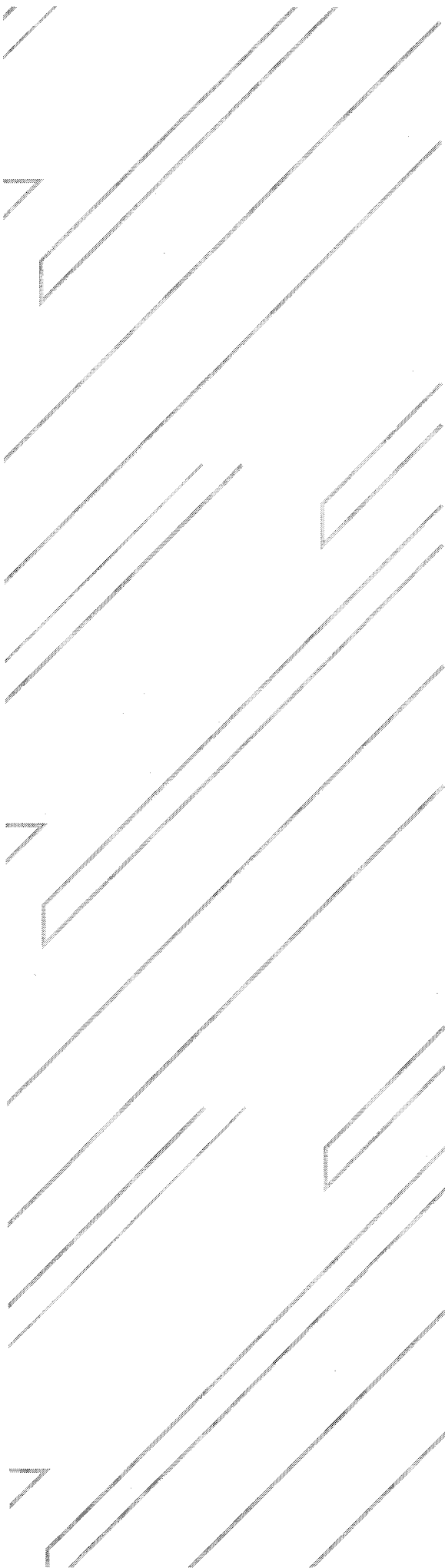


Exhibit 1
PART B

BASIC FINANCIAL STATEMENTS



CITY OF STAMFORD, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Urban Redevelopment Commission
Assets:				
Cash and cash equivalents	\$ 55,227,283	\$ 11,361,140	\$ 66,588,423	\$ 1,059,986
Investments	117,417,088	6,582,312	123,999,400	
Restricted cash and cash equivalents	27,000,138	18,925,036	45,925,174	
Restricted investments	2,576,276		2,576,276	
Receivables, net:				
Property taxes	10,147,965		10,147,965	
Accounts	4,446,773	25,698	4,472,471	18,980
Usage		1,643,444	1,643,444	
Loans	35,800,782		35,800,782	2,726,767
Intergovernmental	30,100,892		30,100,892	
Special assessments		9,740,115	9,740,115	
Non-usage		785,181	785,181	
Due from fiduciary funds	2,845,370		2,845,370	
Due from component unit	252,411		252,411	
Due from primary government			-	119,567
Internal balances	(1,275,395)	1,275,395	-	
Prepaid expenses	3,355		3,355	
Inventory	136,215	9,902	146,117	
Land held for resale				1,069,296
Capital assets, nondepreciable	275,499,403	5,355,706	280,855,109	
Capital assets, net of accumulated depreciation	545,187,587	148,113,743	693,301,330	
Total assets	1,105,366,143	203,817,672	1,309,183,815	4,994,596
Deferred Outflows of Resources:				
Deferred charge on refunding	8,684,177	1,123,048	9,807,225	
Deferred outflows related to pensions	30,517,334	627,218	31,144,552	
Deferred outflows related to OPEB	19,781,205	275,396	20,056,601	
Total deferred outflows of resources	58,982,716	2,025,662	61,008,378	-
Liabilities:				
Accounts payable	35,240,571	1,328,679	36,569,250	3,055
Accrued liabilities	4,446,275	133,616	4,579,891	
Retainage payable	3,821,597		3,821,597	
Accrued interest payable	6,606,674	557,303	7,163,977	
Due to primary government			-	252,411
Due to component unit	119,567		119,567	
Unearned revenue	10,125,649	125,568	10,251,217	
Noncurrent liabilities:				
Due within one year	58,520,589	6,958,964	65,479,553	
Due in more than one year	899,202,633	109,235,533	1,008,438,166	
Total liabilities	1,018,083,555	118,339,663	1,136,423,218	255,466
Deferred Inflows of Resources:				
Advance property tax collections	19,711,683		19,711,683	
Deferred inflows related to pensions	12,903,890	168,467	13,072,357	
Deferred inflows related to OPEB	30,797,637	358,910	31,156,547	
Total deferred inflows of resources	63,413,210	527,377	63,940,587	-
Net Position:				
Net investment in capital assets	446,596,574	53,296,625	499,893,199	
Restricted:				
Debt service	21,717,722	11,247,486	32,965,208	
Unrestricted	(385,462,202)	22,432,183	(363,030,019)	4,739,130
Total Net Position	\$ 82,852,094	\$ 86,976,294	\$ 169,828,388	\$ 4,739,130

The accompanying notes are an integral part of the financial statements

CITY OF STAMFORD, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Function/Program Activities	Net Revenue (Expense) and Changes in Net Position					
	Program Revenues			Primary Government		Component Unit
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Urban Redevelopment Commission
Primary Government						
Governmental activities:						
Governmental services	\$ 8,313,628	\$ 3,284,001	\$ -	\$ 3,278,808	\$ -	\$ 3,278,808
Administration	10,350,477	64,106		(10,286,371)		(10,286,371)
Legal affairs	31,624,357	140,028		(31,484,329)		(31,484,329)
Public safety	134,441,319	11,237,068	1,316,105	(121,888,146)		(121,888,146)
Health and welfare	17,181,889	1,521,463		(12,771,051)		(12,771,051)
Community services	12,237,458	2,889,375		(12,237,458)		(12,237,458)
Operations	66,705,177	19,825,241	21,078,959	(26,000,977)		(26,000,977)
Education	383,981,959	2,535,462	112,391	(273,372,397)		(273,372,397)
Interest	15,552,448	633,914		(14,918,534)		(14,918,534)
Total governmental activities	680,388,712	43,431,803	21,191,350	(499,680,455)	-	(499,680,455)
Business-type activities:						
Water Pollution Control Authority	22,548,448	28,106,425	191,031		5,749,008	5,749,008
Old Town Hall Redevelopment Agency	1,746,670	1,048,369			(698,301)	(698,301)
E.G. Brennan Golf Course	1,146,587	1,172,794			26,207	26,207
Total business-type activities	25,441,705	30,327,588	191,031	-	5,076,914	5,076,914
Total Primary Government	\$ 705,830,417	\$ 73,759,391	\$ 21,382,381	(499,680,455)	5,076,914	(494,603,541)
Component Unit						
Urban Redevelopment Commission	\$ 212,006	\$ 796	\$ -	-	-	(211,210)
General revenues:						
Property taxes				520,359,137		520,359,137
Grants and contributions not restricted to specific programs				5,695,521		5,695,521
Unrestricted investment earnings				2,003,490	200,927	2,204,417
Gain (loss) on sale of capital assets				428,695		428,695
Miscellaneous				1,824,424		1,824,424
Transfers				509,364	(509,364)	-
Total general revenues and transfers				530,820,631	(308,437)	530,512,194
Change in net position				31,140,176	4,768,477	35,908,653
Net Position at Beginning of Year, as restated				51,711,918	82,207,817	133,919,735
Net Position at End of Year				\$ 82,852,094	\$ 86,976,294	\$ 169,828,388

The accompanying notes are an integral part of the financial statements

CITY OF STAMFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General	Capital Projects	Mill River Capital Projects	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 3,273,443		\$ 3,786,998	\$ 899,187	\$ 16,479,259	\$ 24,438,887
Investments	65,437,556	46,166,339			5,813,193	117,417,088
Restricted cash				27,000,138		27,000,138
Restricted investments		2,576,276				2,576,276
Property taxes receivable, net	10,147,965					10,147,965
Other receivables:						
Accounts	969,464	233,378			2,771,403	3,974,245
Loans		7,937,124				7,937,124
Intergovernmental	1,100,047	24,429,692	50,000		4,521,153	30,100,892
Due from component unit	252,411					252,411
Advances to other funds	4,167,972	2,854,901				7,022,873
Due from other funds	3,374,009					3,374,009
Prepaid expenditures					3,355	3,355
Inventories	70,201				66,014	136,215
Total Assets	<u>\$ 88,793,068</u>	<u>\$ 84,197,710</u>	<u>\$ 3,836,998</u>	<u>\$ 27,899,325</u>	<u>\$ 29,654,377</u>	<u>\$ 234,381,478</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued items	\$ 16,337,461	\$ 15,485,362	\$ 1,530,000		\$ 1,860,420	\$ 35,213,243
Accrued liabilities	2,663,449	25,014			1,174,789	3,863,252
Retainage payable		3,821,597				3,821,597
Due to other funds		204,324		6,181,603	324,315	6,710,242
Advances from other funds			2,116,665			2,116,665
Due to component unit	63,300				56,267	119,567
Unearned revenue	3,135,158	3,158,367			3,832,124	10,125,649
Total liabilities	<u>22,199,368</u>	<u>22,694,664</u>	<u>3,646,665</u>	<u>6,181,603</u>	<u>7,247,915</u>	<u>61,970,215</u>
Deferred inflows of resources:						
Unavailable revenue - property taxes	8,158,644					8,158,644
Unavailable revenue - miscellaneous receivables	130,452					130,452
Unavailable revenue - police extra duty					311,757	311,757
Unavailable revenue - parking					1,248,090	1,248,090
Advance property tax collections	19,711,683					19,711,683
Total deferred inflows of resources	<u>28,000,779</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,559,847</u>	<u>29,560,626</u>
Fund balances:						
Nonspendable	4,238,173				69,369	4,307,542
Restricted		61,503,046	190,333	21,717,722	18,857,783	102,268,884
Committed	5,444,630					5,444,630
Assigned	28,226,267				1,945,164	30,171,431
Unassigned	683,851				(25,701)	658,150
Total fund balances	<u>38,592,921</u>	<u>61,503,046</u>	<u>190,333</u>	<u>21,717,722</u>	<u>20,846,615</u>	<u>142,850,637</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 88,793,068</u>	<u>\$ 84,197,710</u>	<u>\$ 3,836,998</u>	<u>\$ 27,899,325</u>	<u>\$ 29,654,377</u>	<u>\$ 234,381,478</u>

