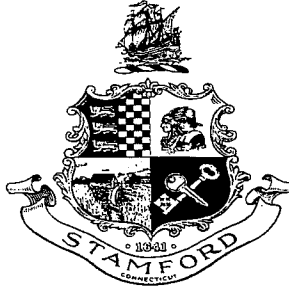


MAYOR
DAVID R. MARTIN



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CHAIR
MARY LOU T. RINALDI
VICE CHAIR
SAL GABRIELE
DAVID KOORIS
KIERAN M. RYAN
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BOARD OF FINANCE

STAMFORD GOVERNMENT CENTER
888 WASHINGTON BOULEVARD
P.O. BOX 10152
STAMFORD, CONNECTICUT 06904-2152

AGENDA - BOARD OF FINANCE AUDIT COMMITTEE MEETING

The Board of Finance will hold its Audit Committee Meeting on
Tuesday, February 12, 2019 at
6:00 p.m. in the Board of Finance Conference Room
for the following purpose:

1. FINAL CAFR FOR YEAR ENDED JUNE 30, 2018 AND MANAGEMENT LETTER
Controller David Yanik will present the final CAFR and the Management Letter prepared by the City's external auditors, Blum Shapiro. Representatives of the Blum Shapiro firm will be present.
2. UPDATE – MARINA FRAUD
At the July 12, 2018 meeting of the Audit Committee, Internal Auditor Teresa Viscariello presented an internal controls/scope of the audit requested by the City on the Marina fraud and provided updates on the ongoing audit at the September 13, 2018 and November 8, 2018 meetings. This will be the final update scheduled by the Committee.

Cynthia R. Winterle

Cynthia R. Winterle
Clerk of the Board

CITY OF STAMFORD, CONNECTICUT

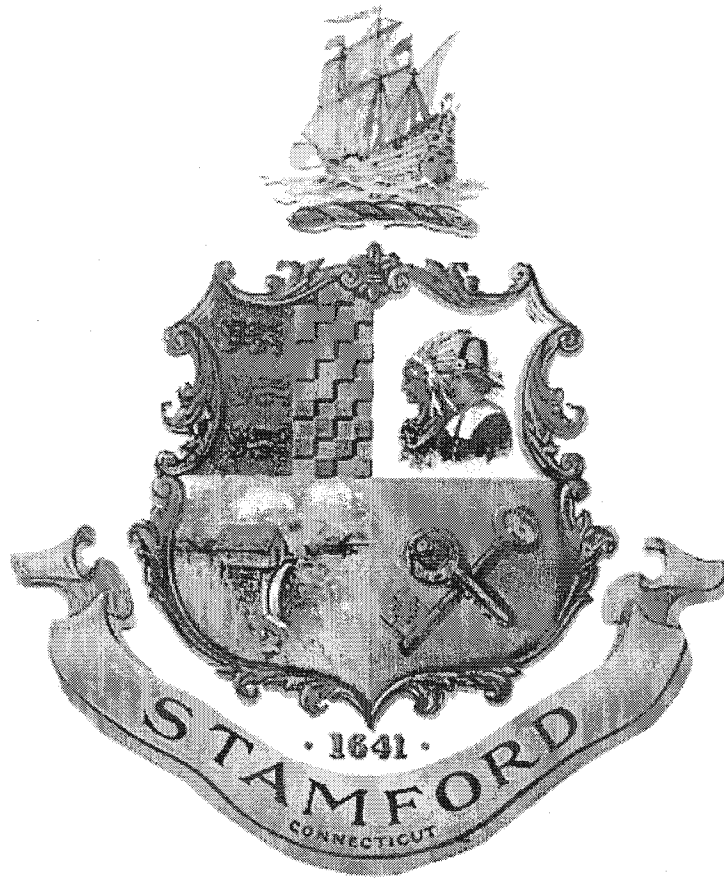
**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**



FISCAL YEAR ENDED JUNE 30, 2018

CITY OF STAMFORD, CONNECTICUT

**Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2018**



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

**Stamford Government Center
888 Washington Boulevard
P.O. Box 10152
Stamford, Connecticut 06904-2152**

**Michael E. Handler
Director of Administration**

CITY OF STAMFORD, CONNECTICUT
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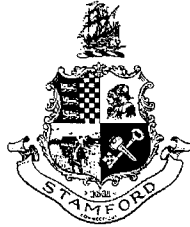
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INTRODUCTORY SECTION

Mayor
DAVID R. MARTIN



CITY OF STAMFORD
OFFICE OF ADMINISTRATION
888 WASHINGTON BOULEVARD
P.O. BOX 10152
STAMFORD, CONNECTICUT 06904-2152

DIRECTOR OF ADMINISTRATION
MICHAEL E. HANDLER

Phone: (203) 977-4182
FAX: (203) 977-5657
Email: mhandler@stamfordct.gov

December 28, 2018

To: Mayor David R. Martin
Board of Finance
Board of Representatives
Citizens of Stamford, Connecticut

I am pleased to transmit the Comprehensive Annual Financial Report (CAFR) of the City of Stamford ("Stamford" or "the City") for the fiscal year ended June 30, 2018. Connecticut State law requires that every general-purpose local government publish a complete set of audited financial statements within six months of the close of each fiscal year. This report is being published to fulfill that requirement for the fiscal year 2018. The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City, as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable.

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

Blum, Shapiro & Company, P.C., a firm of licensed certified public accountants, has issued an unmodified opinion on the City of Stamford, Connecticut's financial statements for the year ended June 30, 2018. The independent auditors' report is located at the front of the financial section of this report.

The independent audit of the financial statements of the City of Stamford, Connecticut was part of a broader State and federally mandated "Single Audit" designed to meet the special needs of federal and State grantor agencies. The standards governing the federal and State "Single Audit" engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and State awards. These reports are available in the City's separately issued Federal and State Financial and Compliance Reports and on the City's website at www.stamfordct.gov.

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

PROFILE OF THE GOVERNMENT

Government

The City of Stamford is governed by the laws of the State of Connecticut and its own Charter. Elected officials include the Mayor, who serves as the City's chief executive officer, a six-member Board of Finance, and a 40-member Board of Representatives (two elected from each of the 20 districts). The Superintendent of Schools and a nine-member elected Board of Education oversee the operation of the City's public school system with the Mayor participating as an ex-officio, non-voting member. All local elections are partisan in nature.

The City provides a full range of municipal services including education, public safety (police and fire), public works (engineering, road construction and maintenance, waste disposal, sewage treatment, building maintenance, etc.), health and social services, planning and development, and recreational and cultural services. Approximately 3,200 full-time municipal and public school system employees provide services to the community which geographically spans nearly 38 square miles and includes 130,824 residents. A listing of City offices and additional information about the City is also available on the City's website.

General Information

Settled in 1641, Stamford is Connecticut's third largest city as measured by population. Stamford is located in Fairfield County, in the southwestern part of the State. Situated near Long Island Sound, the City is about 25 miles northeast of New York City, 40 miles southwest of New Haven, and 90 miles southwest of Connecticut's capital, Hartford. Stamford is bordered by Greenwich, New Canaan and Darien, Connecticut and Pound Ridge, New York.

