries from responsible parties may reduce the City's obligation.

On September 10, 2010, the City entered into a Consent Order with the State of Connecticut Department of Environmental Protection regarding the Scofieldtown Landfill, whereby the City agreed to: 1) complete an expedited assessment of any potential current off-site impact emanating from the landfill, and subsequent corrective action as needed to address any such impacts; and 2) prepare and implement a Closure Plan to ensure that the landfill is fully assessed and properly closed, including capping and long-term groundwater monitoring. The estimated cost of completing these actions is included in the total pollution remediation obligation liability shown as of June 30, 2017.

The estimated liability as of June 30, 2017 is \$6,874,593. The reported amount represents the unexpended balances of those cleanup actions in which the City has obligated itself to commence remediation. The reported amounts represent the prospective outlays for existing remediation activities and not anticipated remediation work that may be addressed by the site's responsible parties at some future time or date.

**CITY OF STAMFORD, CONNECTICUT**  
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**Claims Payable**

The Internal Service funds reflect medical benefits for City and BOE employees, risk management, disputed assessments, and heart and hypertension claims that are based upon estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and other factors that are considered to be appropriate modifiers of past experience. An analysis of the activity of unpaid claim liabilities is as follows:

	Year Ended June 30, 2017				
	<b>Medical Benefits - City</b>	<b>Medical Benefits - BOE</b>	<b>Risk Management</b>	<b>Disputed Assessments</b>	<b>Heart and Hypertension</b>
Balance - beginning of year	\$ 2,510,564	\$ 2,284,292	\$ 30,596,000	\$ 14,554	\$ 7,831,433
Provision for claims and claims adjustment expense	36,293,668	45,043,005	10,727,716		5,482,136
Claims and claims adjustment expenses paid	(36,522,886)	(45,160,876)	(7,953,216)		(3,469,522)
Balance - End of Year	<u>\$ 2,281,346</u>	<u>\$ 2,166,421</u>	<u>\$ 33,370,500</u>	<u>\$ 14,554</u>	<u>\$ 9,844,047</u>
Current Portion	<u>\$ 2,281,346</u>	<u>\$ 2,166,421</u>	<u>\$ 11,080,000</u>	<u>\$ 14,554</u>	<u>\$ 4,574,928</u>

	Year Ended June 30, 2016				
	<b>Medical Benefits - City</b>	<b>Medical Benefits - BOE</b>	<b>Risk Management</b>	<b>Disputed Assessments</b>	<b>Heart and Hypertension</b>
Balance - beginning of year	\$ 2,365,200	\$ 2,453,097	\$ 31,010,982	\$ 14,554	\$ 9,633,891
Provision for claims and claims adjustment expense	39,008,307	42,052,859	8,719,480	303,919	2,342,121
Claims and claims adjustment expenses paid	(38,862,943)	(42,221,664)	(9,134,462)	(303,919)	(4,144,579)
Balance - End of Year	<u>\$ 2,510,564</u>	<u>\$ 2,284,292</u>	<u>\$ 30,596,000</u>	<u>\$ 14,554</u>	<u>\$ 7,831,433</u>
Current Portion	<u>\$ 2,510,564</u>	<u>\$ 2,284,292</u>	<u>\$ 11,210,000</u>	<u>\$ 14,554</u>	<u>\$ 3,469,522</u>

## **8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

### **A. Defined Benefit Pension Plans**

#### **Description of Plans**

As required by collective bargaining agreements with the City's labor unions, the City has established four separate, contributory, defined benefit pension plans. Substantially all full-time City employees (except teachers and administrators who are covered by the Connecticut State Teachers' Retirement System) are covered by one of these plans. City and employee contributions are made pursuant to City Charter and union contracts. Administrative fees are paid by either the City or the Pension Plan depending on the type of the fees. Each of the four defined benefit pension plans operated by the City submits stand-alone financial reports, which can be obtained from the City's website ([www.stamfordct.gov](http://www.stamfordct.gov)).

#### **Management of the City's Pension Funds**

The City's Charter mandates that the Classified Employees' Retirement Fund be managed by a Board of Trustees (six (6) in total), consisting of the Mayor (as chairperson), the chairperson of the Board of Finance, the president of the Board of Representatives, and three (3) representatives of the Classified employees (elected to noncurrent three (3) year terms). The trustee positions assigned to the Mayor, the Board of Finance and the Board of Representatives can be other board members as designated by the Mayor, chairperson and president, respectively.

A Board of Trustees manages the Police Pension Trust Fund. The board consists of five (5), two appointed by the Mayor's Office, two agreed to by the union, and one independent member as agreed to by the Mayor's Office appointees and the union.

A Board of Trustees manages the Firefighters' Pension Trust Fund. The board consists of five (5), two appointed by the Mayor's Office, two agreed to by the union, and one independent member as agreed to by the Mayor's Office appointees and the union.

The City's Charter mandates that the Custodians' and Mechanics' Retirement Fund be managed by a Board of Trustees (seven (7) in total), consisting of the Mayor, the Director of Administration, the Superintendent of Schools, three (3) representatives elected by the Custodian and Mechanics employees, and one (1) representatives of the Board of Education employees. The trustee positions assigned to the Mayor and the Director of Administration can be other cabinet or city employees as designated by the Mayor and the Director of Administration, respectively.

#### **Benefits Provided**

##### *Classified Employees' Retirement Fund*

Eligibility begins at date of hire and vesting occurs in full after five years of service. Benefits are payable to an employee who retires at age 60 with a minimum of 10 years of service or an employee who has reached age 58 with at least 15 years of service. Certain contracts allow employees with 25 years of service to retire. Annual benefits equal 2% per year of service with maximums up to 70% of final salary for each year of credited service except UAW employees who's annual benefits have been reduced in some cases to 1.75% per year, and where new hires after January 1, 2015, 1.5% per year. Employees contribute between 3.0% and 6.0% of their annual salary, based on their bargaining units, until they have attained 33 years of credited service. Some union contracts allow employees to exchange sick or vacation leave for up to 4% additional pension credit (1% for each 25 days exchanged). Interest of 5% is credited to the employees' contribution.

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*Policemen's Pension Trust Fund*

Eligibility begins at date of hire and vesting in the City's contributions occurs in full after completing 10 years of service. Benefits are payable to employees with 20 years of service. Upon retirement, annual benefits are paid equal to 50% of final salary plus 3% for each year of service between 20 and 25 years. Employees hired July 2016 will receive 50% of final salary plus 2.25% for each year of service between 20 and 25 years. Beyond 25 years of service, employees receive an additional 2.33% per year of service, up to a maximum of 76.65% of final salary at 30 years. Police contribute 7% of their annual salary. Individuals employed 30 years or more are not required to contribute to the fund. The fund allows employees to exchange vacation leave for up to 7.5% additional pension credit (1.5% for each 20 days exchanged). Interest is not credited to the employees' contribution for this fund.

*Firefighters' Pension Trust Fund*

Eligibility begins at date of hire and vesting in the City's contributions occurs in full after completing 15 years of service. Benefits are payable to employees with 20 years of service and for firefighters hired in 1981 or later, after attainment of age 48. Upon retirement, annual benefits are paid equal to 50% of final salary plus 2% for each year of service over 20 years, up to a maximum pension of 74% of final salary. Firefighters contribute 6.25% of their annual salary. Individuals employed 32 years or more are not required to contribute to the fund. The fund allows employees to exchange vacation leave for up to 7.5% additional pension credit (1.5% for each 20 days exchanged). Interest is not credited to the employees' contribution for this fund.

*Custodians' and Mechanics' Retirement Fund*

Eligibility begins at date of hire and vesting occurs in full after 10 years of service. Benefits are payable to an employee who retires at age 60 or upon completion of 25 years of service regardless of age. Annual benefits are paid equal to 2.25% of final salary for each year of service, up to a maximum pension of 74.25% of final salary. The employees contribute 5.0% (custodians contribute 7.0%) of their salary until they have reached 33 years of credited service. The fund allows employees to exchange sick and vacation leave for up to 7.5% additional pension credit (1.5% for each 25 days exchanged). The education assistants, security workers and school liaisons are included in this fund. They receive eligibility and vesting from their date of hire. Annual benefits equal to 1.5% of final salary for each year of service, up to a maximum pension of 49.5% of final salary. Employees' contributions are credited with interest at the rate of 4% per year.

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Current membership in these programs is comprised of the following at July 1, 2016, the date of the last full actuarial valuation:

	<b>Classified Employees' Retirement Fund</b>	<b>Policemen's Pension Trust Fund</b>	<b>Firefighters' Pension Trust Fund</b>	<b>Custodians' and Mechanics' Retirement Fund</b>
Retirees and beneficiaries currently receiving benefits	702	323	227	163
Active members	587	272	274	528
Vested in employee contribution only	17			
Inactive plan members entitled to but not yet receiving benefits	167	1	2	61
Total	<u>1,473</u>	<u>596</u>	<u>503</u>	<u>752</u>

**Summary of Significant Accounting Policies**

**Basis of Accounting**

Financial statements are prepared using the accrual basis of accounting for the four defined benefit pension funds. Fund 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 plan.

**Method Used to Value Investments**

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

**Investments**

**Investment Policy**

Each of the City's Pension Fund Board of Trustees has established an Investment Policy for their respective funds that it has made available to the outside investment advisors for that fund. Each policy includes asset allocation targets, performance measures and other criteria for manager or fund selection, rebalancing provisions, overall expected return targets, and maintaining sufficient liquidity to meet benefit payout requirements. Amendments to each fund's investment policy can be made by majority vote of the relevant board.

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Concentrations: The following represents the investments in each respective Fund that represents more than 5% of the respective Fund's net position as of June 30, 2017:

Firefighters' Pension Trust Fund:	
Omega Overseas Partners	\$ 15,077,150
Beach Point Total Return Offshore Fund II	10,366,465
Boyd Watterson GSA Fund LP	13,109,159

Policemen's Pension Trust Fund:	
UBS CDIS Core Fund, LLC	\$
UBS Trumbull Property Fund	
UBS Trumbull Property Income Fund	
Hildene Opportunites Offshore Fund, Ltd	

**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, was as follows:

Classified Employees' Retirement Fund	-4.38%
Policemen's Pension Fund	-2.15%
Firefighters' Pension Fund	-3.38%
Custodians' and Mechanics' Retirement Fund	-3.37%

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

**Net Pension Liability of the City**

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

	<b>Classified Employee's Retirement Fund</b>	<b>Policemen's Pension Trust Fund</b>	<b>Firefighters' Pension Trust Fund</b>	<b>Custodians' and Mechanics' Retirement Fund</b>
Total pension liability	\$ 256,606,003	\$ 251,230,382	\$ 177,745,053	\$ 73,065,686
Fund fiduciary net position	190,594,323	186,944,990	116,799,798	55,125,767
Net Pension Liability	\$ 66,011,680	\$ 64,285,392	\$ 60,945,255	\$ 17,939,919
Fund fiduciary net position as a percentage of the total pension liability	74.28%	74.41%	65.71%	75.45%

For governmental activities the net pension liability of the City is recorded on the government-wide statement of net position. SWPCA's portion of net pension liability is recorded in the statement of net position of the business-type activities/enterprise funds.

**CITY OF STAMFORD, CONNECTICUT  
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**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation date July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

	<b>Classified Employee's Retirement Fund</b>	<b>Policemen's Pension Trust Fund</b>	<b>Firefighters' Pension Trust Fund</b>	<b>Custodians' and Mechanics' Retirement Fund</b>
Inflation rate	2.75%	2.75%	2.75%	2.75%
Salary increase	Graded Scale	Graded Scale	Graded Scale	Graded Scale
Investment rate of return	7.50%	7.50%	7.25%	7.50%
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit

Mortality rates were based on the following:

<b>Classified Employee's Retirement Fund</b>	50/50 Blend of RP-2000 No Collar Combined Table and RP-2000 Blue Collar Combined Table
<b>Policemen's Pension Trust Fund</b>	RP-2000 Mortality Table with separate male and female rates, with blue collar adjustment, combined table for non-annuitants and annuitants, projected to the valuation date with Scale AA.
<b>Firefighters' Pension Trust Fund</b>	RP-2000 Mortality Table with separate male and female rates, with blue collar adjustment, combined table for non-annuitants and annuitants, projected to the valuation date with Scale BB.
<b>Custodians' and Mechanics' Retirement Fund</b>	RP-2000 Mortality Table with separate male and female rates, with blue collar adjustment, combined table for non-annuitants and annuitants, projected to the valuation date with Scale BB.