(Continued on next page)

CITY OF STAMFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018

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)	\$ 142,850,637
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Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 1,498,764,187	
Less accumulated depreciation	<u>(678,077,197)</u>	
Net capital assets		820,686,990

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	5,084,264
Interest receivable on property taxes	3,074,380
Departmental income	1,690,299
Loan receivable	27,863,658
Deferred outflows related to pensions	30,517,334
Deferred outflows related to OPEB	19,781,205

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.	(4,964,119)
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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	(433,685,568)
Deferred amount on premium	(28,000,492)
Deferred charge on refunding	8,684,177
Accrued interest payable	(6,606,674)
Heart and hypertension claims payable	(6,763,177)
Early retirement incentives	(696,425)
Compensated absences	(21,205,483)
Pollution remediation obligation	(2,913,320)
Net OPEB liability	(244,050,792)
Net pension liability	(184,793,273)
Deferred inflows related to pensions	(12,903,890)
Deferred inflows related to OPEB	<u>(30,797,637)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 82,852,094</u>
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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, 2018

	General	Capital Projects	Mill River Capital Projects	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes, interest and lien fees	\$ 516,787,138	\$	\$ 2,695,897	\$	\$	\$ 519,483,035
Intergovernmental revenues	76,303,973	20,645,736			44,652,126	141,601,835
Charges for services	19,162,595				21,856,116	41,018,711
Interest, dividends and investment income	576,294	973,218			98,069	1,647,581
Other	1,409,357	3,797,182		671,013	133,492	6,011,044
Total revenues	<u>614,239,357</u>	<u>25,416,136</u>	<u>2,695,897</u>	<u>671,013</u>	<u>66,739,803</u>	<u>709,762,206</u>
Expenditures:						
Current:						
Governmental services	4,681,524				1,600,676	6,282,200
Administration	10,359,634					10,359,634
Legal affairs	31,531,959					31,531,959
Public safety	118,064,806				11,597,550	129,662,356
Health and welfare	11,232,867				5,818,628	17,051,495
Community services	12,237,458					12,237,458
Operations	45,430,801		1,630,000		3,728,300	50,789,101
Board of Education	326,597,201				41,821,614	368,418,815
Debt service:						
Principal retirement				38,819,787		38,819,787
Interest and other charges				17,044,271		17,044,271
Capital outlay		87,490,568				87,490,568
Total expenditures	<u>560,136,250</u>	<u>87,490,568</u>	<u>1,630,000</u>	<u>55,864,058</u>	<u>64,566,768</u>	<u>769,687,644</u>
Excess (Deficiency) of Revenues over Expenditures	<u>54,103,107</u>	<u>(62,074,432)</u>	<u>1,065,897</u>	<u>(55,193,045)</u>	<u>2,173,035</u>	<u>(59,925,438)</u>
Other Financing Sources (Uses):						
Bond refunding issued				36,168,000		36,168,000
Bond issued		30,000,000				30,000,000
Sale of real property					448,220	448,220
Premium on issuance of debt				6,434,513	987,908	7,422,421
Payment to refunded bond escrow agent				(21,020,475)		(21,020,475)
Transfers in from other funds	3,098,622	5,516,120		54,572,005	6,995,291	70,182,038
Transfers out to other funds	(61,205,530)		(1,132,906)		(7,707,383)	(70,045,819)
Total other financing sources (uses)	<u>(58,106,908)</u>	<u>35,516,120</u>	<u>(1,132,906)</u>	<u>76,154,043</u>	<u>724,036</u>	<u>53,154,385</u>
Net Change in Fund Balances	(4,003,801)	(26,558,312)	(67,009)	20,960,998	2,897,071	(6,771,053)
Fund Balances at Beginning of Year	<u>42,596,722</u>	<u>88,061,358</u>	<u>257,342</u>	<u>756,724</u>	<u>17,949,544</u>	<u>149,621,690</u>
Fund Balances at End of Year	<u>\$ 38,592,921</u>	<u>\$ 61,503,046</u>	<u>\$ 190,333</u>	<u>\$ 21,717,722</u>	<u>\$ 20,846,615</u>	<u>\$ 142,850,637</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, 2018**

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)	\$ (6,771,053)
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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	82,968,630
Depreciation expense	(36,401,350)
Loss on disposition of capital assets	(19,525)

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	312,881
Interest income on property taxes	555,999
Intergovernmental revenue on school bonds	(480,452)
Departmental income	84,286
Mortgage loans	(36,191)
Change in deferred outflows related to pensions	(11,605,758)
Change in deferred outflows related to OPEB	19,781,205
Change in deferred inflows related to pensions	4,402,706
Change in deferred inflows related to OPEB	(30,797,637)

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	(30,000,000)
Premium on bonds issued	(7,422,421)
Issuance of refunding bonds	(36,168,000)
Payment to bond escrow agent	21,020,475
Principal payments	37,799,312

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	(364,328)
Amortization of premium	3,346,223
Accrued interest	(469,595)
Change in early retirement incentive	48,325
Change in long-term compensated absences	284,270
Pollution remediation obligation	3,961,273
Change in net OPEB liability	14,533,744
Change in pension liability	(6,018,898)
Change in heart and hypertension claims payable	3,080,870

The net expense of the internal service funds is reported with governmental activities.	<u>5,515,185</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 31,140,176</u>
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The accompanying notes are an integral part of the financial statements

CITY OF STAMFORD, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2018

	Business-Type Activities - Enterprise Funds				Governmental
	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	\$ 10,661,738	\$ 249,531	\$ 449,871	\$ 11,361,140	\$ 30,788,396
Investments	6,582,312			6,582,312	
Receivables, net:					
Accounts		18,322	7,376	25,698	472,528
Usage	1,643,444			1,643,444	
Special assessments and connection charges	1,743,527			1,743,527	
Non-usage	785,181			785,181	
Due from other funds	6,181,603			6,181,603	
Inventory	9,902			9,902	
Total current assets	27,607,707	267,853	457,247	28,332,807	31,260,924
Noncurrent assets:					
Restricted cash	18,925,036			18,925,036	
Receivables - special assessments and connection charges, net	7,996,588			7,996,588	
Capital assets:					
Not being depreciated	3,325,455	1,414,391	615,860	5,355,706	
Being depreciated, net	131,753,605	15,905,117	455,021	148,113,743	
Total noncurrent assets	162,000,684	17,319,508	1,070,881	180,391,073	-
Total assets	189,608,391	17,587,361	1,528,128	208,723,880	31,260,924
Deferred outflows of resources:					
Deferred charge on refunding	1,123,048			1,123,048	
Deferred outflows related to pension	627,218			627,218	
Deferred outflows related to OPEB	275,396			275,396	
Total deferred outflows of resources	2,025,662	-	-	2,025,662	-
Liabilities:					
Current liabilities:					
Accounts payable	1,237,056	75,516	16,107	1,328,679	27,328
Accrued liabilities	99,807		33,809	133,616	583,023
Accrued interest payable	470,441	86,862		557,303	
Advances from other funds		4,906,208		4,906,208	
Unearned revenues	94,974	21,594	9,000	125,568	
Current portion of claims payable				-	13,635,583
Current maturities of bonds payable	2,627,797		23,304	2,651,101	
Current maturities of notes payable	4,077,555			4,077,555	
Current portion of compensated absences	230,308			230,308	
Total current liabilities	8,837,938	5,090,180	82,220	14,010,338	14,245,934
Noncurrent liabilities:					
Claims payable				-	21,979,109
Bonds payable	66,119,397		83,838	66,203,235	
Notes payable	25,859,155	10,182,376		36,041,531	
Compensated absences	126,306		46,865	173,171	
Net pension liability	3,028,099			3,028,099	
Net OPEB liability	3,789,497			3,789,497	
Total noncurrent liabilities	98,922,454	10,182,376	130,703	109,235,533	21,979,109
Total liabilities	107,760,392	15,272,556	212,923	123,245,871	36,225,043
Deferred inflows of resources:					
Deferred inflows related to pension	168,467			168,467	
Deferred inflows related to OPEB	358,910			358,910	
Total deferred inflows of resources	527,377	-	-	527,377	-
Net Position:					
Net investment in capital assets	45,195,754	7,137,132	963,739	53,296,625	
Restricted for debt services	11,247,486			11,247,486	
Unrestricted	26,903,044	(4,822,327)	351,466	22,432,183	(4,964,119)
Total Net Position	\$ 83,346,284	\$ 2,314,805	\$ 1,315,205	\$ 86,976,294	\$ (4,964,119)