Stamford is a recognized national financial center and is the largest international trade center between New York and Boston. It has a strong and diverse business base, including a high concentration of national and international corporate headquarters, and is the major retail trade center in Fairfield County. Stamford is also an important residential suburb in one of the highest per capita income areas in the United States. (Note: the 2017 median household income in the Stamford metropolitan area was approximately \$87,316 which was higher than the median income of approximately \$71,755 for households in Connecticut.)

Through sound urban planning, the City has strengthened its downtown retail core, increased its housing stock, and enhanced its cultural facilities, while continuing to attract major commercial office development and new employers. The City has a strong and diverse commercial, industrial, and retail business base including a high concentration of corporate headquarters of Fortune 500 companies. At the same time, Stamford is a pre-eminent residential community within the New York metropolitan region. The City offers its residents a high quality of life including good schools, a broad array of public services, attractive parks and recreational activities, and a safe living environment. The City has been consistently ranked as one of the safest cities in the United States by the FBI; based on 2017 crime data, Stamford was ranked as one of the safest cities in New England (with a population over 100,000).

FACTORS AFFECTING FINANCIAL CONDITION

Several factors should be taken into consideration in evaluating the City's financial condition and outlook including the following:

Local Economy

In fiscal year 2018, while the national economy grew generally, Stamford continued to grow faster than other cities in Connecticut. Unemployment continued to drop due to a strong and diverse economic and tax base within the City while city-wide vacancy rates were mixed. In the past 12 months ending in September, Stamford unemployment has improved compared to last year with an unemployment rate of 3.4%. The State of Connecticut saw the unemployment rate drop to 4.5% and the U.S. saw a decrease of 0.4%, from 4.6 to 4.2%. Stamford's employment market continues to strengthen, as it has the lowest unemployment rate as compared to Bridgeport, Norwalk, Milford, and all of Connecticut. Connecticut now has recovered 80.4%, or 95,800, of the 119,100 seasonally-adjusted jobs lost in the last recession which lasted from March 2008 to February 2010. By comparison, the nation as a whole has added more than double the number of jobs it lost in the last recession. As of September 2018, Stamford's residential labor force was estimated to be 70,341, up 594 people since September 2017. This outpaces the growth seen in other major cities such as Hartford, New Haven, and Bridgeport which have experienced a decline in their respective labor forces over the same period of time.

The high market costs of commercial real estate in Manhattan and nearby Greenwich, and the overall cost of doing business in metropolitan New York, are making relocation of businesses to Stamford comparatively more affordable and appealing. Despite that, the office space vacancy rate in Stamford is currently approximately 28.4%, with Class A rents typically averaging \$30 to \$44 per square foot, which is comparable to last year's prices. The Stamford industrial vacancy rates are below 7%.

Despite a slow and uneven economic recovery in retail, Stamford still enjoys a very low vacancy rate (estimated at 5 to 7%) in retail space. Retail projects such as new bank branches, pharmacies, and national retail outlets continued to open in the City's neighborhoods, driven in part by the City's high median income and spending patterns.

The 2018 vacancy rate for the Stamford Central Business District is 28.7% and the vacancy rate for the Stamford Non-Central Business District is 26.8% according to Cushman and Wakefield. This is based on an inventory of over 16.6 million square feet for the City of Stamford as a whole. It is important to note that several large buildings came online for leasing in the last several years. In particular, the UBS North American Headquarters (720,000 square feet) and Silicon Harbor (former Pitney Bowes Headquarters – 500,000 square feet), 260 Long Ridge Road (200,000 square feet), and 201 High Ridge Road (200,000 square feet) which will skew the overall vacancy numbers.

Stamford's Grand List, which is the second highest in the State, is the taxable value of all property in the City, both real and personal. The Grand List of October 1, 2016, for fiscal year 2018, was approximately \$19.7 billion dollars, an increase of about .86% from the previous year, due to new construction of commercial real estate.

Mill rates for each City taxing district are determined by the Board of Finance and, when applied to the taxable Grand List values, produce the tax levy for property taxes to be billed for fiscal year 2018. Despite the challenging national economy, the City achieved a tax collection rate of 99.05%, marking the seventeenth consecutive year in which the collection rate exceeded 98%.

The City provides tax abatements to real property taxpayers through the Connecticut Enterprise Zone Program and tax exemptions for State-owned property as well as for general and chronic disease hospitals. In addition, other real property taxpayers may be eligible for tax abatements

in conjunction with programs established for elderly home owners, totally disabled residents, and veterans. For fiscal year 2018, these tax abatement programs are expected to reduce real property tax revenues by approximately \$22.0 million, in total.

Charts tracking the City's unemployment rate, office vacancy rates, and tax collection rates for the past ten years are included in the statistical section of this document.

Financial Planning

The City's short-term financial planning process revolves around the preparation of the City's Operating and Special Revenue Funds budgets. Revenue and expenditure estimates are developed for the upcoming budget year, plus two subsequent years, under the direction of the Office of Policy and Management (OPM). The annual budgets, as approved by the Mayor, are subject to review and approval by the City's Board of Finance and Board of Representatives. These Boards have the authority to approve or reduce the total proposed annual budget amount but have no authority to increase the amount. OPM actively monitors ongoing actual revenue and expenditure results versus the approved budgets and, if warranted, leads the development of contingency planning.

Long-term financial planning is an integral component of the City's capital planning process. Project estimates are based on the capital project needs and priorities of the City for the ensuing year and six succeeding fiscal years. The City's multi-phased capital planning process, which is coordinated by OPM, includes all operational units and functional departments. Preliminary capital budget recommendations are submitted by the Planning Board, which is responsible for the overall Plan of Development for the City, to the Mayor. These recommendations take into consideration the City's anticipated debt limits as well as projects that fall within the City's overall Plan of Development. Guidelines for annual debt limits are established through a process which includes the Director of Administration and the respective governing Boards (Finance and Representatives).

Financial Policies

To help ensure that the City's resources are managed in a prudent manner, the City has adopted a number of financial policies including a comprehensive set of accounting policies. These policies are periodically reviewed and updated as may be warranted.

BUSINESS & INDUSTRY

Commercial Development

Stamford boasts an extraordinarily diverse economic base which includes a critical mass of firms in several important industry clusters. The City is the State's largest business center and is one of the pre-eminent locations for corporate headquarters, ranking within the top 10% nationally. Stamford has become a world financial center, with international banks, hedge fund companies, and other financial service providers adding jobs and occupying office space. Stamford is also the largest international trade center between New York and Boston. The City is 'home' for leading employers across multiple industry sectors including: banking, insurance and reinsurance, office equipment, pharmaceuticals, consumer products, digital media and information technology, and retail.

Stamford continues to grow from an economic development standpoint. The 82-acre Harbor Point development in the South End continues under active construction. To date, more than 2,600 apartment units have been completed, are under construction, or have received approval to commence construction. The project includes 4,000 residential units of which ten percent are affordable housing; commercial space including office buildings, a grocery store, a waterfront hotel, restaurants, and a marina; more than 11 acres of parks and public spaces; a community school; and publicly accessible waterfront areas.