**CITY OF STAMFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

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. The target asset allocation and the best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 are summarized in the following tables:

Classified Employee's Retirement Fund			Policemen's Pension Trust Fund		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	15.00 %	1.95 %	U.S. Equity	25.00 %	7.00 %
Domestic Equity	30.00	5.08	Non-U.S. Equity	14.00	7.25
International Equity	20.00	6.00	U.S. Fixed Income	20.00	2.25
Asset Allocation	<u>35.00</u>	4.06	Alternative Investments	25.00	4.00
			Real Estate/REIT's	14.00	7.00
Total Allocation	<u>100.00 %</u>		Cash	<u>2.00</u>	0.00
			Total Allocation	<u>100.00 %</u>	

Firefighters' Pension Trust Fund			Custodians' and Mechanics' Retirement Fund		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Equities	35.00 %	4.65 %	Fixed Income	15.00 %	2.00 %
International Equities	20.00	5.50	Domestic Equity	30.00	5.25
Small Cap Equities	15.00	5.50	International Equity	20.00	5.50
High Quality Bonds	14.00	1.95	Asset Allocation	<u>35.00</u>	3.84
International Income	2.00	2.00			
High Yield	2.00	3.25	Total Allocation	<u>100.00 %</u>	
Emerging Markets	2.00	3.75			
Alternative Investments	<u>10.00</u>	5.00			
Total Allocation	<u>100.00 %</u>				

**CITY OF STAMFORD, CONNECTICUT  
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**Discount Rate**

The discount rate used to measure the total pension liability for each of the following pension funds is as follows:

	<b>Classified Employee's Retirement Fund</b>	<b>Policemen's Pension Trust Fund</b>	<b>Firefighters' Pension Trust Fund</b>	<b>Custodians' and Mechanics' Retirement Fund</b>
Discount Rate	7.50%	7.50%	7.25%	7.50%

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that 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 plans' 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 Net Pension Liability**

<b>Classified Employees' Retirement Fund</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	\$ 256,606,003	\$ 190,594,323	\$ 66,011,680
Changes for the year:			
Service cost			-
Interest on total pension liability			-
Differences between expected and actual experience			-
Employer contributions			-
Member contributions			-
Net investment income (loss)			-
Benefit payments, including refund to employee contributions			-
Administrative expenses			-
Other changes			-
Net Changes	-	-	-
Balances as of June 30, 2017	\$ 256,606,003	\$ 190,594,323	\$ 66,011,680

**CITY OF STAMFORD, CONNECTICUT**  
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**Policemen's Pension Trust Fund**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a)-(b)</b>
Balances as of June 30, 2016	\$ 251,230,382	\$ 186,944,990	\$ 64,285,392
Changes for the year:			
Service cost			-
Interest on total pension liability			-
Changes in assumptions			-
Employer contributions			-
Member contributions			-
Net investment income (loss)			-
Benefit payments, including refund to employee contributions			-
Administrative expenses			-
Net Changes	-	-	-
Balances as of June 30, 2017	\$ 251,230,382	\$ 186,944,990	\$ 64,285,392

**Firefighters' Pension Trust Fund**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a)-(b)</b>
Balances as of June 30, 2016	\$ 177,745,053	\$ 116,799,798	\$ 60,945,255
Changes for the year:			
Service cost			-
Interest on total pension liability			-
Employer contributions			-
Member contributions			-
Net investment income (loss)			-
Benefit payments, including refund to employee contributions			-
Administrative expenses			-
Other changes			-
Net Changes	-	-	-
Balances as of June 30, 2017	\$ 177,745,053	\$ 116,799,798	\$ 60,945,255

**CITY OF STAMFORD, CONNECTICUT**  
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**Custodians' and Mechanics' Retirement Fund**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2016	\$ 73,065,686	\$ 55,125,767	\$ 17,939,919
Changes for the year:			
Service cost			-
Interest on total pension liability			-
Changes in assumptions			-
Employer contributions			-
Member contributions			-
Net investment income (loss)			-
Benefit payments, including refund to employee contributions			-
Administrative expenses			-
Other changes			-
Net Changes	-	-	-
Balances as of June 30, 2017	\$ 73,065,686	\$ 55,125,767	\$ 17,939,919

**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 if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate, as noted below:

	1% Decrease to 6.5%	Current Discount Rate 7.50%	1% Increase to 8.5%
Classified Employees' Retirement	\$	\$ 66,011,680	\$
	1% Decrease to 6.5%	Current 7.50%	1% Increase to 8.5%
Policemen's Pension	\$	\$ 64,285,392	\$
	1% Decrease to 6.25%	Current 7.25%	1% Increase to 8.25%
Firefighters' Pension	\$	\$ 60,945,255	\$
	1% Decrease to 6.5%	Current 7.50%	1% Increase to 8.5%
Custodians' and Mechanics' Retirement	\$	\$ 17,939,919	\$

**CITY OF STAMFORD, CONNECTICUT**  
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The following schedule presents the net position held in trust for pension benefits at June 30, 2017 and the changes in net position for the year then ended.

	Pension Trust Funds				Total
	Classified Employees' Retirement Fund	Policemen's Pension Trust Fund	Firefighters' Pension Trust Fund	Custodians' and Mechanics' Retirement Fund	
Assets:					
Cash and cash equivalents	\$ 1,551,913	\$ 4,546,651	\$ 701,083	\$ 459,309	7,258,956
Investments, at fair value:					
U.S. government securities			2,689,448		2,689,448
U.S. government agencies					-
Corporate bonds			2,892,224		2,892,224
Common and preferred equities	16,417,395		39,340,391		55,757,786
Mutual funds	192,207,196	191,604,491	16,338,730	62,949,748	463,100,165
Alternative investment/Hedge funds			67,679,165		67,679,165
Total investments	208,624,591	191,604,491	128,939,958	62,949,748	592,118,788
Receivables					
Accounts	171,636		29,313	10,601	211,550
Accrued interest and dividends	10,515		45,582	400	56,497
Total assets	210,358,655	196,151,142	129,715,936	63,420,058	599,645,791
Liabilities:					
Accounts payable	4,310	1,013	52,313	1,120	58,756
Net Position:					
Restricted for Pension Benefits	\$ 210,354,345	\$ 196,150,129	\$ 129,663,623	\$ 63,418,938	\$ 599,587,035

**CITY OF STAMFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

	Pension Trust Funds				Total
	Classified Employees' Retirement Fund	Policemen's Pension Trust Fund	Firefighters' Pension Trust Fund	Custodians' and Mechanics' Retirement Fund	
Additions:					
Contributions:					
Employer	\$ 5,923,000	\$ 7,903,000	\$ 5,140,000	\$ 2,145,000	\$ 21,111,000
Plan members	2,048,979	1,302,139	1,543,551	1,149,755	6,044,424
Total contributions	7,971,979	9,205,139	6,683,551	3,294,755	27,155,424
Investment earnings:					
Net increase (decrease) in fair value of investments	24,507,809		16,886,208	7,008,762	48,402,779
Interest and dividends	3,398,335		1,029,968	1,040,590	5,468,893
Total investment earnings	27,906,144	-	17,916,176	8,049,352	53,871,672
Less investment expenses:					
Investment management fees	146,615		1,238,611	25,563	1,410,789
Net investment income (loss)	27,759,529	-	16,677,565	8,023,789	52,460,883
Total additions	35,731,508	9,205,139	23,361,116	11,318,544	79,616,307
Deductions:					
Benefits	15,860,383		10,411,804	2,974,023	29,246,210
Administration	111,103		85,487	51,350	247,940
Total deductions	15,971,486	-	10,497,291	3,025,373	29,494,150
Change in net position	19,760,022	9,205,139	12,863,825	8,293,171	50,122,157
Net Position at Beginning of Year	190,594,323	186,944,990	116,799,798	55,125,767	549,464,878
Net Position at End of Year	\$ 210,354,345	\$ 196,150,129	\$ 129,663,623	\$ 63,418,938	\$ 599,587,035

**CITY OF STAMFORD, CONNECTICUT  
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**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2017, the City recognized pension expense of \$39,860,859 (including \$573,728 reported for SWPCA). At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Classified Employees' Retirement Fund</u>	<u>Policemen's Pension Trust Fund</u>	<u>Firefighters' Pension Trust Fund</u>	<u>Custodians' and Mechanics' Retirement Fund</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>					
Changes of assumptions	\$	\$	\$	\$	\$ -
Net difference between projected and actual earning on pension plan investments					-
<b>Total</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>Classified Employees' Retirement Fund</u>	<u>Policemen's Pension Trust Fund</u>	<u>Firefighters' Pension Trust Fund</u>	<u>Custodians' and Mechanics' Retirement Fund</u>	<u>Total</u>
<b>Deferred Inflows of Resources</b>					
Differences between expected and actual experience	\$	\$	\$	\$	\$ -

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

<u>Year Ending June 30,</u>	<u>Classified Employees' Retirement Fund</u>	<u>Policemen's Pension Trust Fund</u>	<u>Firefighters' Pension Trust Fund</u>	<u>Custodians' and Mechanics' Retirement Fund</u>	<u>Total</u>
2018	\$	\$	\$	\$	-
2019					-
2020					-
2021					-
2022					-
Thereafter					-

**Payable to the Pension Plan**

At June 30, 2017, the City reported a payable of \$-0- for the outstanding amount of contribution to the pension plan required for the year ended June 30, 2017.

**B. Defined Contribution Retirement Plans**

**Plan Description**

The City has established defined contribution retirement plan for employees hired after certain specified dates in 2012 for all unions except police, fire, UAW and IOUE/Operations.

## **Pay Plan Employees**

Per the Charter Section 47-1.2 certain elected, appointed and unclassified employees who hold a position in the City are considered Pay Plan Employees. These employees, who include the Mayor and his Cabinet members, shall be eligible for pension compensation in the form of a City match to the Pay Plan employees' Internal Revenue Service Section 457 plan account, pursuant to the terms of the Pay Plan. The cost of this program was approximately \$266,692 for fiscal year 2017.

## **C. Pension Plan - Connecticut State Teachers' Retirement System**

### **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.

### **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.

## CITY OF STAMFORD, CONNECTICUT NOTES TO FINANCIAL STATEMENTS

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### *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>473,873,849</u>
Total	\$	<u>473,873,849</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 \$28,998,466 in Exhibit II for on-behalf amounts for the benefits provided by the State.

### **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

**CITY OF STAMFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

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%.

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:

<b><u>Asset Class</u></b>	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return</u></b>
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
Real estate	7.0	5.1
Core fixed income	7.0	1.3
Cash	6.0	0.4
High yield bonds	5.0	3.9
Emerging market bond	5.0	3.7
Inflation linked bond fund	3.0	1.0
Total	<u>100.0 %</u>	

### **Discount Rate**

The discount rate used by the State of Connecticut 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.

## **9. OTHER POST-EMPLOYMENT BENEFITS**

In addition to providing pension benefits, the City provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees' covered and the percentage of contribution, if any, to the cost of health care benefits. Contributions by the City may vary according to length of service. The cost of providing post-employment health care benefits is shared between the City and the retired employee. Substantially all of the City's employees may become eligible for these benefits if they reach normal retirement age while working for the City. The cost of retiree health care benefits is recognized as an expenditure as claims are paid.

Actuarial valuations for the OPEB trust involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB trust reflect a long-term perspective.

City ordinances require the OPEB trust be managed by a board of trustees ((fifteen) (15) (in total)), consisting of the mayor, director of human resources, director of administration, controller, president of the Board of Education (or his/her designee), superintendent of schools, chief operating officer of the Board of Education, representatives of the each of the City's four (4) pension plans, and two (2) designees each from the City Board of Finance and Board of Representatives respectively.

**CITY OF STAMFORD, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS**

The number of participants as of June 30, 2017 was as follows:

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total Primary Government</b>
Retired Employees	1,133	14	1,147
Active Employees	3,130	33	3,163
	<u>4,263</u>	<u>47</u>	<u>4,310</u>

**Investments**

**Investment Policy**

The OPEB trust has established an investment policy that it has made available to the outside investment advisor for the trust. The policy includes asset allocation targets, performance measures and other criteria for manager or fund selection, rebalancing provisions, overall expected return targets, and maintaining sufficient liquidity to meet benefit payout requirements. Amendments to the trust investment policy can be made by majority vote of the board.

**Employee Contributions**

Effective July 1, 2016, all active police employees shall contribute one percent (1%) of the Top step patrol rate for each payroll period into the OPEB trust to fund retiree health benefit costs. These contributions will be discontinued after reaching thirty (30) years of service.

**Rate of Return**

For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was **X.XX%**. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net OPEB Liability of the City**

During the year, the City implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* (OPEB). This Statement requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net position. The components of the net OPEB liability of the City at June 30, 2017, were as follows:

Total OPEB liability	\$	
Plan fiduciary net position		
Net OPEB Liability	\$	-
Plan fiduciary net position as a percentage of the total OPEB liability		<b>#DIV/0!</b>

The City's net OPEB liability will be required to be recorded on the government-wide financial statement of net position at June 30, 2018.

**CITY OF STAMFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	2.5%
Investment rate of return	XXXXXX
Healthcare cost trend rates	7.5% for 2016, decreasing .5% per year, to an ultimate rate of 4.5% for 2022 and later
Mortality	
Classified Employees':	RP-2000 Mortality Table with separate male and female rates, with 50% blue collar adjustment and 50% no collar adjustment, combined table for non-annuitants and annuitants, projected to the valuation date with Scale BB
Police, Fire and Custodians:	RP-2000 Mortality Table with separate male and female rates, with blue collar adjustment, combined table for non-annuitants and annuitants, projected to the valuation date with Scale BB

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 20X5–April 30, 20X7.

The long-term expected rate of return on OPEB plan investments was determined using a building-bloc method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2017 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	10.00 %	1.95
Domestic Equity	25.00	5.08
International Equity	21.00	6.00
Alternatives	5.00	5.00
Asset Allocation	39.00	4.06
Total Allocation	100.00 %	

**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current discount rate:

	<b>1% Decrease 6.50%</b>	<b>Current Discount Rate 7.50%</b>	<b>1% Increase 8.50%</b>
Net OPEB Liability	\$ <span style="background-color: yellow;">                    </span>	\$ <span style="background-color: yellow;">                    </span>	\$ <span style="background-color: yellow;">                    </span>

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5 percent decreasing to 3.5 percent) or 1-percentage-point higher (8.5 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

	<b>1% Decrease 6.5% decreasing to 3.5%</b>	<b>Healthcare Cost Trend Rates 7.5% decreasing to 4.5%</b>	<b>1% Increase 8.5% decreasing to 5.5%</b>
Net OPEB Liability	\$ <span style="background-color: yellow;">                    </span>	\$ <span style="background-color: yellow;">                    </span>	\$ <span style="background-color: yellow;">                    </span>

**CITY OF STAMFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45 which establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities will no longer be done under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a "normal cost," an "actuarial accrued liability," and ultimately the ARC. 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 over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB costs and net OPEB Obligation:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Primary Government</b>
Annual Required Contribution (ARC)	\$ -	\$ -	\$ -
Interest on Net OPEB Obligation	-	-	-
Adjustment to Annual Required Contribution	-	-	-
Annual OPEB Cost	-	-	-
Contributions Made	-	-	-
Increase in Net OPEB Obligation	-	-	-
Net OPEB Obligation at Beginning of Year	67,301,000	905,000	68,206,000
Net OPEB Obligation at End of Year	\$ 67,301,000	\$ 905,000	\$ 68,206,000

**Annual Funding Progress**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Primary Government</b>
Amortization Component:			
Actuarial Accrued Liability as of July 1, 2016	\$ -	\$ -	\$ -
Assets at Market Value	-	-	-
Unfunded Accrued Actuarial Liability (UAAL)	\$ -	\$ -	\$ -
Funded Ratio	#DIV/0!	#DIV/0!	#DIV/0!
Covered Payroll	\$ 234,472,000	\$ -	\$ 234,472,000
UAAL as a Percentage of Covered Payroll	0.00%	#DIV/0!	0.00%

**CITY OF STAMFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and two preceding years is as follows:

<u>Fiscal</u> <u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
Government Activities			
2017			
2016	\$ 26,668,000	79.75 %	\$ 67,301,000
2015	27,987,369	67.41	61,937,162
Business-Type Activities			
2017			
2016	\$ 366,000	89.89 %	\$ 905,000
2015	367,000	43.83	867,838

The schedule of funding progress for the OPEB plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial accrued liability for the benefits over time.