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, 2018

	Business-Type Activities - Enterprise Funds				Governmental
	Water Pollution Control Authority	Old Town Hall Redevelopment Agency	Nonmajor E.G. Brennan Golf Course	Total	Internal Service Funds
Operating Revenues:					
Charges for services	\$ 23,556,163	\$ 633,370	\$ 1,172,794	\$ 25,362,327	\$ 91,992,268
Miscellaneous	1,152,017	414,999		1,567,016	3,505,059
Total operating revenues	<u>24,708,180</u>	<u>1,048,369</u>	<u>1,172,794</u>	<u>26,929,343</u>	<u>95,497,327</u>
Operating Expenses:					
Salaries	4,219,088		613,180	4,832,268	290,037
Employee benefits	2,334,168		222,005	2,556,173	85,957,897
Operation and supplies	6,704,378	969,100	246,139	7,919,617	225,025
Insurance				-	3,011,076
Judgment and claims				-	1,227,161
Depreciation	5,971,043	597,893	60,058	6,628,994	
Total operating expenses	<u>19,228,677</u>	<u>1,566,993</u>	<u>1,141,382</u>	<u>21,937,052</u>	<u>90,711,196</u>
Operating Income (Loss)	<u>5,479,503</u>	<u>(518,624)</u>	<u>31,412</u>	<u>4,992,291</u>	<u>4,786,131</u>
Nonoperating Revenues (Expenses):					
Special assessments, connection charges, and other	3,398,245			3,398,245	
Interest income	193,801	959	6,167	200,927	355,909
Interest expense	(3,319,771)	(179,677)	(5,205)	(3,504,653)	
Total nonoperating revenues (expenses)	<u>272,275</u>	<u>(178,718)</u>	<u>962</u>	<u>94,519</u>	<u>355,909</u>
Income (Loss) Before Capital Contributions and Transfers	5,751,778	(697,342)	32,374	5,086,810	5,142,040
Capital contributions - grants	191,031			191,031	
Transfers in					500,000
Transfers out	(454,666)		(54,698)	(509,364)	(126,855)
Change in Net Position	5,488,143	(697,342)	(22,324)	4,768,477	5,515,185
Net Position at Beginning of Year, as Restated	<u>77,858,141</u>	<u>3,012,147</u>	<u>1,337,529</u>	<u>82,207,817</u>	<u>(10,479,304)</u>
Net Position at End of Year	<u>\$ 83,346,284</u>	<u>\$ 2,314,805</u>	<u>\$ 1,315,205</u>	<u>\$ 86,976,294</u>	<u>\$ (4,964,119)</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, 2018**

	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	\$ 24,432,984	\$ 1,056,313	\$ 1,177,888	\$ 26,667,185	\$ 95,335,917
Payments to suppliers	(7,437,160)	(922,262)	(235,656)	(8,595,078)	(3,233,006)
Payments to employees	(4,216,490)		(613,180)	(4,829,670)	(256,629)
Payments for benefits and claims	(2,091,503)		(222,005)	(2,313,508)	(88,892,815)
Payments for interfund services used	(6,181,603)	132,493		(6,049,110)	985,601
Net cash provided by (used in) operating activities	<u>4,506,228</u>	<u>266,544</u>	<u>107,047</u>	<u>4,879,819</u>	<u>3,939,068</u>
Cash Flows from Noncapital Financing Activities:					
Transfers from other funds				-	500,000
Transfers to other funds	(454,666)		(54,698)	(509,364)	(126,855)
Net cash provided by noncapital financing activities	<u>(454,666)</u>	<u>-</u>	<u>(54,698)</u>	<u>(509,364)</u>	<u>373,145</u>
Cash Flows from Capital and Related Financing Activities:					
Proceeds from capital grants	191,031			191,031	
Proceeds from debt	6,346,777			6,346,777	
Principal paid on debt	(6,556,740)		(27,782)	(6,584,522)	
Interest paid on debt and other sources and uses	(3,555,886)	(138,321)	(5,205)	(3,699,412)	
Special assessments, connection charges, and other	6,111,251			6,111,251	
Purchase of capital assets	(5,698,614)			(5,698,614)	
Net cash provided by (used in) noncapital financing activities	<u>(3,162,181)</u>	<u>(138,321)</u>	<u>(32,987)</u>	<u>(3,333,489)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Sale (purchase) of investments	(3,560,513)			(3,560,513)	
Interest on investments	193,801	959	6,167	200,927	355,909
Net cash provided by (used in) investing activities	<u>(3,366,712)</u>	<u>959</u>	<u>6,167</u>	<u>(3,359,586)</u>	<u>355,909</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,477,331)	129,182	25,529	(2,322,620)	4,668,122
Cash and Cash Equivalents at Beginning of Year	32,064,105	120,349	424,342	32,608,796	26,120,274
Cash and Cash Equivalents at End of Year	\$ 29,586,774	\$ 249,531	\$ 449,871	\$ 30,286,176	\$ 30,788,396
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ 5,479,503	\$ (518,624)	\$ 31,412	\$ 4,992,291	\$ 4,786,131
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	5,971,043	597,893	60,058	6,628,994	
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(185,049)	(13,650)	4,094	(194,605)	(161,410)
(Increase) decrease in due from other funds	(6,181,603)			(6,181,603)	985,601
(Increase) decrease in prepaid expenses				-	354,600
(Increase) decrease in deferred outflows of resources	(199,459)			(199,459)	
Increase (decrease) in accounts payable	(347,708)	46,838	10,604	(290,266)	3,101
Increase (decrease) in accrued liabilities	(385,074)		(121)	(385,195)	189,174
Increase (decrease) in net pension liability	488,714			488,714	
Increase (decrease) in net OPEB liability	(138,479)			(138,479)	
Increase (decrease) in advances from other funds		132,493		132,493	
Increase (decrease) in unearned revenue	(90,147)	21,594	1,000	(67,553)	
Increase (decrease) in compensated absences payable	2,598			2,598	
Increase (decrease) in deferred inflows of resources	91,889			91,889	
Increase (decrease) in claims payable				-	(2,218,129)
Total adjustments	<u>(973,275)</u>	<u>785,168</u>	<u>75,635</u>	<u>(112,472)</u>	<u>(847,063)</u>
Net Cash Provided by (Used in) Operating Activities	\$ 4,506,228	\$ 266,544	\$ 107,047	\$ 4,879,819	\$ 3,939,068

The accompanying notes are an integral part of the financial statements

CITY OF STAMFORD, CONNECTICUT
 STATEMENT OF NET POSITION - FIDUCIARY FUNDS
 JUNE 30, 2018

	Pension and OPEB Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 6,492,825	\$ 1,202,461
Investments, at fair value:		
U.S. government securities	2,646,625	
Corporate bonds	2,940,729	
Common and preferred equities	67,464,729	
Mutual funds	521,707,603	
Alternative investments	166,355,771	
	<u>761,115,457</u>	<u>-</u>
Receivables:		
Accounts	176,762	
Contribution receivable, net	607,669	
	<u>784,431</u>	<u>-</u>
Due from other funds		
Accrued interest and dividends	54,174	
	<u>54,174</u>	
Total assets	<u>768,446,887</u>	<u>\$ 1,202,461</u>
Liabilities:		
Due to student groups		\$ 1,202,461
Accounts payable	650,037	
Due to other funds	2,845,370	
Claims payable	1,462,939	
	<u>4,958,346</u>	<u>\$ 1,202,461</u>
Total liabilities	<u>4,958,346</u>	<u>\$ 1,202,461</u>
Net Position:		
Restricted for Pension and OPEB Benefits	<u>\$ 763,488,541</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, 2018**

	<u>Pension and OPEB Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 52,248,000
Plan members	6,129,294
Other revenues	108,939
Total contributions and other revenues	<u>58,486,233</u>
Investment earning:	
Net increase in fair value of investments	51,896,696
Interest and dividends	17,071,936
Total investment earnings	<u>68,968,632</u>
Less investment expenses:	
Investment management fees	3,449,075
Net investment income	<u>65,519,557</u>
Total additions	<u>124,005,790</u>
Deductions:	
Benefits	58,041,857
Administrative expense	572,651
Total deductions	<u>58,614,508</u>
Change in Net Position	65,391,282
Net Position at Beginning of Year	<u>698,097,259</u>
Net Position at End of Year	<u>\$ 763,488,541</u>

The accompanying notes are an integral part of the financial statements

**CITY OF STAMFORD, CONNECTICUT
NOTES TO 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**

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**

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.

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. 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.

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

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.

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**

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 Nonmajor Governmental Funds (Debt Service) along with the Enterprise funds and Capital Project 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**

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, 2018, 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 inventoriable 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**

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.

<u>Assets</u>	<u>Years</u>
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 OPEB and difference between projected and actual earnings on pension and OPEB 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 and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB 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 and OPEB plans (active employees and inactive employees).

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

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 and OPEB 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 and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB 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 and OPEB plans (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, 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.

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

M. Net OPEB Liability

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

N. 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**

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.

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

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 December 28, 2018.

R. Adoption of New Accounting Pronouncements

For the year ended June 30, 2018, the City implemented GASB Statement No. 75, *OPEB Accounting for Employers and Non-Employer Contributing Entities*, and GASB Statement No. 85, *Omnibus*.

GASB Statement No. 75 - *OPEB Accounting for Employers and Non-Employer Contributing Entities* addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB.

GASB Statement 85 - *Omnibus*. The objective of this Standard is to address practice issues that have been identified during implementation and application of certain GASB Statements. Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
- Reporting amounts previously reported as goodwill and “negative” goodwill
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
- Classifying employer-paid member contributions for OPEB
- Simplifying certain aspects of the alternative measurement method for OPEB
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

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.

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

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, 2018, there was \$9,652,875 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.

B. Fund Deficits

At June 30, 2018, the City reported deficit fund balance/net position for the following funds:

Nonmajor Governmental Funds:	
Marinas	\$ 25,701
Internal Service Fund:	
Risk Management	\$ 18,917,453

The City plans to address these deficits in subsequent years.

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

C. Expenditures Exceeding Appropriations

During the year ended June 30, 2018, the transfer out to Marina fund exceeded its authorized appropriations by \$85,841.