New and Expanding Companies

Stamford has seen several large signings of new tenants in fiscal 2018:

New Commercial Leases: 2017 – 2018 (Q1)				
Tenant	Building	Submarket	Type	SQ.FT.
Odyssey Reinsurance	300 First Stamford Place	Non-CBD	Renewal	87,314
Greenwich Associates	6 High Ridge Park	Non-CBD	Renewal	41,679
Cowen Group	262 Harbor Drive	Non-CBD	New Lease	31,455
Tudor Investment Group	200 Elm Street	CBD	New Lease	23,939
Loxo Oncology	281 Tresser Boulevard	CBD	New Lease	22,987
ITV America	850 Canal Street	Non-CBD	New Lease	19,700
ISG (Information Services Group)	2187 Atlantic Street	Non-CBD	New Lease	18,073
This Old House	262 Harbor Drive	Non-CBD	Renewal	15,557
Bank of America	600 Washington Boulevard	CBD	New Lease	115,479
Merrill Lynch	301 Tresser Boulevard	CBD	Renewal	52,318
Daymon Worldwide	333 Ludlow Street	Non-CBD	New Lease	41,464
Indeed.com, Inc.	177 Broad Street	CBD	Expansion	38,132
Yankees Entertainment & Sports Network (YES)	250 Harbor Drive	Non-CBD	Renewal	19,909
The People's Court (Ralph Edward's/Stu Billett Productions)	470 West Avenue	Non-CBD	New Lease	18,739
Aberdeen Asset Management, Inc.	1266 East Main Street	Non-CBD	Renewal	18,485
Cushman & Wakefield	107 Elm Street	CBD	Renewal	15,238
Charter Communications	201 Tresser Boulevard	CBD	Sublease/Expansion	53,186
CA Technologies	200 Elm Street	CBD	New Lease	25,000

Webster Bank	200 Elm Street	CBD	New Lease	25,000
Stamford Health Medical Group	3 Riverbend Drive	Non-CBD	New Lease	20,770
Regus	1266 East Main Street	Non-CBD	Renewal	19,190
World Wrestling Entertainment	1266 East Main Street	Non-CBD	Renewal	18,325
Serendipity Labs	700 Canal Street	Non-CBD	Renewal	8,937

In addition, plans have been announced for Gateway Harbor Point, 406 Washington Boulevard, by BLT, for 500,000 square feet of commercial office space (Charter Communications headquarters).

Retail Development

Stamford retail sales data dates back to 2013 but can still offer insight into the economy of the City. In 2013, the City generated approximately \$3.3 billion worth of retail sales. Attracted by the City's high median income and spending patterns, retail projects, continued to open in the City's neighborhoods during the past year. Stamford continues to have a thriving dining scene with over 300 restaurants located in the City. Restaurants such as Pieology, Peter Chang, Blackstones Steakhouse, Roasted, Kano, Turning Point Coffee, Saltbar, I am Mac, Patisserie Salzburg, Mexicue, have all opened in the past twelve months.

In addition, Home Depot Stamford, located at 1937 W Main Street, recently opened a 140,000 SF store location and CVS Westside, located at 1983 W Main Street, opened a 20,000 square feet retail location.

Hospitality

While overall occupancy rates at Stamford's hotels remain at 72%, recent projects serve to strengthen Stamford's position as one of the largest hotel markets in Connecticut; for example:

- The **Marriott Residence Inn**, Stamford's first extended-stay hotel, with 125 rooms, is under construction and slated to finish in Q4 of 2018.

Housing Development

Stamford continues to lead the national trend of drawing people back to live in city centers. Stamford has added thousands of new housing units during the last decade including in the downtown area. Recent development includes:

Recent project openings:

- **Element One**, 111 Morgan Street, 175 residential units, this building has received partial CO's and has started leasing apartments.
- **Bedford Hall**, 545 Bedford Street, 82 residential units, this building has received partial CO's and has started leasing apartments.
- **Rippowam Place**, 900 Washington Boulevard, project became the new 350 bed UCONN dormitory.

- **Park Square West Phase IV**, 1055 Washington Boulevard, Trinity Financial, 208 residential units, completed in 2017.
- **Atlantic Station**, 421 Atlantic Street, Cappelli Organization, phase 1 of the Twin 21-story towers housing 650 apartments and 40,000 square feet of retail and restaurants.
- **NV@Harbor Point**, 100 Commons Park, BLT, 391 residential units, recently completed.
- **Baypointe**, 112 Southfield Avenue, 109 multi-family residential apartments overlooking the west branch of the Harbor, recently completed.
- **West Gate Townhouses**, 220 West Ave, Empire Residential, 30 residential units, recently completed.

Projects currently under construction:

- **Midtown Estates**, 20 Third Street, 23 residential units of Luxury Townhouse space.
- **Summer Place Senior**, 992 Summer Place, Six-story senior citizen affordable housing development (48 residential units), completion scheduled for spring 2018.
- **Davenport Landing**, 28 Southfield, BLT, 115 residential units, is currently under construction and slated for completion in fall 2018.
- **Urban Ready Living**, 57 Greyrock Place, Ironstate & F.D. Rich, 671 residential units with 5,090 square feet of retail space.
- **Park 215**, 215 Stillwater, 78 residential units with 24,000 square feet of office space.
- **Midtown Estates**, 20 3rd Street - 23 residential units.
- **100 Prospect Street**, 31 new units, 125 total residential units.
- **89 Franklin Street**, 215 Stillwater Avenue, 13 residential units.
- **Parcel P4 & P5**, Pacific Street and Dyke Lane, 435 residential units.

Approved projects not yet under construction:

- **RBS Block A**, 1-12 Division Street, 161 residential units, no anticipated construction date available.
- **RBS Block B**, 2-102 Division Street, 291 residential units, no anticipated construction date available.
- **Residence at Stamford**, 1567 Summer Street, LCB Berkshire Senior Living, 104 residential units.
- **Roe Co LLC**, 245 Atlantic Street, 212 residential units with 8,000 square feet of retail space.
- **LMC**, 250 Atlantic Street, 435 residential units with 40,000 square feet of retail space.

Proposed projects:

- **Summer Street Property LLC**, 733-777 Summer Street, 376 residential units.
- **West Main Street Apartments**, Empire Residential, 87 residential units with 5,000 square feet of retail space.
- **523 Canal Street**, 184 residential units with 6,000 square feet of retail space.

Restoration of the Mill River, which includes the creation of a 28-acre urban park along its banks and a greenway leading from downtown Stamford to Long Island Sound, continues. The Mill River Park is spurring development and real estate tax revenues. Over 1,000 new residential units have been built, or are in development, around the perimeter of the park.

Affordable Housing

The City recognizes the availability of affordable housing as crucial to its continuing development. This priority is reflected in the City's zoning regulations, which require that

developers of new multi-family projects permanently set aside 10% of their units for low-income families. This program, the first ever in Connecticut, has provided the City with nearly 550 below-market housing units and is expected to continue as the City grows.

Alternatively, developers can pay the City a fee-in-lieu of building affordable housing as required by the City's Inclusionary Zoning ("IZ") regulations. The City's Community Development Office administers the distribution of these fee-in-lieu funds as loans to developers of affordable housing.