The following schedules present the net position held in trust for OPEB benefits at June 30, 2017 and the changes in net position for the year ended:

	<u>OPEB Trust Fund</u>
Assets:	
Cash and cash equivalents	\$ 7,153,360
Investments, at fair value:	
Mutual funds	87,534,802
Receivables:	
Contribution receivable	362,587
Total assets	<u>95,050,749</u>
Liabilities:	
Accounts payable	299,209
Due to other funds	985,601
Claims payable	1,607,018
Total Liabilities	<u>2,891,828</u>
Net Position:	
Restricted for OPEB Benefits	<u>\$ 92,158,921</u>

**CITY OF STAMFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

	<u><b>OPEB Trust Fund</b></u>
Additions:	
Contributions:	
Employer	\$ 26,617,000
Plan members	4,291,512
Other revenue	1,729,648
Total contributions	<u>32,638,160</u>
Investment earnings:	
Net increase (decrease) in fair value of investments	9,250,640
Interest and dividends	1,663,991
Total investment earnings	<u>10,914,631</u>
Less investment expenses:	
Investment management fees	87,937
Net investment income (loss)	<u>10,826,694</u>
Total additions	<u>43,464,854</u>
Deductions:	
Benefits	17,529,591
Administration	815,743
Total deductions	<u>18,345,334</u>
Change in net position	25,119,520
Net Position at Beginning of Year	<u>67,039,401</u>
Net Position at End of Year	<u><u>\$ 92,158,921</u></u>

**CITY OF STAMFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

**10. FUND BALANCE**

The components of fund balance for the governmental funds as of June 30, 2017 are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Mill River Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable:					
Prepaid expenditures	\$	\$	\$	\$ 1,385	\$ 1,385
Inventories	50,681			63,262	113,943
Advances	3,816,176				3,816,176
Total nonspendable	<u>3,866,857</u>	<u>-</u>	<u>-</u>	<u>64,647</u>	<u>3,931,504</u>
Restricted for:					
Long-term loans and accounts receivable		7,937,641			7,937,641
Capital projects		91,151,852		13,005,418	104,157,270
Advances		3,637,195			3,637,195
Mill river capital projects			257,342		257,342
Stamford Community Development Program				615,511	615,511
Town aid highway				268,133	268,133
Drug asset forfeiture				350,499	350,499
Educational grants program				1,260,741	1,260,741
BOE Food service program				575,807	575,807
Other grants program				825,398	825,398
Total restricted	<u>-</u>	<u>102,726,688</u>	<u>257,342</u>	<u>16,901,507</u>	<u>119,885,537</u>
Committed to:					
Rainy Day purposes					-
Compliance with Federal mandates					-
BOE OPEB contribution	105,000				105,000
Capital nonrecurring					-
BOE capital projects	198,310				198,310
Risk management fund for H&H					-
Unreimbursed storm clean-up costs	1,612,449				1,612,449
Total committed	<u>1,915,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,915,759</u>
Assigned to:					
Governmental services encumbrances	43,070				43,070
Administration encumbrances	503,740				503,740
Legal affairs encumbrances	92,142				92,142
Public safety encumbrances	357,426				357,426
Health and welfare encumbrances	40,076				40,076
Operations encumbrances	238,141				238,141
Board of Education encumbrances	334,266				334,266
Future obligations of the City	1,467,613				1,467,613
Rainy Day purposes	22,985,780				22,985,780
BOE energy reserve	201,840				201,840
Dog license				417,641	417,641
Police extra duty				6,201	6,201
School building use				378,560	378,560
Continuing education				233,078	233,078
Parking				979,423	979,423
Greater Stamford transit district				74,623	74,623
Total assigned	<u>26,264,094</u>	<u>-</u>	<u>-</u>	<u>2,089,526</u>	<u>28,353,620</u>
Unassigned	<u>10,537,852</u>	<u>-</u>	<u>-</u>	<u>731,025</u>	<u>11,268,877</u>
Total Fund Balances	<u>\$ 42,584,562</u>	<u>\$ 102,726,688</u>	<u>\$ 257,342</u>	<u>\$ 19,786,705</u>	<u>\$ 165,355,297</u>

**CITY OF STAMFORD, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS**

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Certain elements of fund balance are described above. Those additional elements which are not reflected in the statement of net position but are reported in the governmental funds balance sheet are described below.

Prepaid expenditures have been provided to account for certain payments made in advance. The amount is classified as nonspendable to indicate that funds are not available for appropriation or expenditure even though they are a component of current assets.

Inventories in the BOE Food Service Program and the Continuing Education funds have been classified as nonspendable to indicate that a portion of fund balance is not available for expenditure because the asset is in the form of commodities and the City anticipates utilizing them in the normal course of operations.

Advances have been established to indicate the long-term nature of funds advanced to the OTHRA enterprise fund. These funds do not represent available spendable resources even though they are a component of current assets.

Long-term loans and accounts receivable represent funds set aside to indicate the long-term nature of amounts due from the OTHRA enterprise fund.

Encumbrances are assigned and represent the City's intention to honor the contracts in process at year-end. The subsequent year's appropriation will be amended to provide authority to complete the transactions.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted, committed or assigned.

**Committed**

The City Charter provides that a current year surplus or deficit must be applied to or funded in subsequent operating budgets or an operating reserve fund (Rainy Day purposes). In fiscal 2017, revenues and transfers exceeded expenditures by \$9,812,062. In addition, \$1,041,693 of unexpended prior year encumbrances were also returned to the fund balance. These were offset by the increase in fund balance assigned for future obligations of the City of \$1,104,296. The anticipated use of the amount available from current year's operations of \$X,XXX,XXX is as follows:

Rainy Day purposes	\$	
BOE OPEB contribution		
Capital nonrecurring		
Risk management fund for H&H		
Unreimbursed storm clean-up costs		
	\$	-

## **11. SIGNIFICANT CONTINGENCIES**

### **A. Litigation**

The City is a defendant in numerous pending disputed tax assessment proceedings, the results of which cannot be determined at this time. Any future refunds resulting from adverse settlements will be funded in the year in which the payments are made. The City has accrued \$14,554 for tax appeals associated with the latest property revaluations in the Disputed Assessments Internal Service Fund.

The City is a defendant in various lawsuits including personal injury, property damage, civil rights violations and other miscellaneous claims. For certain of these cases, where it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated, a loss contingency has been accrued for in the Risk Management Internal Service Fund of \$3,551,500. Estimated pollution remediation costs of \$6,874,593 have been accounted for in the governmental wide financial statements long-term liabilities. Based upon the advice of the City Corporation Counsel, management believes that the ultimate resolution of these matters will not have a material adverse effect on the financial statements of the City.

### **B. Contingencies**

The City participates in various federal and state grant programs. These programs are subject to program compliance audits pursuant to the Federal and State Single Audit Acts. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City anticipates such amounts, if any, to be immaterial.

### **C. Risk Management**

The City is exposed to various risks of loss related to torts, theft or impairment to assets, errors and omissions, injury to employees, natural disasters, and tax appeals.

The City is self-insured per claim for up to \$1,000,000 for general and auto liability, \$1,000,000 for public officials' liability and \$100,000 for most property losses. The City also carries an umbrella policy with limits of \$15 million per occurrence. The City purchases commercial insurance for claims in excess of these retentions. The City records expenditures for heart and hypertension claims in the government-wide financial statements.

It is the City's policy to self-insure for employee health insurance coverage up to \$300,000 per individual for City and Board of Education employees. These amounts are recorded in the City and Board of Education Medical Internal Service funds. Heart and hypertension claims for police officers and firefighters are covered, as required by State Statute.

The City is self-insured for workers' compensation claims for up to \$1,500,000 per claim. For certain of these cases, where it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated, a loss contingency has been accrued for in the Risk Management Internal Service Fund of \$29,819,000. Costs relating to the litigation of claims are charged to expenditures as incurred.

## **CITY OF STAMFORD, CONNECTICUT NOTES TO FINANCIAL STATEMENTS**

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There have been no significant reductions in insurance coverage from coverage in prior years. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

### **D. Risks and Uncertainties**

The City invests in various securities, including commercial paper, government-sponsored enterprises, and alternative investments. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. The ongoing credit and liquidity crisis in the United States and throughout the global financial systems has resulted in substantial volatility in financial markets and the banking system. This and other economic events have had a significant adverse impact on investment portfolios. Due to the level of risks associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position and activities.

In the original financial plan for OTHRA, it was anticipated that the real property owned and developed by OTHRA would be leased to a minority owner of QALICB for \$348,000 per annum, who would sublease the real property to unrelated third party tenants generating net rental income to support rental payments to OTHRA. During the year ended June 30, 2017, subtenants generated rental income of approximately \$665,064. As long as OTHRA is not generating sufficient rental income to cover its operating costs and debt service requirements, the City, through Old Town Hall Manager, Inc., is responsible for covering these costs. As of June 30, 2017, the City advanced OTHRA \$4,773,715 to support operations and capital improvements of the real property. No provision has been made in the accompanying financial statements for losses that might be incurred by the City, if any, in connection with OTHRA.

### **12. TAX ABATEMENTS**

As of June 30, 2017, the City provides tax abatements through Connecticut Enterprise Zone Program. The Connecticut Enterprise Zone (EZ) Program provides real property tax abatements to encourage economic development in designated areas within a Targeted Investment Community of which the City has been designated, under Connecticut General Statutes Section 32-70. Eligible businesses include manufacturers, warehouse distributors and certain designated service related business. An EZ business applicant must complete a preliminary application to determine if all eligibility criteria will be met. After the request of the preliminary application has been met, the business applicant is required to submit a formal application to the Department of Economic and Community Development. A five-year, 80% abatement of local property taxes on qualifying real and personal property, is subject to the property being new to the grand list of the municipality as a direct result of a business expansion or renovation project or, in the case of an existing building, having met the vacancy requirement. The property tax abatement is for a full five-year period and takes effect with the start of the first full assessment year following the issuance of a "Certificate of Eligibility." For the fiscal year ended June 30, 2017, taxes abated through this program total \$1,763,825. There are no provisions to recapture abated taxes under this program. No other commitments have been made by the City to the abatement recipients under this program.

### **13. SUBSEQUENT EVENTS**

On July 6, 2017, the City issued \$30,000,000 of General Obligation Bonds with a coupon rate between 2.0%-5.0%. The proceeds of the bonds will be used to fund various general purpose, energy improvements and school construction projects authorized by the City.

On July 18, 2017, the City issued \$41,480,000 of General Obligation Refunding Bonds with a coupon rate between 1.0%-5.0%. The Series C portion of the refinancing were used to refinance various issues which were issued to fund general purpose and school construction projects. The Series D portion of the refinancing were issued to crossover refinance previously issued Taxable Build America Bonds (BAB's) dated August 1, 2009 originally issued to fund various general purpose, school, sewer water and golf projects.

**DRAFT**  
**FOR DISCUSSION PURPOSES ONLY**

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**DRAFT**  
FOR DISCUSSION PURPOSES ONLY

**CITY OF STAMFORD, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Property taxes, interest, lien and contingencies	\$ 497,607,907	\$ 497,607,907	\$ 498,448,441	\$ 840,534
Intergovernmental	19,608,078	19,608,078	19,966,785	358,707
Charges for services	19,038,277	19,038,277	22,668,215	3,629,938
Interest and dividends	950,000	950,000	1,234,869	284,869
Change in fair market value			(625,377)	(625,377)
Other	1,333,233	1,333,233	1,195,747	(137,486)
Total revenues	538,537,495	538,537,495	542,888,680	4,351,185
Use of Fund Balance		9,715,963	9,715,963	-
Total revenues and use of fund balance	538,537,495	548,253,458	552,604,643	4,351,185
Expenditures:				
Current:				
Governmental services	4,757,790	4,789,889	4,380,016	409,873
Administration	10,059,689	10,673,066	9,970,090	702,976
Legal affairs	27,460,545	35,508,809	35,274,724	234,085
Public safety	106,463,359	113,375,423	112,285,420	1,090,003
Health and welfare	8,825,381	8,753,426	8,502,386	251,040
Community services	11,582,977	11,749,877	11,717,043	32,834
Operations	43,906,973	45,035,877	44,531,509	504,368
Board of Education	263,903,563	265,543,297	265,482,627	60,670
Contingency	10,700,000	1,760,031		1,760,031
Total expenditures	487,660,277	497,189,695	492,143,815	5,045,880
Excess of Revenues over Expenditures	50,877,218	51,063,763	60,460,828	9,397,065
Other Financing Sources (Uses):				
Transfers in	2,496,525	3,936,929	3,819,908	(117,021)
Transfer out:				
Debt Service Fund	(51,784,387)	(51,735,169)	(51,140,549)	594,620
Capital Nonrecurring Fund		(1,000,000)	(1,000,000)	-
Rainy Day Purposes		(300,000)	(300,000)	-
Risk Management		(300,000)	(300,000)	-
Grant Fund	(1,558,318)	(1,585,267)	(1,585,267)	-
Marinas Fund	(31,038)	(80,256)	(80,255)	1
Net other financing uses	(50,877,218)	(51,063,763)	(50,586,163)	477,600
Excess of Revenues and Other Sources over Expenditures and Other Uses	\$ -	\$ -	9,874,665	\$ 9,874,665
Cancellation of prior year encumbrances			1,041,693	
Fund balance assigned for changes in: Future obligations of the City			(1,104,296)	
Amount available from current year operations			\$ 9,812,062	