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, 2018:

Cash, Restricted Cash and Equivalents:	
Deposits with financial institutions	\$ 95,005,822
Cash equivalents	<u>26,263,047</u>
Total Cash, Restricted Cash and Equivalents	<u>121,268,869</u>
Investments:	
General Fund:	
Certificate of Deposit	7,680,412
U.S. Government Agencies	<u>57,757,144</u>
Total General Fund Investments	<u>65,437,556</u>
Capital Project Fund:	
U.S. Government Agencies	41,156,996
U.S. Government Securities	5,009,343
U.S. Government Agencies - Restricted	<u>2,576,276</u>
Total Capital Project Fund Investments	<u>48,742,615</u>
Nonmajor Funds:	
U.S. Government Agencies	<u>5,813,193</u>
Enterprise Fund:	
U.S. Government Agencies	<u>6,582,312</u>
Pension and OPEB Trust Funds:	
U.S. Government Securities	2,646,625
Corporate bonds	2,940,729
Common and preferred equities	67,464,729
Mutual funds	521,707,603
Alternative investments	<u>166,355,771</u>
Total Pension and OPEB Investments	<u>761,115,457</u>
Total Investments	<u>887,691,133</u>
Total Cash and Equivalents and Investments	<u>\$ 1,008,960,002</u>

*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**

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

Statement of Net Position:	
Cash and equivalents	\$ 67,648,409
Restricted cash and equivalents	45,925,174
Investments	123,999,400
Restricted investments	<u>2,576,276</u>
	<u>240,149,259</u>
Fiduciary Funds:	
Cash and equivalents	7,695,286
Investments	<u>761,115,457</u>
	<u>768,810,743</u>
Total Cash and Investments	<u>\$ 1,008,960,002</u>

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, 2018, \$67,688,793 of the City's bank balance of \$78,189,223 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 60,701,148
Uninsured and collateral held by the pledging bank's trust department, not in the City's name	<u>6,987,645</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 67,688,793</u>

At June 30, 2018, \$227,691 of the URC's bank balance of \$1,042,036 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 202,392
Uninsured and collateral held by the pledging bank's trust department, not in the City's name	<u>25,299</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 227,691</u>

**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, 2018, the cash equivalent amounted to \$26,263,047. 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.

	<u>Standard & Poor's</u>
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, 2018 is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less Than 1 Year</u>	<u>1-10 Years</u>	<u>Over 10 Years</u>
Interest-bearing investments:				
Certificate of deposit *	\$ 7,680,412	\$ 4,503,282	\$ 3,177,130	\$
U.S. Government Securities	7,655,968	5,009,343	2,070,186	576,439
U.S. Government Agencies	113,885,921	56,062,247	57,823,674	
Corporate bonds	<u>2,940,729</u>	<u>688,844</u>	<u>1,801,031</u>	<u>450,854</u>
	<u>\$ 132,163,030</u>	<u>\$ 66,263,716</u>	<u>\$ 64,872,021</u>	<u>\$ 1,027,293</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.

<u>Average Rating</u>	<u>Corporate Bonds</u>	<u>U.S. Government Securities</u>	<u>U.S. Government Agencies</u>	<u>Certificate of Deposit</u>	<u>Total</u>
Aaa	\$ 131,149	\$ 7,655,968	\$ 113,885,921	\$	\$ 121,673,038
Aa1	72,277				72,277
Aa2	194,303				194,303
Aa3	151,227				151,227
A1	147,276				147,276
A2	607,845				607,845
A3	385,009				385,009
Baa1	616,464				616,464
Baa2	188,547				188,547
C	295,742				295,742
Unrated	150,890			7,680,412	7,831,302
	<u>\$ 2,940,729</u>	<u>\$ 7,655,968</u>	<u>\$ 113,885,921</u>	<u>\$ 7,680,412</u>	<u>\$ 132,163,030</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.

Fair Value

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).

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

The City and its fiduciary funds have the following recurring fair value measurements as of June 30, 2018:

	June 30, 2018	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
U.S. Government Securities	\$ 7,655,968	\$ 7,655,968	\$	\$
U.S. Government Agencies	113,885,921	113,885,921		
Corporate Bonds	2,940,729	2,940,729		
Common and Preferred Equities	67,464,729	64,820,088	2,644,641	
Mutual Funds	521,707,603	521,707,603		
Alternative Investments	95,725,202		7,769,535	87,955,667
Total Investments by fair value level	809,380,152	\$ 711,010,309	\$ 10,414,176	\$ 87,955,667
Investments Measured at Net Asset Value (NAV):				
Other Alternative Investments	70,630,569			
Total Investments Measured at Fair Value	880,010,721			
Certificate of Deposit	7,680,412			
Total Investments	\$ 887,691,133			

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 2 and 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.

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

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Alternative Investments	\$ 26,710,773	\$ 11,893,627	N/A	N/A
Alternative Investments	40,756,505		Quarterly	45-90 days
Alternative Investments	3,163,291		Monthly	185 days
Total Investments Measured at NAV	\$ 70,630,569			

The above include investments in 17 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.

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

4. TAXES RECEIVABLE

Taxes receivable at June 30, 2018 consisted of the following:

Property taxes - current	\$ 5,530,097
Property taxes - delinquent	<u>4,543,488</u>
Total property tax - principal	10,073,585
Property taxes - interest	4,378,265
Property taxes - collection agency	<u>10,565,470</u>
	25,017,320
Allowance for uncollectible amounts	<u>(14,869,355)</u>
Net Taxes Receivable	<u>\$ 10,147,965</u>

5. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 85,928,626	\$	\$	\$ 85,928,626
Construction in progress	146,325,309	42,478,468		188,803,777
Works of art	<u>767,000</u>			<u>767,000</u>
Total capital assets not being depreciated	<u>233,020,935</u>	<u>42,478,468</u>	<u>-</u>	<u>275,499,403</u>
Capital assets being depreciated:				
Land improvements	222,531,425	16,506,681		239,038,106
Building and improvements	539,559,057			539,559,057
Machinery and equipment	134,689,106	6,023,348	496,277	140,216,177
Infrastructure	<u>286,491,311</u>	<u>17,960,133</u>		<u>304,451,444</u>
Total capital assets being depreciated	<u>1,183,270,899</u>	<u>40,490,162</u>	<u>496,277</u>	<u>1,223,264,784</u>
Less accumulated depreciation for:				
Land improvements	68,025,806	10,143,235		78,169,041
Building and improvements	299,171,180	10,677,535		309,848,715
Machinery and equipment	102,935,333	8,769,677	476,752	111,228,258
Infrastructure	<u>172,020,280</u>	<u>6,810,903</u>		<u>178,831,183</u>
Total accumulated depreciation	<u>642,152,599</u>	<u>36,401,350</u>	<u>476,752</u>	<u>678,077,197</u>
Total capital assets being depreciated, net	<u>541,118,300</u>	<u>4,088,812</u>	<u>19,525</u>	<u>545,187,587</u>
Governmental Activities Capital Assets, Net	<u>\$ 774,139,235</u>	<u>\$ 46,567,280</u>	<u>\$ 19,525</u>	<u>\$ 820,686,990</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	475,284	16,893		492,177
Total capital assets not being depreciated	<u>5,338,813</u>	<u>16,893</u>	<u>-</u>	<u>5,355,706</u>
Capital assets being depreciated:				
Land improvements	6,701,086			6,701,086
Building and improvements	140,773,720	5,202,031		145,975,751
Machinery and equipment	38,079,290	32,314		38,111,604
Infrastructure	72,081,143	447,375		72,528,518
Total capital assets being depreciated	<u>257,635,239</u>	<u>5,681,720</u>	<u>-</u>	<u>263,316,959</u>
Less accumulated depreciation for:				
Land improvements	1,738,222	4,132,084		5,870,306
Building and improvements	51,806,576	1,632,624		53,439,200
Machinery and equipment	28,853,447	864,286		29,717,733
Infrastructure	26,175,977			26,175,977
Total accumulated depreciation	<u>108,574,222</u>	<u>6,628,994</u>	<u>-</u>	<u>115,203,216</u>
Total capital assets being depreciated, net	<u>149,061,017</u>	<u>(947,274)</u>	<u>-</u>	<u>148,113,743</u>
Business-Type Activities Capital Assets, Net	<u>\$ 154,399,830</u>	<u>\$ (930,381)</u>	<u>\$ -</u>	<u>\$ 153,469,449</u>

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

Governmental activities:	
Governmental services	\$ 2,022,955
Administration	1,623,633
Public safety	3,479,696
Operations	15,357,317
Education	<u>13,917,749</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 36,401,350</u>
Business-type activities:	
Water Pollution Control Authority	\$ 5,971,043
Old Town Hall Redevelopment Agency	597,893
E.G. Brennan Golf Course	<u>60,058</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 6,628,994</u>

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

Construction Commitments

The City has active construction projects as of June 30, 2018 that includes building construction and renovations, infrastructure upgrades, road construction and a variety of projects. At June 30, 2018, the City had \$81,478,261 in construction commitments in the following funds.