The City has contributed significant capital project funds to affordable housing. Since 1982, more than \$20.5 million has been made available by the City to facilitate housing development which has been used to assist in the development of over 1,250 affordable apartments and condominiums.

The City's Linkage Ordinance dedicates a portion of building permit fees from new commercial projects to an affordable housing fund. These funds are administered by the Community Development Office to assist in construction of affordable housing. Awards are subject to the approval of the Mayor in consultation with the Housing, Community Development, and Social Services Committee of the Board of Representatives. In fiscal year 2018, approximately \$100,000 was allocated in the City's Capital Budget for housing development.

The Community Development Office also administers the various federal, State and local funds for housing and community development activities. The objective of the Community Development Block Grant (CDBG) Program is to improve the quality of life and create a suitable living environment for low-income residents in targeted neighborhoods with an emphasis on rehabilitation of existing housing stock and the creation of new housing at levels affordable to low-income individuals. CDBG supports economic development activities to assist businesses to create jobs and strengthen retail activity. CDBG funds also support non-profit organizations for a variety of public improvements to community facilities as well as social service activities for the homeless, the elderly, youth and the unemployed.

In addition, the City's Community Development Office also administers the federal HOME Investment Partnership Program and the Neighborhood Stabilization Program that provide funding for the development of affordable housing.

Transportation

The development of the City is tied to significant public transportation investments including the Stamford Urban Transitway (SUT) a multi-modal route that connects the Stamford Transportation Center with I-95 and the City's East Side and improves access to the South End. Phase I of the project was financed with approximately \$54.4 million in federal funds, matched by approximately \$12.0 million in local funds, and was substantially completed in December 2010. The City received approximately \$40 million in federal funds, matched by approximately \$10 million in local funds, for the second phase of the SUT which commenced in 2013 and was substantially completed in late 2017.

AWARDS AND ACKNOWLEDGEMENTS

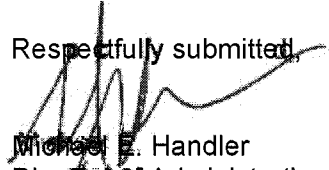
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the year ended June 30, 2017. This was the

thirtieth consecutive year that the City received this prestigious national award (which recognizes conformance with the highest standards for presentation of State and local government financial reports). In order to be awarded a Certificate of Achievement a government unit must publish an easily readable and efficiently organized CAFR whose contents must conform to the program's standards including satisfying generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of only one year. City management believes that this CAFR conforms to the GFOA Certificate of Achievement Program's requirements and we are submitting it to the GFOA for its review.

The preparation of this report could not have been accomplished without the diligent work and important contributions of the Controller's Office staff and the members of other departments who assisted in its compilation. I also want to express my appreciation to the audit team from Blum, Shapiro & Company, P.C., the City's independent auditor, for their thorough, professional and timely work.

Respectfully submitted,



Michael E. Handler
Director of Administration

CITY OF STAMFORD, CONNECTICUT

**List of Elected and Appointed Officials
As of June 30, 2018**

Mayor

David R. Martin

Chief of Staff

Michael E. Pollard

Mayor's Directors

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

Board of Finance

Richard Freeman	Chairman
Mary Lou T. Rinaldi	Vice-Chair
Salvatore Gabriele	Member
David Kooris	Member
Kieran M. Ryan	Member
Dudley N. Williams	Member

Board of Representatives

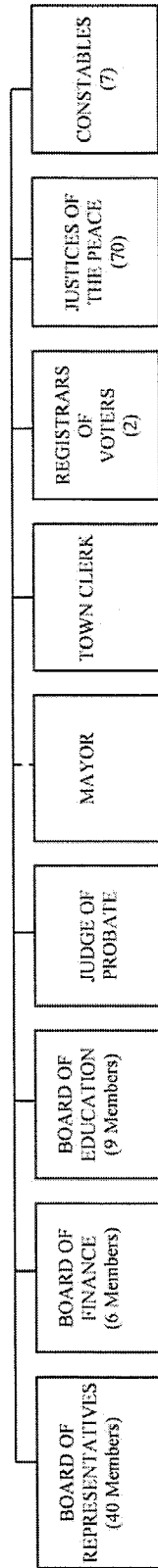
Matthew Quinones	President and Deputy Mayor
Monica Di Costanza	Chair, Fiscal Committee

Office of Administration

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

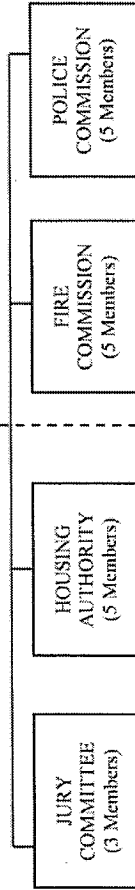
City of Stamford, Connecticut
Organizational Chart
CITIZENS OF STAMFORD

VOTERS ELECT

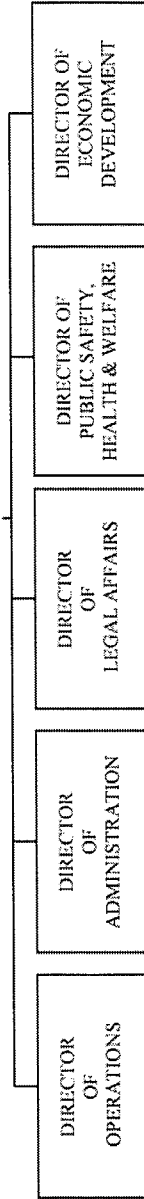


CHIEF OF
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APPOINTED BY THE MAYOR AND APPROVED BY THE BOARD OF REPRESENTATIVES





Government Finance Officers Association

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Presented to

**City of Stamford
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

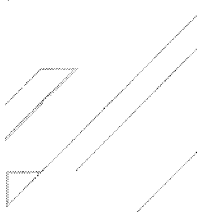


The seal of the City of Stamford, Connecticut contains a shield divided into four quarters beneath an ancient ship typical of those on which the settlers of Connecticut arrived. The top left quadrant of the shield represents the coat of arms of Stamford, in Lincolnshire, England. The top right quadrant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




FINANCIAL SECTION

Independent Auditors' Report




To the Board of Finance
City of Stamford, Connecticut

Report on the Financial Statements




We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Stamford, Connecticut, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Stamford, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements




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

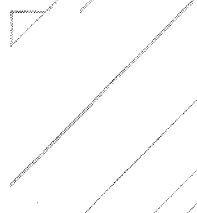
Auditors' Responsibility



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



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



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Stamford, Connecticut, as of June 30, 2018 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 13 to the financial statements, during the fiscal year ended June 30, 2018, the City of Stamford, Connecticut, adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The net position of the City of Stamford, Connecticut, has been restated to recognize the net other postemployment benefit liability in accordance with GASB No. 75. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2018 on our consideration of the City of Stamford, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Stamford, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Stamford, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 28, 2018

**CITY OF STAMFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

This discussion and analysis of the City of Stamford, Connecticut ("City") is intended to provide an overview of the City's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the letter of transmittal and the City's financial statements that follow this section (fiscal 2017 net position for the City was restated to reflect the implementation of GASB 74/75).