(Continued on next page)

**CITY OF STAMFORD, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Reconciliation of Budgetary Revenues, Expenditures and Fund Balance to the**  
**GAAP Revenues, Expenditures and Fund Balance:**

	<b>Revenues and Other Financing Sources</b>	<b>Expenditures and Other Financing Uses</b>	<b>Fund Balance</b>
Balance, budgetary basis	\$ 557,466,244	\$ 546,549,886	\$ 18,117,458
Encumbrances June 30, 2016		1,804,749	
Encumbrances June 30, 2017		(1,608,861)	1,608,861
Encumbrances cancelled	(1,041,693)	(1,041,693)	
Non budgetary items related to:			
Rainy Day Purposes:			
Beginning fund balance			22,710,963
Current year activities	(54,560)		(54,560)
BOE Energy Reserve:			
Beginning fund balance			201,840
Transfers in/out elimination	(300,000)	(300,000)	
Use of Fund Balance	(9,715,963)		
On-behalf payments, paid by the State of Connecticut the Teachers' Retirement system	51,677,646	51,677,646	
On-behalf payments, paid by the State of Connecticut to WIC and HIV recipients	2,426,155	2,426,155	
Balance, GAAP basis	<u>\$ 600,457,829</u>	<u>\$ 599,507,882</u>	<u>\$ 42,584,562</u>

**CITY OF STAMFORD, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**CLASSIFIED EMPLOYEES' RETIREMENT FUND**  
**LAST FOUR FISCAL YEARS\***

	2017	2016	2015	2014
Total pension liability:				
Service cost	\$	\$ 5,018,705	\$ 4,566,053	\$ 4,433,061
Interest		18,876,464	18,755,559	18,090,605
Differences between expected and actual experience		(2,027,851)	(8,199,467)	
Changes of assumptions			4,836,505	
Benefit payments, including refunds of member contributions		(15,324,091)	(14,405,292)	(13,759,945)
Net change in total pension liability	-	6,543,227	5,553,358	8,763,721
Total pension liability - beginning		250,062,776	244,509,418	235,745,697
Total pension liability - ending	-	256,606,003	250,062,776	244,509,418
Plan fiduciary net position:				
Contributions - employer		6,388,000	6,799,000	6,504,000
Contributions - member		2,059,606	2,017,452	1,833,678
Net investment income (loss)		(9,084,985)	3,015,465	30,769,576
Benefit payments, including refunds of member contributions		(15,324,091)	(14,405,292)	(13,759,945)
Administrative expense		(105,611)	(117,430)	(397,213)
Other		39,054		
Net change in plan fiduciary net position	-	(16,028,027)	(2,690,805)	24,950,096
Plan fiduciary net position - beginning		206,622,350	209,313,155	184,363,059
Plan fiduciary net position - ending	-	190,594,323	206,622,350	209,313,155
Net Pension Liability - Ending	\$ -	\$ 66,011,680	\$ 43,440,426	\$ 35,196,263
Plan fiduciary net position as a percentage of the total pension liability		74.28%	82.63%	85.61%
Covered payroll	\$	\$ 39,506,337	\$ 44,213,643	\$ 44,997,000
Net pension liability as a percentage of covered payroll		167.09%	98.25%	78.22%

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

Notes to Schedule:

*Difference between expected and actual experience:* In 2016, amounts reported as difference between expected and actual experience resulted primarily from census adjustment due to the closure of Smith House

**CITY OF STAMFORD, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**POLICEMEN'S PENSION TRUST**  
**LAST FOUR FISCAL YEARS\***

	2017	2016	2015	2014
Total pension liability:				
Service cost	\$	4,539,800	\$ 4,400,529	\$ 4,272,359
Interest		18,039,262	17,449,743	16,709,145
Differences between expected and actual experience			(1,349,423)	
Changes of assumptions		3,084,827	2,952,505	
Benefit payments, including refunds of member contributions		(12,714,828)	(11,641,732)	(11,468,644)
Net change in total pension liability	-	12,949,061	11,811,622	9,512,860
Total pension liability - beginning		238,281,321	226,469,699	216,956,839
Total pension liability - ending	-	251,230,382	238,281,321	226,469,699
Plan fiduciary net position:				
Contributions - employer		7,158,000	6,645,000	6,230,000
Contributions - member		1,479,977	1,210,332	1,250,143
Net investment income (loss)		(4,249,153)	8,404,116	25,799,439
Benefit payments, including refunds of member contributions		(12,714,828)	(11,641,732)	(11,468,644)
Administrative expense		(303,738)	(228,492)	(82,936)
Net change in plan fiduciary net position	-	(8,629,742)	4,389,224	21,728,002
Plan fiduciary net position - beginning		195,574,732	191,185,508	169,457,506
Plan fiduciary net position - ending	-	186,944,990	195,574,732	191,185,508
Net Pension Liability - Ending	\$ -	64,285,392	\$ 42,706,589	\$ 35,284,191
Plan fiduciary net position as a percentage of the total pension liability		74.41%	82.08%	84.42%
Covered payroll	\$	23,328,220	\$ 22,648,757	\$ 21,994,000
Net pension liability as a percentage of covered payroll		275.57%	188.56%	160.43%

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

Notes to Schedule:

*Changes of assumption:* In 2016, amounts reported as changes of assumption resulted primarily from a discount rate decrease from 7.63 to 7.5%.

**CITY OF STAMFORD, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**FIREFIGHTERS' PENSION TRUST**  
**LAST FOUR FISCAL YEARS\***

	2017	2016	2015	2014
Total pension liability:				
Service cost	\$	3,468,981	\$	2,964,491
Interest		12,339,942		12,287,263
Differences between expected and actual experience			(4,349,248)	
Changes of assumptions			2,792,894	
Benefit payments, including refunds of member contributions		(9,436,881)	(9,168,689)	(8,956,725)
Net change in total pension liability	-	6,372,042	5,102,343	6,295,029
Total pension liability - beginning		171,373,011	166,270,668	159,975,639
Total pension liability - ending	-	177,745,053	171,373,011	166,270,668
Plan fiduciary net position:				
Contributions - employer		4,342,000	3,515,000	3,119,000
Contributions - member		1,240,582	1,175,378	1,189,553
Net investment income (loss)		(4,185,113)	(191,595)	15,059,772
Benefit payments, including refunds of member contributions		(9,436,881)	(9,168,689)	(8,956,725)
Administrative expense		(117,287)	(106,441)	(247,774)
Other		18,030		
Net change in plan fiduciary net position	-	(8,138,669)	(4,776,347)	10,163,826
Plan fiduciary net position - beginning		124,938,467	129,714,814	119,550,988
Plan fiduciary net position - ending	-	116,799,798	124,938,467	129,714,814
Net Pension Liability - Ending	\$ -	60,945,255	\$ 46,434,544	\$ 36,555,854
Plan fiduciary net position as a percentage of the total pension liability		65.71%	72.90%	78.01%
Covered payroll	\$	21,610,577	\$	21,475,500
Net pension liability as a percentage of covered payroll		282.02%	221.32%	170.22%

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

**CITY OF STAMFORD, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**CUSTODIANS' AND MECHANICS' RETIREMENT FUND**  
**LAST FOUR FISCAL YEARS\***

	2017	2016	2015	2014
Total pension liability:				
Service cost	\$	2,636,301	\$	2,447,371
Interest		5,216,803		5,000,246
Differences between expected and actual experience			(2,221,286)	
Changes of assumptions		923,580	1,347,685	
Benefit payments, including refunds of member contributions		(2,929,747)	(2,802,115)	(2,832,023)
Net change in total pension liability	-	5,846,937	3,771,901	4,211,275
Total pension liability - beginning		67,218,749	63,446,848	59,235,573
Total pension liability - ending	-	73,065,686	67,218,749	63,446,848
Plan fiduciary net position:				
Contributions - employer		1,872,461	1,669,000	1,584,000
Contributions - member		1,200,202	1,146,675	1,097,591
Net investment income (loss)		(1,949,305)	415,987	8,053,016
Benefit payments, including refunds of member contributions		(2,929,747)	(2,802,115)	(2,832,023)
Administrative expense		(33,778)	(47,045)	(71,917)
Other		4,076		(108)
Net change in plan fiduciary net position	-	(1,836,091)	382,502	7,830,559
Plan fiduciary net position - beginning		56,961,858	56,579,356	48,748,797
Plan fiduciary net position - ending	-	55,125,767	56,961,858	56,579,356
Net Pension Liability - Ending	\$ -	17,939,919	\$ 10,256,891	\$ 6,867,492
Plan fiduciary net position as a percentage of the total pension liability		75.45%	84.74%	89.18%
Covered payroll	\$	20,527,753	\$	19,929,857
Net pension liability as a percentage of covered payroll		87.39%	51.46%	35.81%

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

Notes to Schedule:

*Changes of assumption:* In 2016, amounts reported as changes of assumption resulted primarily from a discount rate decrease from 7.63 to 7.5%.

**CITY OF STAMFORD, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
CLASSIFIED EMPLOYEES' RETIREMENT FUND  
LAST TEN FISCAL YEARS**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	
Actuarially determined contribution	\$	\$ 6,387,000	\$ 6,799,000	\$ 6,504,000	\$ 5,902,000	\$ 5,362,000	\$ 4,175,000	\$ 2,326,000	\$ 2,326,000	\$ 1,031,000	
Contributions in relation to the actuarially determined contribution		6,388,000	6,799,000	6,504,000	5,897,100	5,390,000	4,175,000	2,363,000	985,000	850,000	
Contribution Deficiency (Excess)	\$	\$ -	\$ (1,000)	\$ -	\$ 4,900	\$ (28,000)	\$ -	\$ (37,000)	\$ 1,341,000	\$ 181,000	
Covered payroll	\$	\$ 39,685,331	\$ 39,506,337	\$ 44,213,643	\$ 44,997,000	\$ 43,686,000	\$ 48,396,000	\$ 46,312,000	\$ 45,981,000	\$ 44,001,000	\$ 43,959,000
Contributions as a percentage of covered payroll		0.00%	16.17%	15.38%	14.45%	13.50%	11.14%	9.01%	5.14%	2.24%	1.93%

Notes to Schedule

Valuation date: July 1, 2016

Measurement date: June 30, 2017

Actuarially determined contribution rates are calculated as of June 30, 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	Projected Unit Credit
Remaining amortization period	15 years, open
Asset valuation method	5-year smoothed market
Inflation	2.75%, Prior Valuation: 3%
Salary increases	2.75%, Prior Valuation: 3%, only used to project normal cost to the next year
Investment rate of return	7.5%, net of investment-related and administrative expenses, Prior Valuation 7.63%
Retirement age	Assumed annual rates of retirement after the earliest of (1) 50 with 25 years of service, 2) 55 with 15 years of service, or 3) 60 with 10 years of service
Mortality	50/50 Blend of RP-2000 No Collar Combined Table and RP-2000 Blue Collar Combined Table

**CITY OF STAMFORD, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POLICEMEN'S PENSION TRUST  
LAST TEN FISCAL YEARS**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$	\$ 7,158,000	\$ 6,645,000	\$ 6,230,000	\$ 4,885,000	\$ 4,885,000	\$ 4,341,000	\$ 4,007,000	\$ 2,305,000	\$ 2,305,000
Contributions in relation to the actuarially determined contribution		7,158,000	6,645,000	6,230,000	4,885,000	4,885,000	4,341,000	4,117,000	2,305,000	1,390,000
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (110,000)	\$ -	\$ 915,000
Covered payroll	\$ 21,723,515	\$ 23,328,220	\$ 22,648,757	\$ 21,994,000	\$ 21,353,000	\$ 22,340,000	\$ 21,378,000	\$ 20,861,000	\$ 19,963,000	\$ 18,682,000
Contributions as a percentage of covered payroll	0.00%	30.68%	29.34%	28.33%	22.88%	21.87%	20.31%	19.74%	11.55%	7.44%

Notes to Schedule

Valuation date: July 1, 2016  
Measurement date: June 30, 2017  
Actuarially determined contribution rates are calculated as of June 30, 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: Projected Unit Credit  
Remaining amortization period: 15 years, open  
Asset valuation method: 5-year smoothed market  
Inflation: 2.75%, Prior Valuation: 3%  
Salary increases: 2.75%, Prior Valuation: 3%, used to project normal cost only  
Investment rate of return: 7.50%, net of investment-related and administration expense, Prior Valuation: 7.63%, net of pension plan investment expense, including inflation  
Retirement age: Age based table  
Mortality: RP-2000 Mortality Table with separate male and female rates, with blue collar adjustment, combined table for non-annuitants and annuitants, projected to the valuation date with Scale AA.

**CITY OF STAMFORD, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FIREFIGHTERS' PENSION TRUST  
LAST TEN FISCAL YEARS**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$	\$ 4,342,000	\$ 3,575,000	\$ 3,119,000	\$ 2,340,000	\$ 2,080,000	\$ 1,717,000	\$ 406,000	\$ 406,000	\$ 409,000
Contributions in relation to the actuarially determined contribution		4,342,000	3,515,000	3,119,000	2,340,000	2,080,000	1,717,000	406,000	65,000	630,000
Contribution Deficiency (Excess)	\$ -	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 341,000	\$ (221,000)
Covered payroll	\$ 22,756,531	\$ 21,610,577	\$ 20,981,143	\$ 21,475,500	\$ 20,850,000	\$ 22,638,000	\$ 21,663,000	\$ 19,292,000	\$ 18,461,000	\$ 18,835,000
Contributions as a percentage of covered payroll	0.00%	20.09%	16.75%	14.52%	11.22%	9.19%	7.93%	2.10%	0.35%	3.34%

Notes to Schedule

Valuation date: July 1, 2016

Measurement date: June 30, 2017

Actuarially determined contribution rates are calculated as of June 30, 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	Projected Unit Credit
Remaining amortization period	15 years, closed
Asset valuation method	5-year smoothed market
Inflation	2.75%, Prior Valuation: 3%
Salary increases	2.75%, annually to project normal cost only, Prior Valuation: 3%, annually to project normal cost only
Investment rate of return	7.25%
Retirement age	Age based table
Mortality	RP-2000 Mortality Table with separate male and female rates, with blue collar adjustment, combined table for non-annuitants and annuitants, projected to the valuation date with Scale BB. Prior Valuation: RP-2000 Mortality Table with separate male and female rates, with blue collar adjustment, combined table for non-annuitants and annuitants, projected to the valuation date with Scale AA.