<u>Fund</u>	<u>Amount</u>
Capital Projects	\$ 81,172,193
Mill River Capital Projects	306,068
	<u>\$ 81,478,261</u>

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The balances reflected as due from/to other funds at June 30, 2018 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 204,324
	Nonmajor Governmental Funds	324,315
	OPEB Fund	2,845,370
SWPCA	Debt Service Fund	<u>6,181,603</u>
Total		<u>\$ 9,555,612</u>

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Old Town Hall Redevelopment Agency	\$ 4,167,972
Capital Projects Fund	Old Town Hall Redevelopment Agency	738,236
	Mill River Capital Projects	<u>2,116,665</u>
Total		<u>\$ 7,022,873</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	Debt Service Fund	Non-Major Governmental Funds	Internal Service Fund	
Transfers Out:						
General Fund	\$	\$ 271,140	\$ 53,439,099	\$ 6,995,291	\$ 500,000	\$ 61,205,530
Mill River Capital projects			1,132,906			1,132,906
Non-Major Governmental Funds	2,462,403	5,244,980				7,707,383
Water Pollution Control Authority	454,666					454,666
E.G. Brennan Golf Course	54,698					54,698
Internal Service Funds	126,855					126,855
Total Transfers In	<u>\$ 3,098,622</u>	<u>\$ 5,516,120</u>	<u>\$ 54,572,005</u>	<u>\$ 6,995,291</u>	<u>\$ 500,000</u>	<u>\$ 70,682,038</u>

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, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 426,337,355	\$ 66,168,000	\$ 58,819,787	\$ 433,685,568	\$ 39,388,209
Premium	23,924,294	7,422,421	3,346,223	28,000,492	
Total bonds payable	450,261,649	73,590,421	62,166,010	461,686,060	39,388,209
Early retirement incentive	744,750	1,129,091	1,177,416	696,425	412,316
Compensated absences	21,489,753	1,864,659	2,148,929	21,205,483	2,120,548
Pollution remediation obligations	6,874,593		3,961,273	2,913,320	
Net OPEB liability *	258,584,536		14,533,744	244,050,792	
Net pension liability	178,774,375	10,114,582	4,095,684	184,793,273	
Claims payable	47,676,868	87,451,955	92,750,954	42,377,869	16,599,516
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 964,406,524</u>	<u>\$ 174,150,708</u>	<u>\$ 180,834,010</u>	<u>\$ 957,723,222</u>	<u>\$ 58,520,589</u>

**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>
Business-Type Activities					
Bonds payable:					
General obligation bonds	\$ 10,575,652	\$ 5,312,000	\$ 1,322,641	\$ 14,565,011	\$ 1,321,101
Premium on general obligation bonds	116,175		13,414	102,761	
Revenue bonds	50,505,000		1,265,000	49,240,000	1,330,000
Premium on revenue bonds	4,114,294	1,034,777	202,507	4,946,564	
Total bonds payable	<u>65,311,121</u>	<u>6,346,777</u>	<u>2,803,562</u>	<u>68,854,336</u>	<u>2,651,101</u>
Notes payable	44,115,967		3,996,881	40,119,086	4,077,555
Compensated absences	400,881	216,721	214,123	403,479	230,308
Net OPEB liability *	3,927,976		138,479	3,789,497	
Net pension liability	<u>2,539,385</u>	<u>488,714</u>		<u>3,028,099</u>	
Total Business-Type Activities					
Long-Term Liabilities	<u>\$ 116,295,330</u>	<u>\$ 7,052,212</u>	<u>\$ 7,153,045</u>	<u>\$ 116,194,497</u>	<u>\$ 6,958,964</u>

* The beginning Net OPEB liability has been restated. See Note 13 for details.

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, net OPEB liability, net pension liability of the governmental activities are liquidated primarily from the General Fund. Claims are liquidated primarily by the Internal Service Funds, except for heart and hypertension claims which are 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, 2018 consisted of the following:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2018</u>
Qualified zone academy bonds	2006	2022	2.00	1,337,000	\$ 395,578
Qualified zone academy bonds	2008	2023		3,750,000	1,250,000
Taxable bonds	2009	2020	3.25-5.00	54,405,000	34,940,000
Clean renewable energy	2009	2024		2,000,000	800,001
Public Improvements	2009	2030	2.80-5.45	50,000,000	19,800,000
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	18,000,000
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	22,485,000
Public Improvements	2011	2032	3.00-5.00	45,000,000	10,000,000
Public Improvements	2013	2033	2.00-4.00	50,000,000	35,500,000
Refunding bonds	2013	2019	2.00-5.00	22,220,000	1,815,000
Refunding bonds	2015	2024	2.00-5.00	33,670,000	23,850,000
Refunding bonds	2015	2033	2.00-4.00	16,550,000	14,735,000
Public Improvements	2015	2035	2.00-5.00	50,000,000	42,750,000
Public Improvements	2016	2035	3.00-5.00	65,000,000	58,500,000
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	42,500,000
Public Improvements	2018	2038	2.00-5.00	25,000,000	25,000,000
Public Improvements	2018	2028	2.00-3.00	5,000,000	5,000,000
Refunding bonds	2018	2027	1.00-5.00	18,210,000	16,400,000
Refunding bonds	2018	2030	4.00-5.00	23,270,000	23,270,000
Total					448,250,579
Less amount representing business-type activities					(14,565,011)
Total outstanding governmental activities					\$ <u>433,685,568</u>

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, 2018 was \$480,452. No additional reimbursements are expected subsequent to June 30, 2018.

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

Revenue Bonds

SWPCA revenue bonds outstanding as of June 30, 2018 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, 2018</u>
Stamford Water Pollution Control System and Facility Revenue and Revenue Refunding Bonds	2014	\$ 22,095,000	August 2044	3.0-6.0 %	\$ 20,250,000
Stamford Water Pollution Control System and Facility Revenue and Revenue Refunding Bonds	2016	31,070,000	August 2044	3.0-5.0	<u>28,990,000</u>
					<u>\$ 49,240,000</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 \$49,240,000 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. The net revenues pledged for the year ended June 30, 2018 was \$15,547,226 of which \$1,265,000 in principal and \$2,331,719 in interest was paid.

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 \$17,913 to \$368,674, including interest through August 2025. As of June 30, 2018, the combined loan balance is \$29,936,710.

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, 2018, 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, 2018, 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, 2018, 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
2019	\$ 39,388,209	\$ 15,920,947	\$ 1,321,101	\$ 678,360	\$ 40,709,310	\$ 16,599,307
2020 *	56,063,193	13,626,446	6,948,036	627,228	63,011,229	14,253,674
2021	35,238,198	11,716,869	854,989	277,308	36,093,187	11,994,177
2022	32,606,301	10,198,146	608,884	241,122	33,215,185	10,439,268
2023	30,658,149	8,815,173	625,185	210,482	31,283,334	9,025,655
2024-2028	130,119,518	27,824,542	2,953,816	611,198	133,073,334	28,435,740
2029-2033	79,612,000	10,171,850	1,253,000	50,580	80,865,000	10,222,430
2034-2038	30,000,000	1,587,655			30,000,000	1,587,655
	<u>\$ 433,685,568</u>	<u>\$ 99,861,628</u>	<u>\$ 14,565,011</u>	<u>\$ 2,696,278</u>	<u>\$ 448,250,579</u>	<u>\$ 102,557,906</u>

* Includes payments on a crossover refunding in the amount of \$26,150,000 for Governmental Activities and \$5,312,000 for Business-Type Activities.

Special Obligation Revenue Bonds:

Notes Payable:

Year Ending June 30,	Business-Type Activities		Year Ending June 30,	Business-Type Activities	
	Principal	Interest		Principal	Interest
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	315,926
2023	1,655,000	1,941,819	2023	4,191,084	233,005
2024-2028	9,685,000	8,304,169	2024-2028	9,373,167	212,360
2029-2033	12,385,000	5,602,109	2029-2033		
2034-2038	9,810,000	3,165,469	2034-2038		
2039-2043	7,365,000	1,397,200	2039-2043		
2044-2045	2,565,000	87,469	2044-2045	10,182,376	
	<u>\$ 49,240,000</u>	<u>\$ 29,095,361</u>		<u>\$ 40,119,086</u>	<u>\$ 2,199,177</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**

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	\$ 1,119,885,620	\$ 364,298,080	\$ 755,587,540
Schools	2,239,771,239	149,441,877	2,090,329,362
Sewers	1,866,476,033	68,646,430	1,797,829,603
Urban renewal	1,617,612,562		1,617,612,562
Unfunded pension benefit obligation	1,493,180,826		1,493,180,826

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$3.5 billion.

General Obligation Bonds Refunding

On August 1, 2017, the City issued \$18,210,000 (2017, Series C) of general obligation refunding bonds with interest rates ranging from 1.0%-5.0%. The bonds were issued to refund all of the outstanding principal amounts of the 2011 Series B general obligation bonds. The net proceeds of \$21,020,475 (after an original issue premium of \$2,936,297 and payment of \$125,822 in underwriter's fees and other issuance costs) were deposited in an irrevocable trust fund under an escrow agreement dated August 1, 2017 between the Escrow Agent and the City. The Escrow Agent will use such proceeds to purchase a portfolio of the United States Treasury State and Local Government Securities. All investment income on and the maturing principal of the escrow securities held in the escrow deposit fund will be irrevocably deposited into escrow for payment of the refunded bonds. The City refunded the above bonds to reduce total debt service payments over the next 3 years by \$636,114 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$626,887. As of June 30, 2018, the amount of defeased debt outstanding from this refunding was \$16,000,000 and the escrow balance is \$18,274,283. This amount is removed from the governmental activities column of the statement of net position.

General Obligation Bonds - Crossover Refunding

On August 1, 2017, the City issued \$23,270,000 (2017 Series D) of general obligation refunding bonds with interest rates ranging from 4.0 to 5.0%. The Series D bonds were issued to crossover refinance previously issued Taxable Build America Bonds dated August 12, 2009. The net proceeds of \$27,637,125 (including a premium of \$4,532,993 and issuance costs of \$165,868) were deposited into an escrow account which remains in the City's possession until the crossover date of August 1, 2019. At the crossover date, the 2009 Taxable Build America Bonds will be considered defeased and the liability for those bonds as well as the funds deposited into the escrow account will be removed from the statement of net position. The refunding will reduce total debt service payments by \$1,939,920 from fiscal year 2020 through 2030, and represents an economic gain (difference between present values of the debt service payments on the old and the new debt) of \$1,659,284.

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, 2018, \$16,245,000 of prior bonds outstanding is considered defeased and escrow balance is \$19,277,165.

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

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, 2018, the City paid \$1,171,416 in early retirement benefits and this amount was charged to the General Fund. At June 30, 2018, the balance due of \$696,426 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, 2018.