Financial Highlights

- In fiscal 2018, the City's net position on a government-wide basis (including all governmental activities and business-type activities but excluding a small component unit), increased by \$35.9 million or 26.8%, to \$169.8 million. Total assets and deferred outflows of resources (\$1,370.2 million) exceeded total liabilities and deferred inflows of resources (\$1,200.4 million), by \$169.8 million as of June 30, 2018. Within governmental activities, net position increased by \$31.1 million or 60.2%, to \$82.9 million while the net position in business-type activities increased by \$4.8 million or 5.8%, to \$87.0 million.
- The City's governmental funds, which are reported using the current financial resources measurement focus and the modified accrual basis of accounting, had a combined ending fund balance of \$142.9 million, a decrease of \$6.8 million from the prior fiscal year-end period.
- As of June 30, 2018, the total fund balance for the General Fund was \$38.6 million. Of this amount, \$33.7 million was assigned or committed for various purposes. Included in the amount is the assigned fund balance for Rainy Day purposes of \$24.6 million (versus \$22.7 million in the prior year). At year end this represented approximately 4% of total General Fund expenditures (including, as required by ordinance, transfers out) of \$621.3 million reported on the modified accrual basis of accounting. The Rainy Day purposes assignment enhances the City's financial flexibility by providing resources outside of the City's General Fund. In addition, the City has \$3.6 million of other assigned fund balance at year-end, (versus \$3.3 million at the prior year-end), and this represented .7% of those same total General Fund expenditures.
- The City's total long-term debt (bonds and notes payable) increased by \$11.0 million to \$570.7 million in fiscal 2018.
- The City's debt level is considered "low" by Standard & Poor's and "manageable" by Fitch Ratings, who currently rate the City's outstanding debt AAA and AAA, respectively, with a "stable" outlook from both ratings agencies
- The City's four defined benefit pension plans (Classified Employees, Police, Firefighters, and Custodians and Mechanics), incurred a combined increase in net position of \$41.2 million, or 6.8%, in fiscal 2018. The increase consisted primarily of net investment gains of \$56.2 million and employer/employee contributions totaling \$29.7 million, offset by benefits and administration deductions totaling \$44.7 million. The respective pension trusts were approximately 78% funded overall from an actuarial standpoint. The pension trusts' boards and City officials closely monitor the trusts to ensure their ongoing stability, given the recent volatile financial market conditions, changes in interest rates, and the uncertain global economic environment.
- The City has fully implemented its five-year phase-in funding plan for Other Post Employment Benefit ("OPEB") costs. Commencing on July 1, 2016, the minimum percentage contribution to the OPEB Trust Fund in fiscal 2018 was 100% of the actuarially required contribution of \$28.4 million. Actual contributions from the City totaled \$28.4 million and the OPEB Trust Funded Ratio was approximately 31.9% as of June 30, 2018.
- Net position for all trust funds under management totaled \$763.5 million as of June 30, 2018.

Overview of the Financial Statements

This discussion and analysis is intended to provide an introduction to the City's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to financial statements. This report also contains supplementary information and a statistical section. The statistical section provides comparisons of selected information for the past several years.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a general understanding of the City's finances in a manner similar to those for private-sector businesses. All of the resources the City has at its disposal are reported, including major capital assets such as buildings and infrastructure. In addition, a thorough accounting of the costs of government operations as well as its revenue sources is provided.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference reported as the City's net position. Evaluating the amount and composition of the City's net position - the difference between assets and liabilities - is one way to measure the City's financial health or financial position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the City is improving or deteriorating. However, other non-financial factors need to be considered as well, including changes in the City's property tax base and the condition of the City's capital assets, to properly assess the overall financial health of the City.

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

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

- Governmental activities of the City encompass most of the City's basic services, including education; governmental and community services; public safety; health and welfare; public works; and administration. Property taxes, charges for services and intergovernmental grants finance the majority of these activities.
- Included in Total Governmental Funds, but shown separately as a major fund, is the 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.
- Business-type activities of the City include the Stamford Water Pollution Control Authority ("SWPCA"), the Old Town Hall Redevelopment Agency ("OTHRA") and the E.G. Brennan Golf Course. They are reported as business-type activities because the City charges a fee to customers, tenants, or service users to help cover all or most of the cost of their operations.
- The City includes one separate legal entity in its report: the Urban Redevelopment Commission ("URC"). Although legally separate, this "component unit" is included, since the City is financially accountable for it as it manages City owned real property.

The government-wide financial statements (Statement of Net Position and Statement of Activities) are provided on pages 19-20 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control and accountability over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law, while others are established to help control and manage money for a particular purpose. The City has three kinds of funds, as follows:

Governmental Funds

The majority of the City's basic services are reported in governmental funds. These reports focus on how money flows into and out of those funds and the balances at year-end that are available for spending. These funds are reported using an accounting method called modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation following the fund financial statements.

The City maintains 19 individual governmental funds, including the General Fund, Capital Projects funds (4), Debt Service Fund (1), and Special Revenue funds (13). Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Capital Projects Fund and the Mill River Capital Projects Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation as 'Non-Major Governmental Funds.' Non-major governmental funds for the City include the Stamford Community Development Program, Board of Education Food Service Program, Town Aid Highway, Dog License, Drug Asset Forfeiture (State and federal), Police Extra Duty, Educational Grants Programs, Other Grants Programs, School Building Use, Continuing Education, Marinas, Greater Stamford Transit District, Parking, Transportation Capital, Capital Non-Recurring, and the Debt Service Fund. Individual fund data for each of these non-major governmental funds is provided in the Combining Balance Sheet and in the Combining Statement of Revenues, Expenditures and Changes in Fund Balances.

The City adopts an annual budget for its General Fund. A budgetary comparison statement is provided for the General Fund to demonstrate compliance with the authorized budget. The Statement of Revenues, Expenditures and Changes in Fund Balance on a Budgetary Basis is presented on pages 89-90.

The basic governmental fund financial statements (Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance) are presented on pages 21-22 and 23-24 of this report.

Proprietary Funds

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same types of functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the SWPCA, OTHRA and the E.G. Brennan Golf Course. Internal service funds are an accounting device used to accumulate and allocate certain costs internally among the City's various functions. The City uses its internal service funds to account for risk management costs, tax appeals and employee health benefits costs for both City and Board of Education employees. Because the internal service funds predominantly benefit governmental rather than business type functions, they are included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements. The Proprietary Fund financial statements provide separate information for the SWPCA and OTHRA, which are considered to be major proprietary funds of the City. Separate information is also provided for the E.G. Brennan Golf Course, which is considered a non-major proprietary fund of the City. In addition, individual fund data for the internal service funds are provided in separate columns in the Proprietary Fund Financial statements. The Proprietary Fund financial statements (Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows) are presented on pages 25-27 of this report.