**CITY OF STAMFORD, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
CUSTODIANS' AND MECHANICS' RETIREMENT FUND  
LAST TEN FISCAL YEARS**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$	\$ 1,840,000	\$ 1,669,000	\$ 1,584,000	\$ 1,497,000	\$ 1,380,000	\$ 1,221,000	\$ 742,000	\$ 742,000	\$ 646,000
Contributions in relation to the actuarially determined contribution		1,872,461	1,669,000	1,584,000	1,497,000	1,913,000	1,221,000	711,000	670,000	560,000
Contribution Deficiency (Excess)	\$ -	\$ (32,461)	\$ -	\$ -	\$ -	\$ (533,000)	\$ -	\$ 31,000	\$ 72,000	\$ 86,000
Covered payroll	\$ 19,918,498	\$ 20,527,753	\$ 19,929,857	\$ 19,177,570	\$ 18,619,000	\$ 19,247,000	\$ 18,418,000	\$ 16,063,000	\$ 15,371,000	\$ 16,261,000
Contributions as a percentage of covered payroll	0.00%	9.12%	8.37%	8.26%	8.04%	9.94%	6.63%	4.43%	4.36%	3.44%

Notes to Schedule

Valuation date: July 1, 2016

Measurement date: June 30, 2017

Actuarially determined contribution rates are calculated as of June 30, 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	Projected Unit Credit
Remaining amortization period	15 years, open
Asset valuation method	5-year smoothed market
Inflation	2.75%, Prior Valuation: 3%
Salary increases	2.75%, only used to project normal cost to the next year, Prior Valuation: 3%, only used to project normal cost to the next year
Investment rate of return	7.5%, net of investment-related and administrative expenses
Retirement age	Age based table
Mortality	RP-2000 Mortality Table with separate male and female rates, with blue collar adjustment, combined table for non-annuitants and annuitants, projected to the valuation date with Scale BB.

**CITY OF STAMFORD, CONNECTICUT  
SCHEDULE OF INVESTMENT RETURNS  
LAST FOUR FISCAL YEARS\***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense				
Classified Employees' Retirement Fund		-4.38%	1.44%	16.65%
Policemen's Pension Trust		-2.15%	4.38%	15.13%
Firefighters' Pension Trust		-3.38%	-0.15%	12.67%
Custodians' and Mechanics' Retirement Fund		-3.37%	0.73%	16.34%

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

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

	<b>2017</b>	<b>2016</b>	<b>2015</b>
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	473,873,849	361,914,546	334,517,386
Total	<u>\$ 473,873,849</u>	<u>\$ 361,914,546</u>	<u>\$ 334,517,386</u>
City's covered payroll	\$ 135,713,528	\$ 132,304,905	\$ 128,765,406
City's proportionate share of the net pension liability as a percentage of its covered-employee 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

**Plan Information**

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
Asset valuation method	4-year smoothed market
Investment rate of return	8.50%, net of investment related expense

**CITY OF STAMFORD, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**OTHER POST-EMPLOYMENT BENEFITS TRUST FUNDS**  
**LAST FISCAL YEAR\***

	<u>2017</u>
Total OPEB liability:	
Service cost	\$
Interest	
Differences between expected and actual experience	
Changes of assumptions	
Benefit payments, including refunds of member contributions	
Net change in total OPEB liability	-
Total OPEB liability - beginning	
Total OPEB liability - ending	-
Plan fiduciary net position:	
Contributions - employer	
Contributions - member	
Net investment income (loss)	
Benefit payments, including refunds of member contributions	
Administrative expense	
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning	
Plan fiduciary net position - ending	-
Net OPEB Liability - Ending	\$ -
Plan fiduciary net position as a percentage of the total OPEB liability	#DIV/0!
Covered payroll	\$ 239,501,000
Net OPEB liability as a percentage of covered payroll	0.00%

**CITY OF STAMFORD, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
OTHER POST-EMPLOYMENT BENEFITS TRUST FUND  
LAST SEVEN FISCAL YEARS \***

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Actuarially determined contribution (1)	\$ 26,617,000	\$ 27,078,000	\$ 28,238,000	\$ 27,723,000	\$ 30,272,000	\$ 28,543,000	\$ 25,420,000
Contributions in relation to the actuarially determined contribution		21,633,000	19,026,000	20,844,000	19,335,000	20,053,000	18,797,000
Contribution Deficiency (Excess)	\$ 26,617,000	\$ 5,445,000	\$ 9,212,000	\$ 6,879,000	\$ 10,937,000	\$ 8,490,000	\$ 6,623,000
Covered payroll	\$ 239,501,000	\$ 234,472,000	\$ 233,590,000	\$ 242,852,000	\$ 235,779,000	\$ 225,626,000	\$ 215,910,000
Contributions as a percentage of covered payroll	0.00%	9.23%	8.15%	8.58%	8.20%	8.89%	8.71%

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

1) Actuarially Determined Contributions prior to fiscal year ending June 30, 2017 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 4

Notes to Schedule

Valuation date:

July 1, 2016

Actuarially determined contribution rates are calculated as of June 30, 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	Projected Unit Credit
Amortization method	Level percentage of payroll, open
Remaining amortization period	20 years, open
Asset valuation method	Market Value
Inflation	2.75%, Prior Valuation: 3%
Healthcare cost trend rates	7.5% for 2016, decreasing .5% per year, to an ultimate rate of 4.5% for 2022 and later
Salary increases	2.5%
Investment rate of return	XXXXXX

Retirement age

Aged Base Table

Mortality

CERF & WPCA

RP-2000 Mortality Table with separate male and female rates, with 50% blue collar adjustment and 50% no collar adjustment combined table for non-annuitants and annuitants, projected to the valuation date with Scale BE

Police, Fire and Custodians:

RP-2000 Mortality Table with separate male and female rates, with blue collar adjustment, combined table for non-annuitants and annuitants, projected to the valuation date with Scale BB (prior Scale AA for Police and Fire)

**CITY OF STAMFORD, CONNECTICUT  
SCHEDULE OF INVESTMENT RETURNS  
OTHER POST-EMPLOYMENT BENEFITS TRUST FUND  
LAST FISCAL YEAR\***

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**2017**

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Annual money-weighted rate of return, net of investment expense



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

**DRAFT**  
FOR DISCUSSION PURPOSES ONLY

**CITY OF STAMFORD, CONNECTICUT  
SCHEDULE OF FUNDING PROGRESS  
OTHER POST-EMPLOYMENT BENEFITS TRUST FUND  
LAST SIX FISCAL YEARS**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Excess (Unfunded) AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
July 1, 2016	\$ 67,039,000	\$ 317,629,000	\$ (250,590,000)	21.1 %	\$ 239,501,000	(104.6) %
July 1, 2015	57,480,000	294,239,000	(236,759,000)	19.5	234,472,000	(101.0)
July 1, 2014	47,871,000	285,215,000	(237,344,000)	16.8	233,590,000	(102.0)
July 1, 2013	29,338,000	289,142,000	(259,804,000)	10.1	242,852,000	(107.0)
July 1, 2012	19,042,000	285,530,000	(266,488,000)	6.7	235,779,000	(113.0)
July 1, 2011	10,988,000	321,215,000	(310,227,000)	3.4	225,626,000	(137.5)

# **MAJOR GOVERNMENTAL FUNDS**

## **GENERAL FUND**

The General Fund is the general operating fund of the City of Stamford and is used to account for and report all financial resources not accounted for and reported in another fund. All general tax revenues and miscellaneous receipts, not allocated by law or contractual agreement to some other fund, are accounted for in this fund. From this fund are paid the general operating expenditures including the Board of Education.

**DRAFT**  
**FOR DISCUSSION PURPOSES ONLY**

**CITY OF STAMFORD, CONNECTICUT  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Property taxes, interest, liens and contingency:				
Property taxes	\$ 493,217,568	\$ 493,217,568	\$ 493,805,931	\$ 588,363
Interest, liens, etc.	3,000,000	3,000,000	2,691,978	(308,022)
Tax abatement - housing	825,000	825,000	887,522	62,522
PILOT - housing authority	80,561	80,561	80,562	1
PILOT - other	134,778	134,778	139,191	4,413
Contingency	350,000	350,000	843,257	493,257
Total property taxes, interest, liens and contingency	<u>497,607,907</u>	<u>497,607,907</u>	<u>498,448,441</u>	<u>840,534</u>
Intergovernmental revenue:				
Federal and state board of education grants:				
Public school transportation	103,104	103,104		(103,104)
Non-public school transportation	67,489	67,489		(67,489)
	<u>170,593</u>	<u>170,593</u>	<u>-</u>	<u>(170,593)</u>
State formula aid:				
Education - equalization	8,009,440	8,009,440	7,886,287	(123,153)
Vocational agriculture - education	154,998	154,998	261,653	106,655
	<u>8,164,438</u>	<u>8,164,438</u>	<u>8,147,940</u>	<u>(16,498)</u>
Other government grants:				
Telephone access line tax share	630,000	630,000	682,556	52,556
City share Pequot funds	886,330	886,330	884,033	(2,297)
Town aid road	1,213,719	1,213,719	1,228,785	15,066
Elderly tax relief	340,500	340,500	419,511	79,011
PILOT - state property	1,073,390	1,073,390	1,065,042	(8,348)
PILOT - colleges and hospitals	1,852,182	1,852,182	1,837,777	(14,405)
Enterprise zone reimbursement	1,138,502	1,138,502	1,325,586	187,084
Motor vehicle fines - state	65,000	65,000	119,346	54,346
Health - private and parochial schools	400,000	400,000	387,142	(12,858)
Reimbursement school building grant	552,234	552,234	552,235	1
Municipal revenue sharing	2,152,756	2,152,756	2,372,358	219,602
Municipal revenue sharing - sales tax	552,292	552,292	528,332	(23,960)
Municipal grants-in-aid	416,142	416,142	416,142	-
	<u>11,273,047</u>	<u>11,273,047</u>	<u>11,818,845</u>	<u>545,798</u>
Total intergovernmental revenue	<u>19,608,078</u>	<u>19,608,078</u>	<u>19,966,785</u>	<u>358,707</u>
Charges for services:				
Smith house and welfare:				
Smith house	<u>200,000</u>	<u>200,000</u>	<u>16,337</u>	<u>(183,663)</u>

(Continued on next page)

**CITY OF STAMFORD, CONNECTICUT**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Legal services:				
Reimbursement - legal services	\$ 150,000	\$ 150,000	\$ 140,028	\$ (9,972)
Town clerk:				
Conveyance tax	5,400,000	5,400,000	8,052,639	2,652,639
Filing fees	6,000	6,000	4,640	(1,360)
Recording fees	535,000	535,000	572,668	37,668
Vital statistics	350,000	350,000	358,276	8,276
Miscellaneous	25,000	25,000	7,517	(17,483)
Clam permits	100	100	216	116
MAP copies	7,500	7,500	1,265	(6,235)
Photo copies	60,000	60,000	60,826	826
Notary public	6,000	6,000	5,680	(320)
	<u>6,389,600</u>	<u>6,389,600</u>	<u>9,063,727</u>	<u>2,674,127</u>
Licenses, fees and permits:				
Filing fees - planning	2,500	2,500	5,210	2,710
MAPS regulations - zoning	45,300	45,300	82,281	36,981
Application fees - appeals	20,000	20,000	20,207	207
Permits - inland wetlands	33,000	33,000	38,507	5,507
Sale of maps - GIS	700	700	1,240	540
Exam filing fees	19,250	19,250	25,955	6,705
Street use permit - traffic	14,500	14,500	53,650	39,150
Street opening permits - PWD	154,500	154,500	150,150	(4,350)
Fees for prints - engineering	133	133	95	(38)
Permits - engineering			2,000	2,000
Permits - building department	5,750,000	5,750,000	6,728,294	978,294
Permits - zoning enforcement	343,000	343,000	416,357	73,357
Incinerator use fees - PWD	13,000	13,000	10,356	(2,644)
Tipping fees - PWD	450,000	450,000	133,148	(316,852)
Recycling - miscellaneous	210,000	210,000	203,185	(6,815)
Bingo permits - police	300	300	178	(122)
Raffle and bazaar permits	1,200	1,200	555	(645)
Fire - miscellaneous	150	150	1,042	892
Health - permits and fees	16,000	16,000	24,063	8,063
Fire - alarm fees	215,000	215,000	138,298	(76,702)
Land records search subscriptions	10,000	10,000	21,000	11,000
Health - sewage disposal	30,000	30,000	26,815	(3,185)
Health - restaurant licenses	262,000	262,000	248,378	(13,622)
Health - immunization clinic	40,000	40,000	33,101	(6,899)
Health - inspection fees	3,000	3,000	6,200	3,200
Health - lab analysis	79,000	79,000	32,360	(46,640)
Health - safety training	21,000	21,000	23,800	2,800
Health - room house fees	285,000	285,000	265,504	(19,496)
Health - multi-family dwelling fees	856,000	856,000	928,120	72,120
Health - c/o apt fees	48,750	48,750	61,200	12,450
Health - dental clinic	30,000	30,000	40,136	10,136
Weights and measures inspection fees	33,000	33,000	29,925	(3,075)

(Continued on next page)