The estimated liability as of June 30, 2018 is \$2,913,320. 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
NOTES TO FINANCIAL STATEMENTS**

Claims Payable

The Internal Service funds reflect medical benefits for City and BOE employees, risk management, disputed assessments 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. Heart and hypertension claims liabilities are accounted for in the government wide financial statements. 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, 2018				
	Medical Benefits - City	Medical Benefits - BOE	Risk Management	Disputed Assessments	Heart and Hypertension
Balance - beginning of year	\$ 2,281,346	\$ 2,166,421	\$ 33,370,500	\$ 14,554	\$ 9,844,047
Provision for claims and claims adjustment expense	35,385,609	41,653,289	8,918,999		1,494,058
Claims and claims adjustment expenses paid	<u>(35,154,238)</u>	<u>(43,759,289)</u>	<u>(9,662,499)</u>	<u>400,000</u>	<u>(4,574,928)</u>
Balance - End of Year	<u>\$ 2,512,717</u>	<u>\$ 60,421</u>	<u>\$ 32,627,000</u>	<u>\$ 414,554</u>	<u>\$ 6,763,177</u>
Current Portion	<u>\$ 2,512,717</u>	<u>\$ 60,421</u>	<u>\$ 10,647,891</u>	<u>\$ 414,554</u>	<u>\$ 2,963,933</u>
	Year Ended June 30, 2017				
	Medical Benefits - City	Medical Benefits - BOE	Risk Management	Disputed Assessments	Heart and Hypertension
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	45,051,096	10,727,716		5,482,136
Claims and claims adjustment expenses paid	<u>(36,522,886)</u>	<u>(45,168,967)</u>	<u>(7,953,216)</u>		<u>(3,469,522)</u>
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>

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).

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 credited 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 for UAW employees whose annual benefits have been reduced in some cases to 1.75% per year, and for 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.

**CITY OF STAMFORD, CONNECTICUT
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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 credited 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 credited 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 credited 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.

Current membership in these programs is comprised of the following at July 1, 2017, the date of the last full actuarial valuation:

	Classified Employees' Retirement Fund	Policemen's Pension Trust Fund	Firefighters' Pension Trust Fund	Custodians' and Mechanics' Retirement Fund
Retirees and beneficiaries currently receiving benefits	706	329	234	174
Active members	594	274	257	523
Vested in employee contribution only	12			
Inactive plan members entitled to but not yet receiving benefits	141		2	67
Total	1,453	603	493	764

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

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.

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, 2018:

Firefighters' Pension Trust Fund:	
Omega Overseas Partners	\$ 11,314,721
Beach Point Total Return Offshore Fund II	10,116,382
Boyd Watterson GSA Fund LP	13,337,538
Policemen's Pension Trust Fund:	
UBS CDIS Core Fund, LLC	\$ 22,335,751
UBS Trumbull Property Fund	17,156,460
UBS Trumbull Property Income Fund	12,564,991
Hildene Opportunities Offshore Fund, Ltd	15,129,151

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was as follows:

Classified Employees' Retirement Fund	9.77%
Policemen's Pension Fund	9.18%
Firefighters' Pension Fund	8.60%
Custodians' and Mechanics' Retirement Fund	8.89%

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

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

Net Pension Liability of the City

The components of the net pension liability of the City at June 30, 2018, were as follows:

	<u>Classified Employee's Retirement Fund</u>	<u>Policemen's Pension Trust Fund</u>	<u>Firefighters' Pension Trust Fund</u>	<u>Custodians' and Mechanics' Retirement Fund</u>
Total pension liability	\$ 280,600,216	\$ 266,877,604	\$ 203,733,235	\$ 83,782,071
Fund fiduciary net position	<u>223,064,471</u>	<u>216,109,348</u>	<u>138,705,654</u>	<u>69,292,281</u>
Net Pension Liability	<u>\$ 57,535,745</u>	<u>\$ 50,768,256</u>	<u>\$ 65,027,581</u>	<u>\$ 14,489,790</u>

Fund fiduciary net position as a percentage of the total pension liability	79.50%	80.98%	68.08%	82.71%
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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.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation date July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Classified Employee's Retirement Fund</u>	<u>Policemen's Pension Trust Fund</u>	<u>Firefighters' Pension Trust Fund</u>	<u>Custodians' and Mechanics' Retirement Fund</u>
Inflation rate	2.75%	2.75%	2.75%	2.75%
Salary increase	Graded Scale	Graded Scale	Graded Scale	Graded Scale
Investment rate of return	7.20%	7.20%	7.20%	7.20%
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit

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

Mortality rates were based on the following:

Classified Employee's Retirement Fund	50/50 Blend of RP-2000 No Collar Combined Table and RP-2000 Blue Collar Combined Table, projected to date of decrement using Scale BB (generational).
Policemen's Pension Trust Fund	RP-2000 Mortality Table with separate male and female rates, with blue collar adjustment, separate tables for non-annuitants and annuitants, projected to the valuation date with Scale BB.
Firefighters' Pension Trust Fund	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.
Custodians' and Mechanics' Retirement Fund	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 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, 2018 are summarized in the following tables:

<u>Classified Employee's Retirement Fund</u>			<u>Policemen's Pension Trust Fund</u>		
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core Fixed Income	22.30 %	1.65 %	U.S. Equity	25.00 %	7.00 %
Global Fixed Income	5.50	1.85	Non-U.S. Equity	14.00	7.25
Domestic Large Cap	31.00	5.55	U.S. Fixed Income	20.00	2.25
Domestic Small Cap	6.90	6.00	Alternative Investments	25.00	4.00
International			Real Estate/REIT's	14.00	7.00
Developed Equity	27.50	5.55	Cash	<u>2.00</u>	0.00
International Emerging Markets Equity	<u>6.80</u>	6.50	Total Allocation	<u>100.00 %</u>	
Total Allocation	<u>100.00 %</u>				

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

Firefighters' Pension Trust Fund			Custodians' and Mechanics' Retirement Fund		
Asset Class	Target Allocation	Long-Term	Asset Class	Target Allocation	Long-Term
		Expected Real Rate of Return			Expected Real Rate of Return
Large Cap Equities	35.00 %	4.65 %	Core Fixed Income	23.70 %	1.65 %
International Equities	20.00	5.50	Global Fixed Income	5.50	1.85
Small Cap Equities	15.00	5.50	Domestic Large Cap	29.90	5.55
High Quality Bonds	14.00	1.95	Domestic Small Cap	7.50	6.00
International Income	2.00	2.00	International		
High Yield	2.00	3.25	Developed Equity	26.70	5.55
Emerging Markets	2.00	3.75	International Emerging		
Alternative Investments	10.00	5.00	Markets Equity	6.70	6.50
Total Allocation	<u>100.00 %</u>		Total Allocation	<u>100.00 %</u>	

Discount Rate

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

	Classified Employee's Retirement Fund	Policemen's Pension Trust Fund	Firefighters' Pension Trust Fund	Custodians' and Mechanics' Retirement Fund
Discount Rate	7.20%	7.20%	7.20%	7.20%

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.

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

Changes in Net Pension Liability

	Classified Employees' Retirement Fund		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2017	\$ 260,932,076	\$ 210,354,348	\$ 50,577,728
Changes for the year:			
Service cost	4,568,292		4,568,292
Interest on total pension liability	19,322,395		19,322,395
Change in benefit terms	(95,484)		(95,484)
Differences between expected and actual experience	4,366,782		4,366,782
Changes in assumptions	7,532,767		7,532,767
Employer contributions		6,348,000	(6,348,000)
Member contributions		2,070,555	(2,070,555)
Net investment income (loss)		20,438,341	(20,438,341)
Benefit payments, including refund to employee contributions	(16,026,612)	(16,026,612)	-
Administrative expenses		(120,161)	120,161
Net Changes	<u>19,668,140</u>	<u>12,710,123</u>	<u>6,958,017</u>
Balances as of June 30, 2018	\$ <u>280,600,216</u>	\$ <u>223,064,471</u>	\$ <u>57,535,745</u>

	Policemen's Pension Trust Fund		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2017	\$ 257,357,276	\$ 202,493,336	\$ 54,863,940
Changes for the year:			
Service cost	5,176,399		5,176,399
Interest on total pension liability	18,392,422		18,392,422
Differences between expected and actual experience	368,828		368,828
Employer contributions		8,275,000	(8,275,000)
Member contributions		1,369,773	(1,369,773)
Net investment income (loss)		18,688,574	(18,688,574)
Benefit payments, including refund to employee contributions	(14,417,321)	(14,417,321)	-
Administrative expenses		(300,014)	300,014
Net Changes	<u>9,520,328</u>	<u>13,616,012</u>	<u>(4,095,684)</u>
Balances as of June 30, 2018	\$ <u>266,877,604</u>	\$ <u>216,109,348</u>	\$ <u>50,768,256</u>

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

Firefighters' Pension Trust Fund

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability (a)	Net Position (b)	Liability (a)-(b)
Balances as of July 1, 2017	\$ 191,927,003	\$ 129,663,624	\$ 62,263,379
Changes for the year:			
Service cost	3,798,387		3,798,387
Interest on total pension liability	13,816,473		13,816,473
Differences between expected and actual experience	3,543,971		3,543,971
Changes in assumptions	1,137,658		1,137,658
Employer contributions		6,980,000	(6,980,000)
Member contributions		1,319,247	(1,319,247)
Net investment income (loss)		11,320,351	(11,320,351)
Benefit payments, including refund to employee contributions	(10,490,257)	(10,490,257)	-
Administrative expenses		(87,311)	87,311
Net Changes	<u>11,806,232</u>	<u>9,042,030</u>	<u>2,764,202</u>
Balances as of June 30, 2018	\$ <u>203,733,235</u>	\$ <u>138,705,654</u>	\$ <u>65,027,581</u>

Custodians' and Mechanics' Retirement Fund

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability (a)	Net Position (b)	Liability (a)-(b)
Balances as of July 1, 2017	\$ 77,027,652	\$ 63,418,939	\$ 13,608,713
Changes for the year:			
Service cost	2,607,411		2,607,411
Interest on total pension liability	5,855,180		5,855,180
Differences between expected and actual experience	(2,016,944)		(2,016,944)
Changes in assumptions	3,498,430		3,498,430
Employer contributions		2,206,000	(2,206,000)
Member contributions		1,174,054	(1,174,054)
Net investment income (loss)		5,730,009	(5,730,009)
Benefit payments, including refund to employee contributions	(3,189,658)	(3,189,658)	-
Administrative expenses		(47,063)	47,063
Net Changes	<u>6,754,419</u>	<u>5,873,342</u>	<u>881,077</u>
Balances as of June 30, 2018	\$ <u>83,782,071</u>	\$ <u>69,292,281</u>	\$ <u>14,489,790</u>