Fiduciary Funds

The City is the trustee, or fiduciary, for its employees' pension plans and OPEB Trust. Fiduciary funds are not reflected in the government-wide financial statements because the City cannot use these assets to finance its operations. For reporting purposes only, the over-funded portion of pension fund assets - if any - is reflected as a non-current asset in the government-wide financial statements. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The City has four pension trust funds (Classified Employees, Police, Firefighters and Custodians and Mechanics), an Other Post-Employment Benefits ("OPEB") trust fund, and two agency funds (Student Activity Fund and Scholarship Fund). The Fiduciary Fund financial statements are provided on pages 28-29 of this report.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements are provided on pages 30-88 of this report.

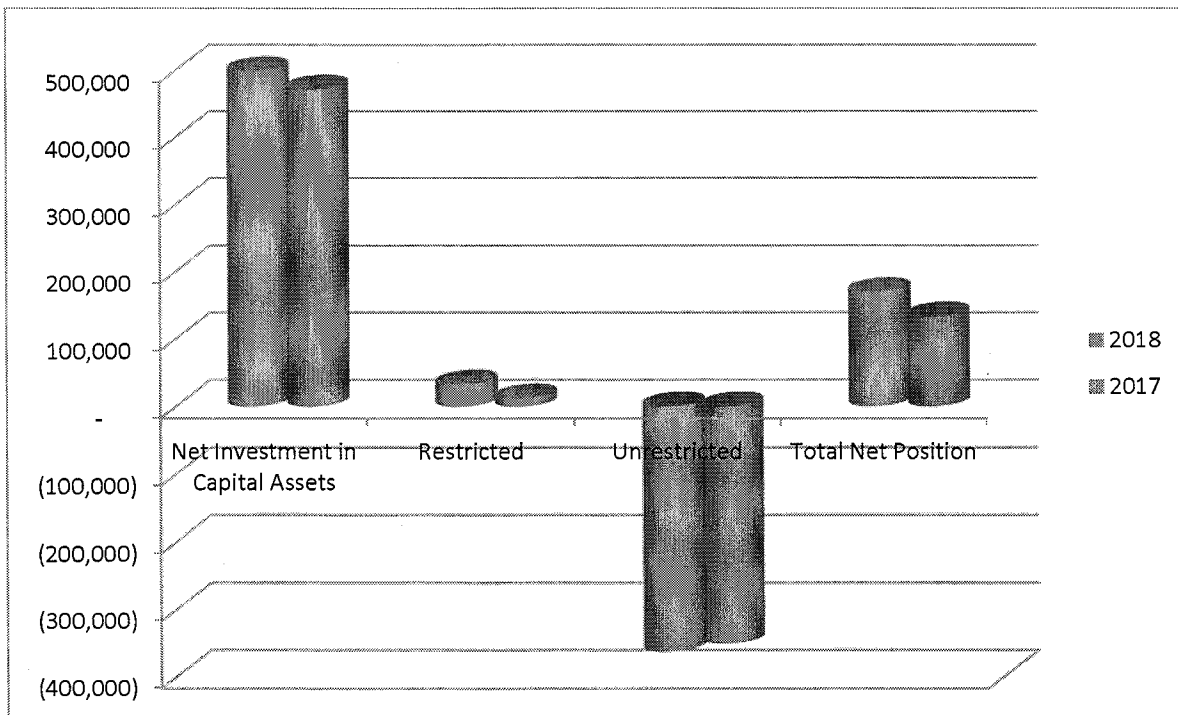
Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. In the City's case, its governmental activities assets and deferred outflow of resources (\$1,164.3 million) exceeded its liabilities and deferred inflow of resources (\$1,081.5 million) by \$82.9 million at June 30, 2018.

Statement of Net Position (\$000s)
June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017 (as Restated)	2018	2017 (as Restated)	2018	2017 (as Restated)
Current and other assets	\$ 284,679	\$ 276,031	\$ 50,349	\$ 45,579	\$ 335,028	\$ 321,610
Capital assets, net of accumulated depreciation	820,687	774,139	153,469	154,400	974,156	928,539
Total assets	<u>1,105,366</u>	<u>1,050,170</u>	<u>203,818</u>	<u>199,979</u>	<u>1,309,184</u>	<u>1,250,149</u>
Deferred outflow of resources	<u>58,983</u>	<u>51,174</u>	<u>2,026</u>	<u>1,826</u>	<u>61,009</u>	<u>53,000</u>
Current liabilities	60,361	49,998	2,146	2,867	62,507	52,865
Long-term liabilities outstanding	957,723	964,407	116,194	116,295	1,073,917	1,080,702
Total liabilities	<u>1,018,084</u>	<u>1,014,405</u>	<u>118,340</u>	<u>119,162</u>	<u>1,136,424</u>	<u>1,133,567</u>
Deferred inflow of resources	<u>63,413</u>	<u>35,228</u>	<u>528</u>	<u>435</u>	<u>63,941</u>	<u>35,663</u>
Net Position:						
Net investments in capital assets	446,596	413,650	53,297	58,948	499,893	472,598
Restricted	21,718	757	11,247	11,170	32,965	11,927
Unrestricted	<u>(385,462)</u>	<u>(362,696)</u>	<u>22,432</u>	<u>12,090</u>	<u>(363,030)</u>	<u>(350,606)</u>
Total Net Position	<u>\$ 82,852</u>	<u>\$ 51,711</u>	<u>\$ 86,976</u>	<u>\$ 82,208</u>	<u>\$ 169,828</u>	<u>\$ 133,919</u>

Total Net Position - Primary Government
Fiscal Year 2018 vs. Fiscal Year 2017



Net Position

Reporting on a government-wide basis (i.e. including all governmental activities and business-type activities but excluding a small component unit) is referred to as the primary government. As of June 30, 2018 the primary government's assets and deferred outflow of resources (\$1,370.2 million) exceeded its liabilities and deferred inflow of resources (\$1,200.4 million), resulting in a net position of \$169.8 million, an increase of \$35.9 million from last fiscal year-end's net position of \$133.9 million, as restated. The net position for governmental activities only at June 30, 2018 was \$82.9 million, down \$31.1 million from the previous year's \$51.7 million, as restated, and the total net position for business-type activities was \$87.0 million, an increase of \$4.8 million from the prior year balance of \$82.2 million, as restated.

Unrestricted Net Position

In the government-wide financial statements for governmental activities, the assets and deferred outflow of resources (\$1,164.3 million) of the City exceeded its liabilities and deferred inflow of resources (\$1,081.5 million) at June 30, 2018 by \$82.9 million. Of this amount, the unrestricted portion was a deficit of \$385.5 million, which would need to be financed from future operations (this deficit includes the unfunded pension liabilities required to be recorded by GASB Statement No. 68 and the unfunded OPEB liabilities required to be recorded by GASB Statement No. 75). This deficit does not mean that the City does not have resources available to meet its obligations in the ensuing year. It is the result of having long-term commitments for compensated absences (\$21.2 million), net pension liabilities (\$184.8 million), and net OPEB liabilities (\$244.1 million) that are greater than currently available resources. Payments for these liabilities will be budgeted in the year that actual payment will be made. The City has also reported assets restricted for debt service and special revenue funds, which also contributed to the unrestricted deficit mentioned above.