**CITY OF STAMFORD, CONNECTICUT  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Licenses, fees and permits (continued):				
Parks - picnic permits	\$ 29,000	\$ 29,000	\$ 31,785	\$ 2,785
Towing and storage fees	7,500	7,500	17,706	10,206
Public sessions	57,500	57,500	52,077	(5,423)
Lesson registration	100,000	100,000	182,186	82,186
High school hockey	15,000	15,000	16,520	1,520
Rink - advertising	4,000	4,000	4,140	140
Skate rental	12,000	12,000	14,731	2,731
Ice rental	650,000	650,000	593,364	(56,636)
Patch and free style	8,000	8,000	3,717	(4,283)
Film/video productions	300	300	700	400
Bandwagon use - recreation	5,000	5,000		(5,000)
Adult programs	10,149	10,149	7,158	(2,991)
Adult leagues	207,290	207,290	225,107	17,817
Aquatics	54,350	54,350	67,678	13,328
Youth programs	194,789	194,789	394,272	199,483
Microwave transmitter fees	12,500	12,500		(12,500)
Bulky waste tipping fees	1,350,000	1,350,000	1,427,676	77,676
Farmland preservation - city	45,000	45,000	39,641	(5,359)
Farmland preservation - town	23,000	23,000	33,352	10,352
Playground programs	527,016	527,016	585,003	57,987
Total licenses, fees and permits	12,298,677	12,298,677	13,448,123	1,149,446
Total charges for services	19,038,277	19,038,277	22,668,215	3,629,938
Interest and dividends	950,000	950,000	1,234,869	284,869
Change in fair market value			(625,377)	(625,377)
Other:				
Rental/leased property	321,733	321,733	229,548	(92,185)
Police	30,000	30,000	46,332	16,332
Tuition - special education	50,000	50,000	99,617	49,617
Other	931,500	931,500	820,250	(111,250)
Total other	1,333,233	1,333,233	1,195,747	(137,486)
Total revenues	538,537,495	538,537,495	542,888,680	4,351,185
Use of Fund Balance		9,715,963	9,715,963	-
Other financing sources:				
Transfers in:				
BOE Medical		1,440,404	1,440,404	-
Police extra duty fund	877,421	877,421	842,743	(34,678)
Marinas fund	35,092	35,092	35,092	-
Parking fund	974,586	974,586	892,243	(82,343)
WPCA	398,132	398,132	398,132	-
E.G. Brennan	52,744	52,744	52,744	-
Dog Fund	15,000	15,000	15,000	-
Risk management	143,550	143,550	143,550	-
Total other financing sources	2,496,525	3,936,929	3,819,908	(117,021)
Total Revenues, Other Financing Sources and Use of Fund Balance	\$ 541,034,020	\$ 552,190,387	\$ 556,424,551	\$ 4,234,164

**CITY OF STAMFORD, CONNECTICUT  
SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Total Expenditures</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Expenditures:						
Governmental services:						
Registrar of voters	\$ 923,992	\$ 939,292	\$ 820,153	\$ 13,140	\$ 833,293	\$ 105,999
Board of representatives	449,807	449,807	424,162	17,777	441,939	7,868
Board of finance	459,881	459,881	241,936	2,517	244,453	215,428
Patriotic observation commission	32,500	32,500	29,584		29,584	2,916
Board of ethics	2,500	5,000				5,000
Administration	915,661	933,666	901,064	1,974	903,038	30,628
Town and city clerk	1,206,979	1,203,070	1,165,797	4,725	1,170,522	32,548
Probate court	49,754	49,754	49,748		49,748	6
Professional organization	144,979	144,979	140,226		140,226	4,753
Department of development	571,687	571,890	564,276	2,937	567,213	4,677
Shellfish commission	50	50				50
	<u>4,757,790</u>	<u>4,789,889</u>	<u>4,336,946</u>	<u>43,070</u>	<u>4,380,016</u>	<u>409,873</u>
Administration:						
Director of administration	398,864	399,674	383,437	218	383,655	16,019
Office of policy and management	1,312,716	1,370,686	1,239,082	38,720	1,277,802	92,884
Grants administration	421,079	430,426	422,634	34	422,668	7,758
Controller	2,340,495	2,432,571	2,376,692	1,163	2,377,855	54,716
Board of assessment appeals	7,718	8,099	5,313	1,785	7,098	1,001
Assessor	1,140,469	1,495,610	1,317,595	34,662	1,352,257	143,353
Tax collection	1,016,255	1,024,063	962,386	4,509	966,895	57,168
Taxation services	482,074	488,827	426,975	1,292	428,267	60,560
Tax administration	159,494	168,265	165,534		165,534	2,731
Technology management services	1,590,533	1,664,853	1,636,120	4,622	1,640,742	24,111
Property revaluation	1,189,992	1,189,992	530,582	416,735	947,317	242,675
	<u>10,059,689</u>	<u>10,673,066</u>	<u>9,466,350</u>	<u>503,740</u>	<u>9,970,090</u>	<u>702,976</u>
Legal affairs:						
Director of law	2,643,001	2,952,750	2,781,139	43,305	2,824,444	128,306
Personnel department	1,987,864	2,130,498	2,068,304	12,734	2,081,038	49,460
Employee benefits	22,829,680	30,425,561	30,333,139	36,103	30,369,242	56,319
	<u>27,460,545</u>	<u>35,508,809</u>	<u>35,182,582</u>	<u>92,142</u>	<u>35,274,724</u>	<u>234,085</u>
Public safety:						
Administration	422,194	465,955	400,001	336	400,337	65,618
Police department	53,254,763	56,769,897	56,557,771	120,660	56,678,431	91,466
Animal control	462,784	552,621	534,658	14,204	548,862	3,759
Emergency communications center	4,784,058	4,819,324	4,757,524	43,577	4,801,101	18,223
Fire department	42,576,451	45,547,287	44,592,886	130,000	44,722,886	824,401
Emergency medical services	1,558,457	1,608,457	1,608,456		1,608,456	1
Volunteer fire department	2,686,958	2,740,912	2,628,276	39,315	2,667,591	73,321
Fire training center	717,694	870,970	848,422	9,334	857,756	13,214
	<u>106,463,359</u>	<u>113,375,423</u>	<u>111,927,994</u>	<u>357,426</u>	<u>112,285,420</u>	<u>1,090,003</u>

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**CITY OF STAMFORD, CONNECTICUT  
SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Total Expenditures</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Health and welfare:						
Social Services	\$ 632,983	\$ 612,012	\$ 533,671	\$ 2,007	\$ 535,678	\$ 76,334
Director of health	520,891	526,344	508,182	3,219	511,401	14,943
Laboratory	629,464	635,077	586,270	22,837	609,107	25,970
Community nursing	864,961	882,952	835,698	3,292	838,990	43,962
Inspection services	1,847,684	1,762,276	1,742,771	3,890	1,746,661	15,615
Public school health program	2,760,078	2,783,471	2,734,538	1,684	2,736,222	47,249
Smith house	319,389	302,916	278,189	3,082	281,271	21,645
Private and parochial health program	1,249,931	1,248,378	1,242,991	65	1,243,056	5,322
	<u>8,825,381</u>	<u>8,753,426</u>	<u>8,462,310</u>	<u>40,076</u>	<u>8,502,386</u>	<u>251,040</u>
Community services:						
Community centers	102,000	102,000	93,973		93,973	8,027
Non city social services	484,477	541,490	531,490		531,490	10,000
Non city cultural and environmental activity	10,996,500	11,106,387	11,091,580		11,091,580	14,807
	<u>11,582,977</u>	<u>11,749,877</u>	<u>11,717,043</u>	<u>-</u>	<u>11,717,043</u>	<u>32,834</u>
Operations:						
Traffic and road maintenance	5,661,882	5,793,388	5,718,990	16,818	5,735,808	57,580
Leaf collection	264,580	289,514	281,111	1	281,112	8,402
Snow removal	886,338	1,845,811	1,836,652	7,849	1,844,501	1,310
Stormwater management	1,301,298	1,293,820	1,274,784	6,516	1,281,300	12,520
Fleet management	2,492,838	1,890,815	1,772,314	41,519	1,813,833	76,982
Government center	2,332,902	2,286,028	2,274,254	8,605	2,282,859	3,169
Facility and park maintenance	6,363,170	6,710,995	6,613,589	36,236	6,649,825	61,170
Terry Conners rink	870,339	883,119	879,937	627	880,564	2,555
Building inspection	1,536,672	1,526,491	1,521,812	2,349	1,524,161	2,330
Transfer station	1,906,056	2,036,093	2,025,367	7,169	2,032,536	3,557
Recycling	1,407,289	1,431,108	1,429,314	1,071	1,430,385	723
Collection	4,373,027	4,585,641	4,573,872	69	4,573,941	11,700
Haulaway	4,597,961	4,490,847	4,398,698	16,372	4,415,070	75,777
Engineering	2,721,585	2,776,280	2,706,588	40,072	2,746,660	29,620
Land use administration	299,215	319,773	316,235	1,427	317,662	2,111
Leased facilities	564,457	489,084	470,671	5,705	476,376	12,708
Planning	568,328	573,477	566,293	287	566,580	6,897
Zoning	594,477	534,550	526,194	197	526,391	8,159
Zoning board of appeals	117,928	124,999	120,774	500	121,274	3,725
Environmental protection	301,461	341,845	339,641	1,247	340,888	957
Cashiering	78,180	80,180	79,956	80	80,036	144
Citizen's service center	348,737	358,553	349,678	7	349,685	8,868
Leisure services administration	815,817	801,561	789,678	131	789,809	11,752
Aquatics	308,893	326,212	309,600	4,280	313,880	12,332
Subsidized programs	32,840	38,735	35,610	304	35,914	2,821
Traffic engineering	1,234,923	1,169,558	1,130,710	22,473	1,153,183	16,375
Fee supported programs	681,024	697,064	674,656	14,342	688,998	8,066
Administration	480,780	503,792	489,641	804	490,445	13,347
Self-sustaining programs	196,772	185,011	164,567	996	165,563	19,448
Beach enforcement	172,240	193,880	185,779		185,779	8,101
Special needs recreation	110,114	139,803	136,524	88	136,612	3,191
Special events	284,850	317,850	299,879		299,879	17,971
	<u>43,906,973</u>	<u>45,035,877</u>	<u>44,293,368</u>	<u>238,141</u>	<u>44,531,509</u>	<u>504,368</u>

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**CITY OF STAMFORD, CONNECTICUT  
SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Total Expenditures</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Board of Education:						
Board of Education	\$ 263,903,563	\$ 265,543,297	\$ 265,148,361	\$ 334,266	\$ 265,482,627	\$ 60,670
Total expenditures	<u>476,960,277</u>	<u>495,429,664</u>	<u>490,534,954</u>	<u>1,608,861</u>	<u>492,143,815</u>	<u>3,285,849</u>
Other financing uses:						
Transfers out:						
Debt Service Fund	51,784,387	51,735,169	51,140,549		51,140,549	594,620
Capital Projects Fund						-
Capital Nonrecurring Fund		1,000,000	1,000,000		1,000,000	-
Rainy Day Fund		300,000	300,000		300,000	-
Risk Management Fund		300,000	300,000		300,000	-
Grant Fund	1,558,318	1,585,267	1,585,267		1,585,267	-
Marina Fund	31,038	80,256	80,255		80,255	1
Total other financing uses	<u>53,373,743</u>	<u>55,000,692</u>	<u>54,406,071</u>	<u>-</u>	<u>54,406,071</u>	<u>594,621</u>
Contingency	<u>10,700,000</u>	<u>1,760,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,760,031</u>
Total Expenditures and Other Financing Uses	<u>\$ 541,034,020</u>	<u>\$ 552,190,387</u>	<u>\$ 544,941,025</u>	<u>\$ 1,608,861</u>	<u>\$ 546,549,886</u>	<u>\$ 5,640,501</u>

CITY OF STAMFORD, CONNECTICUT  
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING  
FOR THE YEAR ENDED JUNE 30, 2017

Grand List Year	Taxes Receivable June 30, 2016	Current Levy	Lawful Corrections		Adjustments	Adjusted Tax Levy	Collections				Taxes Receivable June 30, 2017	
			Additions	Deletions			Taxes	Interest	Liens	Total		
2015	\$	\$ 506,408,493	\$ 2,336,096	\$ 3,315,395	\$	\$ 505,429,194	\$ 499,123,905	\$ 1,324,872	\$ 1,265	\$ 500,450,042	\$ 6,305,289	
2014		6,104,600	256,869	1,925,010	111,633	4,548,092	3,229,707	768,817	9,146	4,007,670	1,318,385	
2013		1,271,121	611,696	739,372		1,143,445	601,704	353,291	2,760	957,755	541,741	
2012		440,121	482,403	416,809		505,715	196,432	116,592	840	313,864	309,283	
2011		283,348	261,131	164,586		379,893	127,655	47,193	264	175,112	252,238	
2010		161,883	251,550	169,915		243,518	101,635	22,988	48	124,671	141,883	
2009		157,861	2,687			160,548	2,794	3,220		6,014	157,754	
2008		158,251		516		157,735		11,799		11,799	157,735	
2007		108,283	2,927			111,210	6,514	8,732	24	15,270	104,696	
2006		102,225	3,241			105,466	4,357	5,983		10,340	101,109	
2005		99,063	2,098			101,161	2,289	4,143		6,432	98,872	
2004		85,957	3,187	519		88,625	2,552	2,771		5,323	86,073	
2003		49,409	2,905			52,314	2,905	4,117		7,022	49,409	
2002		94,037	1,467			95,504	1,467	3,114		4,581	94,037	
2001		115,666			(1,012)	114,654				-	114,654	
	\$	9,231,825	\$ 506,408,493	\$ 4,218,257	\$ 6,732,122	\$ 110,621	\$ 513,237,074	\$ 503,403,916	\$ 2,677,632	\$ 14,347	\$ 506,095,895	\$ 9,833,158

# NONMAJOR GOVERNMENTAL FUNDS

## SPECIAL REVENUE FUNDS

Special revenue funds are used to account for proceeds of special revenue sources (except for major capital projects and trust funds) that are legally restricted to expenditure for specific purposes. The City's special revenue funds are:

- **Stamford Community Development Program Fund** - The Stamford Community Development Program Fund is used to account for federal community development block grant funds. Its focus is on improving the quality of life in specifically targeted central city neighborhoods consisting primarily of low and moderate income residents, with emphasis on rehabilitation of existing housing and creation of new housing.
- **Board of Education (BOE) Food Service Program Fund** - The BOE Food Service Program Fund is used to account for the operation of the Board of Education's cafeteria system. Revenues are received from Federal and State agencies and fees are charged for lunches.
- **Town Aid Highway Fund** - The Town Aid Highway Fund is used to account for Department of Transportation grants relating to improvement of local roads as set forth in the General Statutes of Connecticut.
- **Dog License Fund** - The Dog License Fund is used to account for revenue from dog license fees pursuant to the General Statutes of Connecticut.
- **Drug Asset Forfeiture Fund** - The Drug Asset Forfeiture Fund is used to account for the cash receipts and disbursements of Federal and State drug asset forfeiture funds.
- **Police Extra Duty Fund** - The Police Extra Duty Fund is used to account for revenue received and expenditures incurred from the use of City police officers by outside parties.
- **Educational Grants Programs Fund** - The Educational Grants Programs Fund is used to account for U.S. Department of Education and Connecticut Department of Education grants, as well as local grants relating to education.
- **Other Grants Programs Fund** - The Other Grants Programs Fund is used to account for funds related to grant programs not accounted for in another fund.
- **School Building Use Fund** - The School Building Use Fund was established July 1, 1968, and is used to account for the revenues and expenditures incurred in connection with the use of Board of Education facilities by residents and organizations within the City.
- **Continuing Education Fund** - The Continuing Education Fund was established on July 1, 1975 to provide adult education courses determined by the State Board of Education to be largely recreational (discretionary) in nature.