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

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:

	<u>1% Decrease to 6.20%</u>	<u>Current Discount Rate 7.20%</u>	<u>1% Increase to 8.20%</u>
Classified Employees' Retirement	\$ <u>84,056,059</u>	\$ <u>57,535,745</u>	\$ <u>34,811,602</u>
	<u>1% Decrease to 6.20%</u>	<u>Current Discount Rate 7.20%</u>	<u>1% Increase to 8.20%</u>
Policemen's Pension	\$ <u>80,320,744</u>	\$ <u>50,768,256</u>	\$ <u>25,913,686</u>
	<u>1% Decrease to 6.20%</u>	<u>Current Discount Rate 7.20%</u>	<u>1% Increase to 8.20%</u>
Firefighters' Pension	\$ <u>89,924,543</u>	\$ <u>65,027,581</u>	\$ <u>44,106,558</u>
	<u>1% Decrease to 6.20%</u>	<u>Current Discount Rate 7.20%</u>	<u>1% Increase to 8.20%</u>
Custodians' and Mechanics' Retirement	\$ <u>23,891,463</u>	\$ <u>14,489,790</u>	\$ <u>6,504,895</u>

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

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

At June 30, 2018, 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>
Deferred Outflows of Resources					
Differences between expected and actual experience	\$ 3,043,515	\$ 605,501	\$ 6,548,509	\$	\$ 10,197,525
Changes of assumptions	6,193,541	1,424,706	4,957,022	5,637,221	18,212,490
Net difference between projected and actual earning on pension plan investments	<u>361,482</u>	<u>1,491,740</u>	<u>671,346</u>	<u>209,969</u>	<u>2,734,537</u>
Total	<u>\$ 9,598,538</u>	<u>\$ 3,521,947</u>	<u>\$ 12,176,877</u>	<u>\$ 5,847,190</u>	<u>\$ 31,144,552</u>
Deferred Inflows of Resources					
Differences between expected and actual experience	\$ 2,973,556	\$ 224,903	\$ 2,201,472	\$ 5,287,220	\$ 10,687,151
Changes of assumptions		2,385,206			2,385,206
Net difference between projected and actual earning on pension plan investments	<u></u>	<u></u>	<u></u>	<u></u>	<u>-</u>
Total	<u>\$ 2,973,556</u>	<u>\$ 2,610,109</u>	<u>\$ 2,201,472</u>	<u>\$ 5,287,220</u>	<u>\$ 13,072,357</u>

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	\$ 5,652,969	\$ 3,204,363	\$ 4,059,788	\$ 1,101,418	\$ 14,018,538
2019	4,571,882	1,182,981	2,045,761	307,888	8,108,512
2020	(2,610,603)	(2,679,278)	(586,873)	(951,485)	(6,828,239)
2021	(989,266)	(796,228)	1,082,206	(175,600)	(878,888)
2022			1,655,308	18,063	1,673,371
Thereafter			1,719,215	259,686	1,978,901

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

For the year ended June 30, 2018, the City recognized pension expense of \$37,285,740 (including \$612,773 reported for SWPCA) as follows:

	<u>Pension Expense</u>
Classified Employees' Retirement Fund	\$ 11,117,037
Policemen's Pension Fund	11,370,138
Firefighters' Pension Fund	11,123,245
Custodians' and Mechanics' Retirement Fund	<u>3,675,320</u>
Total	\$ <u>37,285,740</u>

The following schedule presents the net position held in trust for pension benefits at June 30, 2018 and the changes in net position for the year then ended.

	<u>Pension Trust Funds</u>				<u>Total</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>	
Assets:					
Cash and cash equivalents	\$ 711,345	\$ 1,444,754	\$ 1,562,845	\$ 458,787	\$ 4,177,731
Investments, at fair value:					
U.S. government securities			2,646,625		2,646,625
Corporate bonds			2,940,729		2,940,729
Common and preferred equities	17,932,466		49,532,263		67,464,729
Mutual funds	204,326,205	116,985,706	13,337,285	68,823,141	403,472,337
Alternative investment/Hedge funds		97,665,417	68,690,354		166,355,771
Total investments	<u>222,258,671</u>	<u>214,651,123</u>	<u>137,147,256</u>	<u>68,823,141</u>	<u>642,880,191</u>
Receivables					
Accounts	84,629	53,366	29,314	9,453	176,762
Accrued interest and dividends	9,826		43,448	900	54,174
Total assets	<u>223,064,471</u>	<u>216,149,243</u>	<u>138,782,863</u>	<u>69,292,281</u>	<u>647,288,858</u>
Liabilities:					
Accounts payable		39,895	77,209		117,104
Net Position:					
Restricted for Pension Benefits	<u>\$ 223,064,471</u>	<u>\$ 216,109,348</u>	<u>\$ 138,705,654</u>	<u>\$ 69,292,281</u>	<u>\$ 647,171,754</u>

**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	\$ 6,348,000	\$ 8,275,000	\$ 6,980,000	\$ 2,206,000	\$ 23,809,000
Plan members	2,070,555	1,369,773	1,319,247	1,174,054	5,933,629
Total contributions	<u>8,418,555</u>	<u>9,644,773</u>	<u>8,299,247</u>	<u>3,380,054</u>	<u>29,742,629</u>
Investment earnings:					
Net increase (decrease) in fair value of investments	16,337,807	12,948,296	11,435,393	4,398,577	45,120,073
Interest and dividends	4,248,518	7,319,077	1,555,924	1,357,762	14,481,281
Total investment earnings	20,586,325	20,267,373	12,991,317	5,756,339	59,601,354
Less investment expenses:					
Investment management fees	147,984	1,578,799	1,670,966	26,330	3,424,079
Net investment income (loss)	<u>20,438,341</u>	<u>18,688,574</u>	<u>11,320,351</u>	<u>5,730,009</u>	<u>56,177,275</u>
Total additions	<u>28,856,896</u>	<u>28,333,347</u>	<u>19,619,598</u>	<u>9,110,063</u>	<u>85,919,904</u>
Deductions:					
Benefits	16,026,612	14,417,321	10,490,257	3,189,658	44,123,848
Administration	120,161	300,014	87,311	47,063	554,549
Total deductions	<u>16,146,773</u>	<u>14,717,335</u>	<u>10,577,568</u>	<u>3,236,721</u>	<u>44,678,397</u>
Change in net position	12,710,123	13,616,012	9,042,030	5,873,342	41,241,507
Net Position at Beginning of Year	<u>210,354,348</u>	<u>202,493,336</u>	<u>129,663,624</u>	<u>63,418,939</u>	<u>605,930,247</u>
Net Position at End of Year	<u>\$ 223,064,471</u>	<u>\$ 216,109,348</u>	<u>\$ 138,705,654</u>	<u>\$ 69,292,281</u>	<u>\$ 647,171,754</u>

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 IUOE/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 \$258,483 for fiscal year 2018.

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

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.

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.

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.

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

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

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

At June 30, 2018, 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>449,166,264</u>
Total	<u>\$ 449,166,264</u>

The net pension liability was measured as of June 30, 2017, 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, 2018, the City has no proportionate share of the net pension liability.

For the year ended June 30, 2018, the City recognized pension expense and revenue of \$51,955,416 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

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%.

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

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. equities	21.0 %	5.8 %
Developed Non-U.S. equities	18.0	6.6
Private equity	11.0	7.6
Emerging markets (non-U.S.)	9.0	8.3
Alternative investments	8.0	4.1
Real estate	7.0	5.1
Fixed income (Core)	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 bonds	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.

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

9. OTHER POST-EMPLOYMENT BENEFITS

A. OPEB Trust

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's Board of Finance and Board of Representatives, respectively.

The number of participants as of June 30, 2018 was as follows:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total Primary Government</u>
Retired Employees	994	13	1,007
Active Employees	<u>3,083</u>	<u>32</u>	<u>3,115</u>
	<u>4,077</u>	<u>45</u>	<u>4,122</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.

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

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, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 8.51%. 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

The City's net OPEB liability was measured as of June 30, 2018. The components of the net OPEB liability of the City at June 30, 2018 were as follows:

Total OPEB liability	\$ 364,157,076
Plan fiduciary net position	<u>116,316,787</u>
Net OPEB Liability	<u>\$ 247,840,289</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 31.94%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Salary increases	2.60%
Investment rate of return	7.2%
Healthcare cost trend rates	7.10% for 2017, decreasing .50% per year, to an ultimate rate of 4.60% 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

Full actuarial experience studies have not been completed.

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

The long-term expected rate of return on OPEB 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 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Large Cap	32.60 %	5.55 %
International Developed Equity	27.50	5.55
Core Fixed income	16.70	1.65
International Emerging Markets Equity	7.00	6.50
High Yield Fixed income	5.50	3.05
Global Fixed income	5.50	1.85
Domestic Small Cap	5.20	6.00
Total Allocation	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 7.20%. 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.