Net Investment in Capital Assets

As expected, the largest portion of the City's net position reflects its investment in capital assets (e.g., land, construction-in-progress, buildings, machinery, equipment and infrastructure), net of accumulated depreciation and any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to its citizens; consequently, these assets are not readily available to fund future capital spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves realistically cannot be used to liquidate these liabilities.

Restricted Net Position

The City's total net position of \$82.9 million as of June 30, 2018, has \$21.7 million has a restricted amount which is primarily for future debt service.

Financial Ratios

A common measure of liquidity is the current ratio (ratio of current assets to current liabilities), which helps one determine if, over the next year, the City's governmental activities funds will have enough cash or readily liquid assets on hand to finance its short-term obligations within that period. As of June 30, 2018, the City's current ratio was 4.7 to 1, indicating that the City has sufficient liquidity to meet its short-term obligations. A more conservative measure of liquidity is the quick ratio, whereby only the most liquid assets (unrestricted cash) are compared with current liabilities. As of June 30, 2018, the City's quick ratio was 1.0 to 1, down slightly from the prior fiscal year.

The City's debt service ratio (annual debt service divided by General Fund expenditures) was under 10% as of June 30, 2018, which is favorably considered to be "low" and "manageable" by the major rating agencies. In addition, the City's debt burden ratio of 1.4% (i.e., net debt outstanding for the City's governmental activities divided by Equalized Net Grand List or \$461.7 million / \$32,825.5 million = 1.4%) compares favorably to the national median debt burden for AAA-rated municipalities. Additional information regarding the City's outstanding debt and credit quality is provided on pages 50-57.

Changes in Net Position (\$000's)
For the Years Ended June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 43,432	\$ 44,020	\$ 30,328	\$ 30,423	\$ 73,760	\$ 74,443
Operating grants and contributions	116,085	112,875			116,085	112,875
Capital grants and contributions	21,191	8,597	191	66	21,382	8,663
General revenues:						
Property taxes	520,359	501,198			520,359	501,198
Grants not restricted to specific programs	5,696	10,783			5,696	10,783
Gain on sale of property	429	841		8	429	849
Unrestricted investment earnings	2,003	868	201	(27)	2,204	841
Miscellaneous	1,824	197			1,824	197
Total revenues	<u>711,019</u>	<u>679,379</u>	<u>30,720</u>	<u>30,470</u>	<u>741,739</u>	<u>709,849</u>
Expenses:						
Governmental services	8,314	8,880			8,314	8,880
Administration	10,350	11,460			10,350	11,460
Legal affairs	31,624	36,982			31,624	36,982
Public safety	134,441	138,687			134,441	138,687
Health and welfare	17,182	17,425			17,182	17,425
Community services	12,237	11,717			12,237	11,717
Operations	66,705	69,711			66,705	69,711
Education	383,982	379,282			383,982	379,282
Interest	15,552	14,918			15,552	14,918
Water Pollution Control Authority			22,549	21,615	22,549	21,615
Old Town Hall Redevelopment Agency			1,747	2,193	1,747	2,193
E.G. Brennan Golf Course			1,147	1,227	1,147	1,227
Total expenses	<u>680,387</u>	<u>689,062</u>	<u>25,443</u>	<u>25,035</u>	<u>705,830</u>	<u>714,097</u>
Change in net position before transfers	30,632	(9,683)	5,277	5,435	35,909	(4,248)
Transfers	509	451	(509)	(451)		
Change in net position	<u>31,141</u>	<u>(9,232)</u>	<u>4,768</u>	<u>4,984</u>	<u>35,909</u>	<u>(4,248)</u>
Net Position at Beginning of Year	51,711	252,276	82,208	80,248	133,919	332,524
Restatement		(191,333)		(3,024)		(194,357)
Net Position at End of Year	<u>\$ 82,852</u>	<u>\$ 51,711</u>	<u>\$ 86,976</u>	<u>\$ 82,208</u>	<u>\$ 169,828</u>	<u>\$ 133,919</u>