- **Marinas Fund** - The Marinas Fund is used to account for the revenues and expenses associated with the operation and maintenance of the City's three publicly owned marina facilities.
- **Greater Stamford Transit District Fund** - The Greater Stamford Transit District Fund is used to account for the revenues and disbursements of funds used in connection with the development, maintenance and improvement of the mass transportation system within the City.
- **Parking Fund** - The Parking Fund is used to account or revenues and expenditures related to the operation of three parking garages, debt service related to those facilities, parking enforcement and ticketing, and the operation of surface lots, including commuter lots at Metro North train stations.

## **CAPITAL PROJECTS FUNDS**

- **Transportation Capital Fund** - The Transportation Capital Fund was established pursuant to State Public Act 84-497 to provide financing for the acquisition, development, expansion or capital repair of parking, traffic, transportation or public transit facilities or equipment. Revenues are derived from fees paid to the City in lieu of planning and zoning parking requirements and interest earned thereon.
- **Capital Nonrecurring Fund** - The Capital Nonrecurring Fund is authorized by General Statutes of Connecticut, Section 7-359 through 7-368, as revised. Revenues can be derived from 1) transfers from the General Fund, including proceeds from the sale of capital assets, or 2) amounts raised by the annual levy of a tax, not to exceed two mills. This fund can be used only for financing all or part of the planning, construction, reconstruction or acquisition of capital facilities, improvements or equipment.

## **DEBT SERVICE FUNDS**

- **Debt Service Fund** - The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest, and for financial resources that are being accumulated for principal and interest maturing in future years.

CITY OF STAMFORD, CONNECTICUT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2017

	Special Revenue Funds								
	Stamford Community Development Program	BOE Food Service Program	Town Aid Highway	Dog License	Drug Asset Forfeiture	Police Extra Duty	Educational Grants Programs	Other Grant Programs	School Building Use
<b>ASSETS</b>									
Cash and cash equivalents	\$ 368,856	\$ 130,129	\$ 268,133	\$ 439,964	\$ 426,576	\$ 586,957	\$ 2,773,887	\$ (214,454)	\$ 109,732
Investments									
Intergovernmental receivable	247,550	820,146					1,579,615	1,633,553	
Other receivables, net		25,370				707,577			268,919
Due from other funds									
Prepaid expenditures		1,385							
Inventory		62,852							
Total Assets	<u>\$ 616,406</u>	<u>\$ 1,039,882</u>	<u>\$ 268,133</u>	<u>\$ 439,964</u>	<u>\$ 426,576</u>	<u>\$ 1,294,534</u>	<u>\$ 4,353,502</u>	<u>\$ 1,419,099</u>	<u>\$ 378,651</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>									
Liabilities:									
Bank overdraft									
Accounts payable	\$ 895	\$ 399,838		\$ 22,323	\$ 76,077	\$ 28,232	\$ 2,119,155	\$ 97,976	\$ 91
Accrued liabilities						297,423	244,725	23,520	
Due to other funds						867,658		117,413	
Due to component unit									
Unearned revenue							728,881	354,792	
Total liabilities	<u>895</u>	<u>399,838</u>	<u>-</u>	<u>22,323</u>	<u>76,077</u>	<u>1,193,313</u>	<u>3,092,761</u>	<u>593,701</u>	<u>91</u>
Deferred inflows of resources:									
Unavailable revenue - police extra duty						95,020			
Unavailable revenue - parking									
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,020</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:									
Nonspendable		64,237							
Restricted	615,511	575,807	268,133		350,499		1,260,741	825,398	
Assigned				417,641		6,201			378,560
Unassigned									
Total fund balances	<u>615,511</u>	<u>640,044</u>	<u>268,133</u>	<u>417,641</u>	<u>350,499</u>	<u>6,201</u>	<u>1,260,741</u>	<u>825,398</u>	<u>378,560</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 616,406</u>	<u>\$ 1,039,882</u>	<u>\$ 268,133</u>	<u>\$ 439,964</u>	<u>\$ 426,576</u>	<u>\$ 1,294,534</u>	<u>\$ 4,353,502</u>	<u>\$ 1,419,099</u>	<u>\$ 378,651</u>

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CITY OF STAMFORD, CONNECTICUT  
 COMBINING BALANCE SHEET (CONTINUED)  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2017

	Special Revenue Funds				Capital Project Funds		Debt Service Fund	Eliminations	Total
	Continuing Education	Marinas	Greater Stamford Transit District	Parking	Transportation Capital	Capital Nonrecurring			
<b>ASSETS</b>									
Cash and cash equivalents	\$ 292,766	\$	\$ 79,328	\$ 1,250,006	\$ 310,050	\$ 6,841,818	\$ 830,496	\$	\$ 14,494,244
Investments						5,779,778			5,779,778
Intergovernmental receivable									4,280,864
Other receivables, net				1,381,090					2,382,956
Due from other funds						73,772		(73,772)	-
Prepaid expenditures									1,385
Inventory	410								63,262
Total Assets	<u>\$ 293,176</u>	<u>\$ -</u>	<u>\$ 79,328</u>	<u>\$ 2,631,096</u>	<u>\$ 310,050</u>	<u>\$ 12,695,368</u>	<u>\$ 830,496</u>	<u>\$ (73,772)</u>	<u>\$ 27,002,489</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>									
Liabilities:									
Bank overdraft									
Accounts payable	\$ 479	\$ 7,840	\$ 4,705	\$ 133,847	\$	\$	\$	\$	\$ 2,490,725
Accrued liabilities		2,532		195,919					1,164,852
Due to other funds	21,468	15,327					73,772	(73,772)	1,021,866
Due to component unit				56,267					56,267
Unearned revenue	37,741								1,121,414
Total liabilities	<u>59,688</u>	<u>25,699</u>	<u>4,705</u>	<u>386,033</u>	<u>-</u>	<u>-</u>	<u>73,772</u>	<u>(73,772)</u>	<u>5,855,124</u>
Deferred inflows of resources:									
Unavailable revenue - police extra duty									95,020
Unavailable revenue - parking				1,265,640					1,265,640
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,265,640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,360,660</u>
Fund Balances:									
Nonspendable	410								64,647
Restricted					310,050	12,695,368			16,901,507
Assigned	233,078		74,623	979,423					2,089,526
Unassigned		(25,699)					756,724		731,025
Total fund balances	<u>233,488</u>	<u>(25,699)</u>	<u>74,623</u>	<u>979,423</u>	<u>310,050</u>	<u>12,695,368</u>	<u>756,724</u>	<u>-</u>	<u>19,786,705</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 293,176</u>	<u>\$ -</u>	<u>\$ 79,328</u>	<u>\$ 2,631,096</u>	<u>\$ 310,050</u>	<u>\$ 12,695,368</u>	<u>\$ 830,496</u>	<u>\$ (73,772)</u>	<u>\$ 27,002,489</u>

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

	Special Revenue Funds								
	Stamford Community Development Program	BOE Food Service Program	Town Aid Highway	Dog License	Drug Asset Forfeiture	Police Extra Duty	Educational Grants Programs	Other Grants Programs	School Building Use
Revenues:									
Intergovernmental	\$ 1,210,136	\$ 5,034,179	\$	\$	\$ 395,793	\$	\$ 33,802,051	\$ 10,324,062	\$
Charges for services	326,070	1,658,478		11,926		9,309,157		323,300	899,832
Interest and dividends	7,304	175		475	3,390	3,416			
Other revenue		121,582		7,075					
Total revenues	<u>1,543,510</u>	<u>6,814,414</u>	<u>-</u>	<u>19,476</u>	<u>399,183</u>	<u>9,312,573</u>	<u>33,802,051</u>	<u>10,647,362</u>	<u>899,832</u>
Expenditures:									
Current:									
Governmental services	1,466,675							88,238	
Public safety				6,033	204,612	8,463,629		1,353,515	
Health and welfare	3,025							6,136,713	
Operations									
Education		6,841,818					32,541,310	4,444,975	907,975
Debt service:									
Principal									
Interest and other charges									
Total expenditures	<u>1,469,700</u>	<u>6,841,818</u>	<u>-</u>	<u>6,033</u>	<u>204,612</u>	<u>8,463,629</u>	<u>32,541,310</u>	<u>12,023,441</u>	<u>907,975</u>
Excess (Deficiency) of Revenues over Expenditures	<u>73,810</u>	<u>(27,404)</u>	<u>-</u>	<u>13,443</u>	<u>194,571</u>	<u>848,944</u>	<u>1,260,741</u>	<u>(1,376,079)</u>	<u>(8,143)</u>
Other Financing Sources (Uses):									
Transfers in								1,585,267	
Transfers out				(15,000)		(842,743)			
Sale of real property									
Refunding bonds issued									
Issuance premium									
Payment to refunded bond escrow agent									
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>	<u>(842,743)</u>	<u>-</u>	<u>1,585,267</u>	<u>-</u>
Net Change in Fund Balances	73,810	(27,404)	-	(1,557)	194,571	6,201	1,260,741	209,188	(8,143)
Fund Balances at Beginning of Year	<u>541,701</u>	<u>667,448</u>	<u>268,133</u>	<u>419,198</u>	<u>155,928</u>	<u>-</u>	<u>-</u>	<u>616,210</u>	<u>386,703</u>
Fund Balances at End of Year	<u>\$ 615,511</u>	<u>\$ 640,044</u>	<u>\$ 268,133</u>	<u>\$ 417,641</u>	<u>\$ 350,499</u>	<u>\$ 6,201</u>	<u>\$ 1,260,741</u>	<u>\$ 825,398</u>	<u>\$ 378,560</u>

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**CITY OF STAMFORD, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Special Revenue Funds				Capital Project Funds				
	Continuing Education	Marinas	Greater Stamford Transit District	Parking	Transportation Capital	Capital Nonrecurring	Debt Service Fund	Eliminations	Total
Revenues:									
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$	\$ 50,766,221
Charges for services	161,253	296,863	17,187	6,953,067					19,957,133
Interest and dividends	36		205		31	25,461			40,493
Other revenue							949,737		1,078,394
Total revenues	<u>161,289</u>	<u>296,863</u>	<u>17,392</u>	<u>6,953,067</u>	<u>31</u>	<u>25,461</u>	<u>949,737</u>	<u>-</u>	<u>71,842,241</u>
Expenditures:									
Current:									
Governmental services		302,325							1,857,238
Public safety									10,027,789
Health and welfare									6,139,738
Operations			80,812	3,867,815					3,948,627
Education	200,286								44,936,364
Debt service:									
Principal							37,905,438		37,905,438
Interest and other charges							16,544,283		16,544,283
Total expenditures	<u>200,286</u>	<u>302,325</u>	<u>80,812</u>	<u>3,867,815</u>	<u>-</u>	<u>-</u>	<u>54,449,721</u>	<u>-</u>	<u>121,359,477</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(38,997)</u>	<u>(5,462)</u>	<u>(63,420)</u>	<u>3,085,252</u>	<u>31</u>	<u>25,461</u>	<u>(53,499,984)</u>	<u>-</u>	<u>(49,517,236)</u>
Other Financing Sources (Uses):									
Transfers in		80,255				1,000,000	55,493,365	(1,250,408)	56,908,479
Transfers out		(71,915)		(2,105,829)		(6,944,792)		1,250,408	(8,729,871)
Sale of real property						2,446,753			2,446,753
Refunding bonds issued									-
Issuance premium						2,741,355			2,741,355
Payment to refunded bond escrow agent									-
Total other financing sources (uses)	<u>-</u>	<u>8,340</u>	<u>-</u>	<u>(2,105,829)</u>	<u>-</u>	<u>(756,684)</u>	<u>55,493,365</u>	<u>-</u>	<u>53,366,716</u>
Net Change in Fund Balances	(38,997)	2,878	(63,420)	979,423	31	(731,223)	1,993,381	-	3,849,480
Fund Balances at Beginning of Year	<u>272,485</u>	<u>(28,577)</u>	<u>138,043</u>	<u>-</u>	<u>310,019</u>	<u>13,426,591</u>	<u>(1,236,657)</u>	<u>-</u>	<u>15,937,225</u>
Fund Balances at End of Year	<u>\$ 233,488</u>	<u>\$ (25,699)</u>	<u>\$ 74,623</u>	<u>979,423</u>	<u>\$ 310,050</u>	<u>\$ 12,695,368</u>	<u>\$ 756,724</u>	<u>\$ -</u>	<u>\$ 19,786,705</u>

# INTERNAL SERVICE FUNDS

Internal service funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The internal service funds of the City are as follows:

**City Medical Fund** - This fund has been established to account for the health insurance program for City employees and retirees.

**Board of Education Medical Fund** - This fund has been established to account for the health insurance program for Board of Education employees and retirees.

**Risk Management Fund** - This fund is used to account for the City's and Board of Education's workers' compensation, legal claims and the City's general insurance.

**Disputed Assessments Fund** - This fund is used to account for the City's obligation for refunds of property tax payments.