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

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2017	\$ 354,679,524	\$ 92,167,012	\$ 262,512,512
Changes for the year:			
Service cost	7,326,986		7,326,986
Interest on total OPEB liability	26,750,948		26,750,948
Differences between expected and actual experience	(33,018,133)		(33,018,133)
Changes in assumptions	22,335,760		22,335,760
Employer contributions		28,439,000	(28,439,000)
Member contributions		195,665	(195,665)
TRB Subsidy		108,939	(108,939)
Net investment income (loss)		9,342,282	(9,342,282)
Benefit payments	(13,918,009)	(13,918,009)	-
Administrative expenses		(18,102)	18,102
Net Changes	<u>9,477,552</u>	<u>24,149,775</u>	<u>(14,672,223)</u>
Balances as of June 30, 2018	<u>\$ 364,157,076</u>	<u>\$ 116,316,787</u>	<u>\$ 247,840,289</u>

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 (6.20%) or 1-percentage-point higher (8.20%) than the current discount rate:

	1% Decrease to 6.20%	Current Discount Rate 7.20%	1% Increase to 8.20%
Net OPEB Liability	<u>\$ 294,169,297</u>	<u>\$ 247,840,289</u>	<u>\$ 209,376,022</u>

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

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 (6.10 percent decreasing to 3.60 percent) or 1-percentage-point higher (8.10 percent decreasing to 5.60 percent) than the current healthcare cost trend rates:

	1% Decrease (6.10% decreasing to 3.60%)	Healthcare Cost Trend Rates (7.10% decreasing to 4.60%)	1% Increase (8.10% decreasing to 5.60%)
Net OPEB Liability	\$ <u>199,653,598</u>	\$ <u>247,840,289</u>	\$ <u>307,013,441</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$24,866,723 (including \$433,035 reported for WPCA). At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 29,648,936
Changes of assumptions	20,056,601	
Net difference between projected and actual earnings	<u> </u>	<u>1,507,611</u>
Total	<u>\$ 20,056,601</u>	<u>\$ 31,156,547</u>

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

Year Ending June 30,

2019	\$	(1,466,941)
2020		(1,466,941)
2021		(1,466,941)
2022		(1,466,940)
2023		(1,090,038)
Thereafter		(4,142,145)

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

Payable to the OPEB Plan

At June 30, 2018, the City reported a payable of \$607,669 for the outstanding amount of contributions to the Plan required for the year ended June 30, 2018.

The following schedules present the net position held in trust for OPEB benefits at June 30, 2018 and the changes in net position for the year ended:

	<u>OPEB Trust Fund</u>
Assets:	
Cash and cash equivalents	\$ 2,315,094
Investments, at fair value:	
Mutual funds	118,235,266
Receivables:	
Contribution receivable	<u>607,669</u>
Total assets	<u>121,158,029</u>
Liabilities:	
Accounts payable	532,933
Due to other funds	2,845,370
Claims payable	<u>1,462,939</u>
Total Liabilities	<u>4,841,242</u>
Net Position:	
Restricted for OPEB Benefits	<u>\$ 116,316,787</u>
	<u>OPEB Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 28,439,000
Plan members	195,665
Other revenue	<u>108,939</u>
Total contributions	<u>28,743,604</u>
Investment earnings:	
Net increase (decrease) in fair value of investments	6,776,623
Interest and dividends	<u>2,590,655</u>
Total investment earnings	<u>9,367,278</u>
Less investment expenses:	
Investment management fees	<u>24,996</u>
Net investment income (loss)	<u>9,342,282</u>
Total additions	<u>38,085,886</u>
Deductions:	
Benefits	13,918,009
Administration	<u>18,102</u>
Total deductions	<u>13,936,111</u>
Change in net position	24,149,775
Net Position at Beginning of Year	<u>92,167,012</u>
Net Position at End of Year	<u>\$ 116,316,787</u>

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

B. Other Post-Employment Benefit - Connecticut State Teachers Retirement Plan

Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other post employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

Benefit Provisions

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member who is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans. The choices and 2017 calendar year premiums charged for each choice are shown in the table below:

• Medicare Supplement with Prescriptions	\$ 92
• Medicare Supplement with Prescriptions and Dental	136
• Medicare Supplement with Prescriptions, Dental, Vision & Hearing	141

Those participants electing vision, hearing and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the plan for these benefits.

Survivor Health Care Coverage

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplemental Plans, as long as they do not remarry.

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

Eligibility

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

Normal Retirement

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.

Early Retirement

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

Proratable Retirement

Age 60 with 10 years of credited service

Disability Retirement

No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z, 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. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School Districts)

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

Employees

Each member is required to contribute 1.25% of their annual salary up to \$500,000. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

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

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the City reports no amounts for its proportionate share of the net OPEB 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 OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the City was as follows:

City's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the City	<u>115,610,306</u>
Total	<u>\$ 115,610,306</u>

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2016. At June 30, 2018, the City has no proportionate share of the net OPEB liability.

For the year ended June 30, 2018, the City recognized OPEB expense and revenue of \$5,537,966 in Exhibit II for on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions

The total OPEB 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%
Health care costs trend rate	7.25% decreasing to 5.00% by 2022
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.56%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2018

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 increases (5% for females and 8% for males) over age 80. For disabled retirees, mortality rates were based on the RPH-2014 Disabled Mortality Table projected to 2017 using the BB improvement scale.

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.

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

The long-term expected rate of return on plan assets is reviewed as part of the GASB 74 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.04%).

Discount Rate

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination.

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

The City's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or 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. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

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

10. FUND BALANCE

The components of fund balance for the governmental funds as of June 30, 2018 are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Mill River Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable:						
Prepaid expenditures	\$	\$	\$	\$	\$ 3,355	\$ 3,355
Inventories	70,201				66,014	136,215
Advances	4,167,972					4,167,972
Total nonspendable	<u>4,238,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,369</u>	<u>4,307,542</u>
Restricted for:						
Long-term loans and accounts receivable		7,937,124				7,937,124
Capital projects		50,711,021			15,598,501	66,309,522
Advances		2,854,901				2,854,901
Mill river capital projects			190,333			190,333
Debt service				21,717,722		21,717,722
Stamford Community Development Program					703,361	703,361
Town aid highway					268,133	268,133
Drug asset forfeiture					273,653	273,653
Educational grants program					1,170,198	1,170,198
BOE Food service program					398,027	398,027
Other grants program					445,910	445,910
Total restricted	<u>-</u>	<u>61,503,046</u>	<u>190,333</u>	<u>21,717,722</u>	<u>18,857,783</u>	<u>102,268,884</u>
Committed to:						
Rainy Day purposes	937,000					937,000
Compliance with Federal mandates	105,000					105,000
Environmental Remediation - City	3,874,156					3,874,156
Environmental Remediation - BOE	278,474					278,474
Risk management fund for H&H	250,000					250,000
Total committed	<u>5,444,630</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,444,630</u>
Assigned to:						
Governmental services encumbrances	21,725					21,725
Administration encumbrances	102,609					102,609
Legal affairs encumbrances	68,486					68,486
Public safety encumbrances	382,958					382,958
Health and welfare encumbrances	22,256					22,256
Operations encumbrances	552,642					552,642
Board of Education encumbrances	301,943					301,943
Future obligations of the City	1,970,967					1,970,967
Rainy Day purposes	24,600,841					24,600,841
BOE energy reserve	201,840					201,840
Dog license					396,239	396,239
Police extra duty					265,626	265,626
School building use					195,661	195,661
Continuing education					114,263	114,263
Parking					879,213	879,213
Greater Stamford transit district					94,162	94,162
Total assigned	<u>28,226,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,945,164</u>	<u>30,171,431</u>
Unassigned	<u>683,851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,701)</u>	<u>658,150</u>
Total Fund Balances	<u>\$ 38,592,921</u>	<u>\$ 61,503,046</u>	<u>\$ 190,333</u>	<u>\$ 21,717,722</u>	<u>\$ 20,846,615</u>	<u>\$ 142,850,637</u>

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

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 2018, revenues and transfers exceeded expenditures by \$3,860,878. In addition, \$568,752 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 \$883,697. The anticipated use of the amount available from current year's operations of \$2,977,181 is as follows:

Rainy Day purposes	\$ 937,000
Environmental remediation - City	1,511,707
Environmental remediation - BOE	278,474
Risk management fund for H&H	<u>250,000</u>
	<u>\$ 2,977,181</u>

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

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 \$414,554 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 \$1,995,000. Estimated pollution remediation costs of \$2,913,320 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 \$30,632,000. Costs relating to the litigation of claims are charged to expenditures as incurred.

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, 2018, subtenants generated rental income of approximately \$633,370. 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, 2018, the City advanced OTHRA \$4,906,208 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, 2018, 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, 2018, taxes abated through this program total \$726,460. 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.

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

13. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The following restatements were recorded to the beginning net position of the governmental activities as a result of implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*:

Governmental Activities:

Net position at June 30, 2017, as previously reported	\$ 243,044,454
Adjustment:	
Eliminate net OPEB obligation as reported per GASB No. 45	67,252,000
Record starting total OPEB liability per GASB No. 75	<u>(258,584,536)</u>
Net Position at July 1, 2017, as Restated	<u>\$ 51,711,918</u>

Business Type Activities:

Net position at June 30, 2017, as previously reported	\$ 85,231,793
Adjustment:	
Eliminate net OPEB obligation as reported per GASB No. 45	904,000
Record starting total OPEB liability per GASB No. 75	<u>(3,927,976)</u>
Net Position at July 1, 2017, as Restated	<u>\$ 82,207,817</u>

**Business Type Activities - Enterprise Funds
Water Pollution Control Authority:**

Net position at June 30, 2017, as previously reported	\$ 80,882,117
Adjustment:	
Eliminate net OPEB obligation as reported per GASB No. 45	904,000
Record starting total OPEB liability per GASB No. 75	<u>(3,927,976)</u>
Net Position at July 1, 2017, as Restated	<u>\$ 77,858,141</u>

14. SUBSEQUENT EVENTS

On July 31, 2018, the City issued \$25,000,000 of General Obligation Bonds with a coupon rate between 3.0% and 5.0%. The proceeds of the bonds will be used to fund various general purpose projects, energy improvements and school construction projects authorized by the City.

Mold has been found in 11 of Stamford's 21 public schools. Mold problems were first discovered when custodial personnel returned from the summer break after unusually humid and rainy weather. The City formed a task force to assess the full extent of the problem, coordinate mold remediation activities, and find alternate facilities as may be needed during the remediation. Subsequent to June 30, 2018, the City has entered into a lease agreement, with an initial term of less than one year, for approximately 24,000 square feet of space, and incurred costs for leasehold improvements to that space as the timeline for remediating the problems found in one particular school building would not be able to be addressed until very late in the school year. The City will recognize remediation related costs as they are incurred and will record any remaining liabilities once they are reasonably estimable.