**CITY OF STAMFORD, CONNECTICUT  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>City Medical</b>	<b>Board of Education Medical</b>	<b>Risk Management</b>	<b>Disputed Assessments</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>					
Cash received from customers and users	\$ 37,229,084	\$ 45,428,203	\$ 13,875,519	\$	\$ 96,532,806
Cash payments to employees			(302,215)		(302,215)
Cash payments to suppliers		(1,104,669)	(3,106,393)		(4,211,062)
Cash payments for benefits and claims	(37,224,785)	(44,994,942)	(9,486,423)		(91,706,150)
Payments for interfund services used		(985,601)			(985,601)
Net cash provided by (used in) operating activities	<u>4,299</u>	<u>(1,657,009)</u>	<u>980,488</u>	<u>-</u>	<u>(672,222)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Transfers in			300,000		300,000
Transfers out		(1,440,403)	(143,550)		(1,583,953)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(1,440,403)</u>	<u>156,450</u>	<u>-</u>	<u>(1,283,953)</u>
<b>Cash Flows from Investing Activities:</b>					
Interest income (loss)	<u>64,922</u>		<u>70,452</u>		<u>135,374</u>
Net change in cash	69,221	(3,097,412)	1,207,390	-	(1,820,801)
Cash and Cash Equivalents at Beginning of Year	<u>10,729,252</u>	<u>6,250,282</u>	<u>10,955,078</u>	<u>14,554</u>	<u>27,949,166</u>
Cash and Cash Equivalents at End of Year	<u>\$ 10,798,473</u>	<u>\$ 3,152,870</u>	<u>\$ 12,162,468</u>	<u>\$ 14,554</u>	<u>\$ 26,128,365</u>
<b>Reconciliation of Income (Loss) from Operations to Net Cash Provided by (Used in) Operating Activities:</b>					
Income (loss) from operations	\$ 851,562	\$ (1,097,452)	\$ (1,791,441)	\$	\$ (2,037,331)
Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities:					
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	83,854	377,981	1,015		462,850
(Increase) decrease in due from other funds		(985,601)			(985,601)
(Increase) decrease in prepaid expenses	(354,600)				(354,600)
Increase (decrease) in accounts payable	(152,665)	(20,715)	(3,586)		(176,966)
Increase (decrease) in accrued liabilities	(194,634)	186,649			(7,985)
Increase (decrease) in unearned revenues					-
Increase (decrease) in claims payable	<u>(229,218)</u>	<u>(117,871)</u>	<u>2,774,500</u>		<u>2,427,411</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 4,299</u>	<u>\$ (1,657,009)</u>	<u>\$ 980,488</u>	<u>\$ -</u>	<u>\$ (672,222)</u>

**CITY OF STAMFORD, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION - INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>City Medical</b>	<b>Board of Education Medical</b>	<b>Risk Management</b>	<b>Disputed Assessments</b>	<b>Total</b>
Operating Revenues:					
Charges for services - employer	\$ 32,090,725	\$ 34,766,175	\$ 13,795,992	\$	\$ 80,652,892
Charges for services - employees	5,018,662	7,452,334			12,470,996
	<u>37,109,387</u>	<u>42,218,509</u>	<u>13,795,992</u>	<u>-</u>	<u>93,123,888</u>
Miscellaneous	35,843	2,831,713	78,512		2,946,068
Total operating revenues	<u>37,145,230</u>	<u>45,050,222</u>	<u>13,874,504</u>	<u>-</u>	<u>96,069,956</u>
Operating Expenses:					
Salaries			302,215		302,215
Employee benefits	36,293,668	45,043,005	10,727,716		92,064,389
Operations and supplies			393,268		393,268
Insurance		1,104,669	2,709,539		3,814,208
Judgments and claims			1,533,207		1,533,207
Total operating expenses	<u>36,293,668</u>	<u>46,147,674</u>	<u>15,665,945</u>	<u>-</u>	<u>98,107,287</u>
Income (Loss) from Operations	851,562	(1,097,452)	(1,791,441)	-	(2,037,331)
Nonoperating Revenues:					
Interest income	64,922		70,452		135,374
Income (Loss) Before Transfers	916,484	(1,097,452)	(1,720,989)	-	(1,901,957)
Transfers:					
Transfers in			300,000		300,000
Transfer out		(1,440,403)	(143,550)		(1,583,953)
Total transfers	<u>-</u>	<u>(1,440,403)</u>	<u>156,450</u>	<u>-</u>	<u>(1,283,953)</u>
Change in Net Position	916,484	(2,537,855)	(1,564,539)	-	(3,185,910)
Net Position at Beginning of Year	7,955,422	4,408,786	(19,649,511)		(7,285,303)
Net Position at End of Year	<u>\$ 8,871,906</u>	<u>\$ 1,870,931</u>	<u>\$ (21,214,050)</u>	<u>\$ -</u>	<u>\$ (10,471,213)</u>

**CITY OF STAMFORD, CONNECTICUT  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>City Medical</b>	<b>Board of Education Medical</b>	<b>Risk Management</b>	<b>Disputed Assessments</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>					
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Cash payments to employees			(302,215)		(302,215)
Cash payments to suppliers		(1,104,669)	(3,106,393)		(4,211,062)
Cash payments for benefits and claims	(37,224,785)	(44,994,942)	(9,486,423)		(91,706,150)
Payments for interfund services used		(985,601)			(985,601)
Net cash provided by (used in) operating activities	<u>4,299</u>	<u>(1,657,009)</u>	<u>980,488</u>	<u>-</u>	<u>(672,222)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Transfers in			300,000		300,000
Transfers out		(1,440,403)	(143,550)		(1,583,953)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(1,440,403)</u>	<u>156,450</u>	<u>-</u>	<u>(1,283,953)</u>
<b>Cash Flows from Investing Activities:</b>					
Interest income (loss)	<u>64,922</u>		<u>70,452</u>		<u>135,374</u>
Net change in cash	69,221	(3,097,412)	1,207,390	-	(1,820,801)
Cash and Cash Equivalents at Beginning of Year	<u>10,729,252</u>	<u>6,250,282</u>	<u>10,955,078</u>	<u>14,554</u>	<u>27,949,166</u>
Cash and Cash Equivalents at End of Year	<u>\$ 10,798,473</u>	<u>\$ 3,152,870</u>	<u>\$ 12,162,468</u>	<u>\$ 14,554</u>	<u>\$ 26,128,365</u>
<b>Reconciliation of Income (Loss) from Operations to Net Cash Provided by (Used in) Operating Activities:</b>					
Income (loss) from operations	\$ 851,562	\$ (1,097,452)	\$ (1,791,441)	\$	\$ (2,037,331)
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Changes in assets and liabilities:					
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(Increase) decrease in due from other funds		(985,601)			(985,601)
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Increase (decrease) in accounts payable	(152,665)	(20,715)	(3,586)		(176,966)
Increase (decrease) in accrued liabilities	(194,634)	186,649			(7,985)
Increase (decrease) in unearned revenues					-
Increase (decrease) in claims payable	<u>(229,218)</u>	<u>(117,871)</u>	<u>2,774,500</u>		<u>2,427,411</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 4,299</u>	<u>\$ (1,657,009)</u>	<u>\$ 980,488</u>	<u>\$ -</u>	<u>\$ (672,222)</u>

# FIDUCIARY FUND TYPES

The Fiduciary Funds are used to account for assets held by the City in an agency capacity on behalf of others. The agency funds of the City are as follows:

## TRUST FUNDS:

**Classified Employees' Retirement Fund** - This fund is used for the accumulation of resources and to be used for retirement payments to members of the Classified Service as defined in the Charter of the City upon their retirement.

**Policemen's Pension Trust Fund** - This fund is used for the accumulation of resources and to be used for retirement payments to full-time custodians and employees of the maintenance department of the public schools of the City and paraeducators who are members of the Educational Assistants of Stamford Association upon retirement.

**Firefighters' Pension Trust Fund** - This fund is used for the accumulation of resources and to be used for retirement payments to all full-time firefighters employed by the City upon retirement.

**Custodians' and Mechanics' Retirement Fund** - This fund is used for the accumulation of resources and to be used for retirement payments to policemen upon retirement.

**Other Postemployment (OPEB) Trust Fund** - This fund is used for the accumulation of resources and to be used for payments of healthcare benefits for retired employees.

## AGENCY FUNDS:

**Student Activities Fund** - This fund is used to account for class events and various functions held by students at the City's high schools.

**Scholarship Fund** - This fund is used to account for monies for the purpose of providing scholarship funds to graduating students.

**CITY OF STAMFORD, CONNECTICUT**  
**COMBINING STATEMENT OF NET POSITION**  
**TRUST FUNDS**  
**JUNE 30, 2017**

	Pension Trust Funds					Total
	Classified Employees' Retirement Fund	Policemen's Pension Trust Fund	Firefighters' Pension Trust Fund	Custodians' and Mechanics' Retirement Fund	OPEB Trust Fund	
Assets:						
Cash and cash equivalents	\$ 1,551,913	\$ 4,546,651	\$ 701,083	\$ 459,309	\$ 7,153,360	\$ 14,412,316
Investments, at fair value:						
U.S. government securities			2,689,448			2,689,448
U.S. government agencies						-
Corporate bonds			2,892,224			2,892,224
Common and preferred equities	16,417,395		39,340,391			55,757,786
Mutual funds	192,207,196	191,604,491	16,338,730	62,949,748	87,534,802	550,634,967
Alternative investment/Hedge funds			67,679,165			67,679,165
Total investments	208,624,591	191,604,491	128,939,958	62,949,748	87,534,802	679,653,590
Receivables:						
Accounts	171,636		29,313	10,601		211,550
Contribution receivable, net					362,587	362,587
Total receivables	171,636		29,313	10,601	362,587	574,137
Due from other funds					0	-
Accrued interest and dividends	10,515		45,582	400		56,497
Total assets	210,358,655	196,151,142	129,715,936	63,420,058	95,050,749	694,696,540
Liabilities:						
Accounts payable	4,310	1,013	52,313	1,120	299,209	357,965
Due to other funds					985,601	985,601
Claims payable					1,607,018	1,607,018
Total liabilities	4,310	1,013	52,313	1,120	2,891,828	2,950,584
Net Position:						
Restricted for Pension and OPEB Benefits	\$ 210,354,345	\$ 196,150,129	\$ 129,663,623	\$ 63,418,938	\$ 92,158,921	\$ 691,745,956

**CITY OF STAMFORD, CONNECTICUT  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION - TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	Pension Trust Funds					Total
	Classified Employees' Retirement Fund	Policemen's Pension Trust Fund	Firefighters' Pension Trust Fund	Custodians' and Mechanics' Retirement Fund	OPEB Trust Fund	
Additions:						
Contributions:						
Employer	\$ 5,923,000	\$ 7,903,000	\$ 5,140,000	\$ 2,145,000	\$ 26,617,000	\$ 47,728,000
Plan members	2,048,979	1,302,139	1,543,551	1,149,755	4,291,512	10,335,936
Other revenue					1,729,648	1,729,648
Total contributions and other revenue	<u>7,971,979</u>	<u>9,205,139</u>	<u>6,683,551</u>	<u>3,294,755</u>	<u>32,638,160</u>	<u>59,793,584</u>
Investment earnings:						
Net increase (decrease) in fair value of investments	24,507,809		16,886,208	7,008,762	9,250,640	57,653,419
Interest and dividends	3,398,335		1,029,968	1,040,590	1,663,991	7,132,884
Total investment earnings	27,906,144	-	17,916,176	8,049,352	10,914,631	64,786,303
Less investment expenses:						
Investment management fees	146,615		1,238,611	25,563	87,937	1,498,726
Net investment income (loss)	<u>27,759,529</u>	<u>-</u>	<u>16,677,565</u>	<u>8,023,789</u>	<u>10,826,694</u>	<u>63,287,577</u>
Total additions	<u>35,731,508</u>	<u>9,205,139</u>	<u>23,361,116</u>	<u>11,318,544</u>	<u>43,464,854</u>	<u>123,081,161</u>
Deductions:						
Benefits	15,860,383		10,411,804	2,974,023	17,529,591	46,775,801
Administration	111,103		85,487	51,350	815,743	1,063,683
Total deductions	<u>15,971,486</u>	<u>-</u>	<u>10,497,291</u>	<u>3,025,373</u>	<u>18,345,334</u>	<u>47,839,484</u>
Change in net position	19,760,022	9,205,139	12,863,825	8,293,171	25,119,520	75,241,677
Net Position at Beginning of Year	<u>190,594,323</u>	<u>186,944,990</u>	<u>116,799,798</u>	<u>55,125,767</u>	<u>67,039,401</u>	<u>616,504,279</u>
Net Position at End of Year	<u>\$ 210,354,345</u>	<u>\$ 196,150,129</u>	<u>\$ 129,663,623</u>	<u>\$ 63,418,938</u>	<u>\$ 92,158,921</u>	<u>\$ 691,745,956</u>

**CITY OF STAMFORD, CONNECTICUT**  
**AGENCY FUNDS**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>
<b>Student Activities Fund</b>				
Assets:				
Cash and cash equivalents	\$ <u>901,088</u>	\$ <u>1,454,751</u>	\$ <u>1,365,820</u>	\$ <u>990,019</u>
Liabilities:				
Fiduciary deposits	\$ <u>901,088</u>	\$ <u>1,454,751</u>	\$ <u>1,365,820</u>	\$ <u>990,019</u>
<b>Scholarship Fund</b>				
Assets:				
Cash and cash equivalents	\$ <u>113,046</u>	\$ <u>9</u>	\$ <u>13,500</u>	\$ <u>99,555</u>
Liabilities:				
Fiduciary deposits	\$ <u>113,046</u>	\$ <u>9</u>	\$ <u>13,500</u>	\$ <u>99,555</u>
<b>Total Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ <u>1,014,134</u>	\$ <u>1,454,760</u>	\$ <u>1,379,320</u>	\$ <u>1,089,574</u>
Liabilities:				
Fiduciary deposits	\$ <u>1,014,134</u>	\$ <u>1,454,760</u>	\$ <u>1,379,320</u>	\$ <u>1,089,574</u>