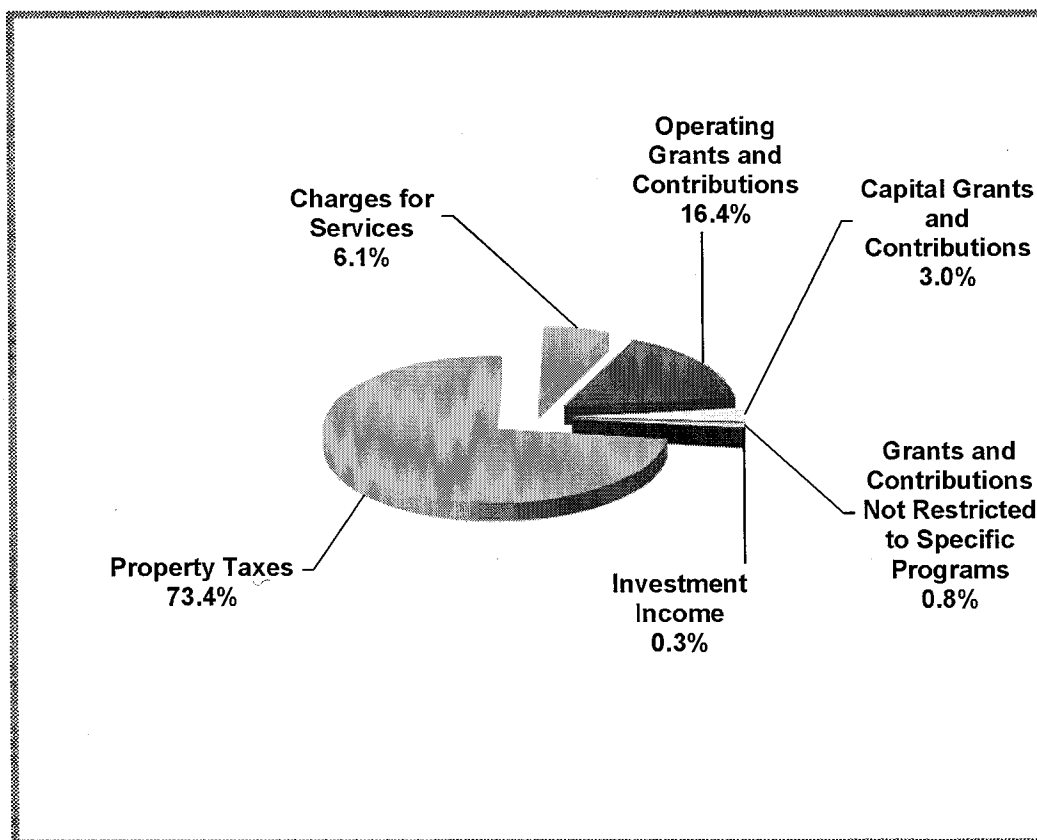
Change in Net Position

Governmental Activities

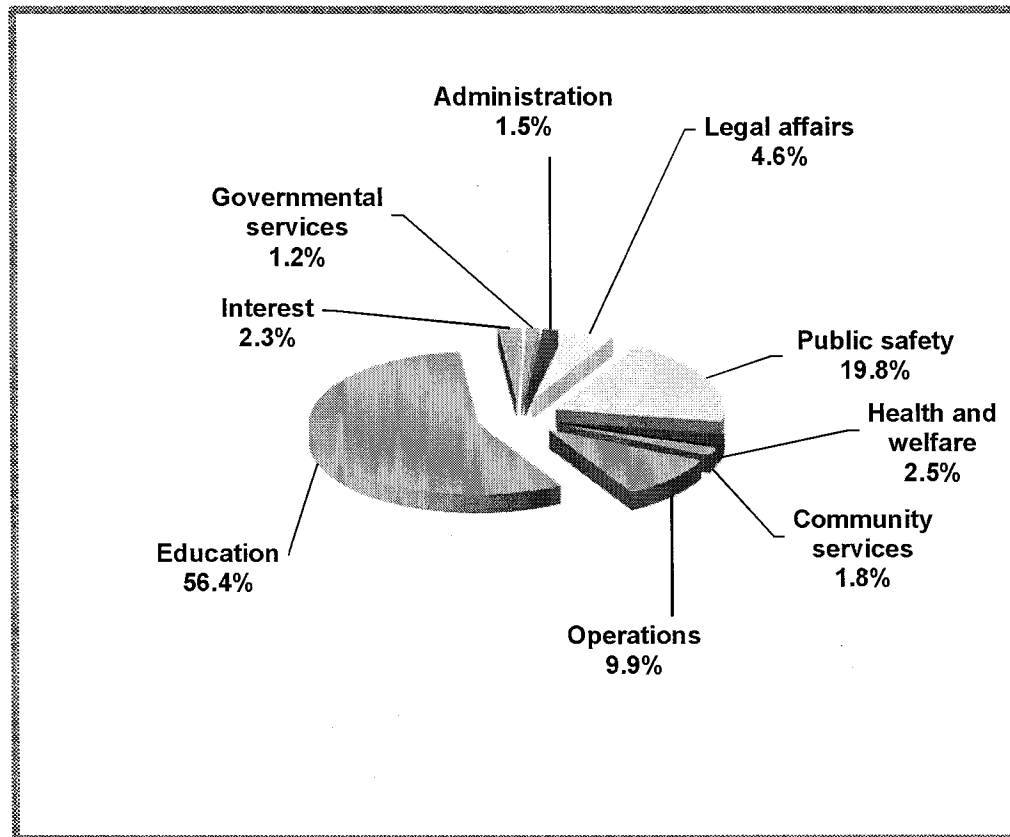
In fiscal 2018, governmental activities increased the City's net position by \$35.9 million. Governmental activities revenues were \$711.0 million, up \$31.6 million from the prior year while expenses were \$680.4 million, down \$8.7 million from the prior year. Revenue by source was within management's expectations. Approximately 73% of revenues in total governmental activities revenues were derived from property taxes, while about 19% of revenues were derived from operating and capital grants and contributions, and the remainder, about 8%, came from charges for services, investment earnings, and other sources.

Overall, the property tax revenues increased 3.7% from the prior year while operating and capital grants and contributions increased by 11.5% from the previous year. The City continues to focus on containing costs, although rising structural costs (e.g., pensions, OPEB, medical benefits) represent a continuing challenge.

**City of Stamford
Revenues - Governmental Activities
June 30, 2018**



City of Stamford
Expenses - Governmental Activities
June 30, 2018



Business-Type Activities

In fiscal 2018, changes in the net position of business-type activities resulted in an increase in the net position of business-type activities as of June 30, 2018 of \$4.8 million, primarily based on strong operating results.

Financial Analysis of the Governmental Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with generally accepted accounting principles and emphasize accountability, segregating specific activities in accordance with laws, regulations or special restrictions.

Governmental Funds

The focus of the City's governmental funds accounting and disclosures is to provide information on near-term inflows, outflows, and types and amounts of available resources. Such information is useful in assessing the City's cash needs, financing requirements, and available resources. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for future costs at the end of the fiscal year.

As of June 30, 2018, the City's Governmental Funds (General Fund, Capital Projects Fund, Mill River Capital Projects Fund, Non-Major Governmental funds) combined fund balance was \$142.9 million, a decrease of \$6.8 million from the prior year. Approximately \$112.0 million of the combined fund balance is reported as nonspendable, restricted, or committed since it has been obligated for the following purposes:

- \$102.3 million for ongoing City capital projects
- \$9.7 million for capital non-recurring, debt service for the City (including defeased Mill River debt), special revenue funds, and other

The General Fund is the chief operating fund of the City. As of June 30, 2018, the total fund balance was \$38.6 million, consisting of nonspendable fund balance of \$4.2 million, committed fund balance of \$5.4 million, \$28.2 million of assigned fund balance, with the remaining balance of \$0.6 million unassigned. The total fund balance represents 6.2% of total General Fund expenditures (including transfers out, as defined), as compared to 7.1% a year ago. In order to strengthen the City's financial flexibility, a portion of the prior year surplus balance has typically been committed to Rainy Day purposes as noted below.

The City Charter provides that a current year excess of revenues over expenditures (or "surplus" as defined), may be assigned for Rainy Day purposes. The Mayor (subject to approval by the requisite governing boards) may direct up to 75% of any budget surplus from the prior fiscal year be committed to Rainy Day purposes. The Rainy Day purposes balance may not exceed 5% of General Fund expenditures (as defined) for the prior fiscal year (\$31.1 million) and may only be used to support expenditures in subsequent fiscal years. During fiscal year 2018, \$2.0 million committed from the fiscal 2017 General Fund surplus was assigned for Rainy Day purposes, bringing that assigned balance to approximately \$24.6 million as of June 30, 2018. The City has recommended that \$.9 million from the fiscal 2018 surplus be committed for Rainy Day purposes for fiscal year 2018.

The budgetary basis amount available from current year operations for the City's General Fund was \$3.0 million as of June 30, 2018. The General Fund fund balance was impacted by the following:

- Current fiscal year excess of revenues and other sources over expenditures and other uses was \$3.3 million. This amount was reduced by \$.3 million, which was the net of \$.6 million of cancelled encumbrances and \$.9 of labor settlement agreement payouts related to prior fiscal years.
- Other planned uses of fund balance during the fiscal year totaled \$9.7 million and included the transfer of \$6.5 million for various capital projects, the transfer of \$.5 million to the Risk Management Fund, the assignment of \$2.0 million for Rainy Day Purposes, and other assignments of \$.6 million.

Once again, the City achieved very strong results in all areas of tax collections. The combined current levy collection rate (for all property types) was 99.1%, marking the sixteenth consecutive year that the City's collection rate exceeded 98%. This favorable result was enabled by a continued strong and diverse tax base and execution of effective practices involving delinquent tax payments.

As of June 30, 2018, the Capital Projects Fund had a total fund balance of \$61.5 million, down \$26.6 million from the prior year reflecting fiscal 2018 proceeds from bond issuance of \$30.0 million less current fiscal year capital spending, and including repurposing of funding as approved by the governing boards.

As of June 30, 2018, the Mill River Capital Projects Fund had a total fund balance of \$.2 million, down \$.1 million from the prior year, reflecting the net of contributions from TIF revenue, repayments of prior years' advances, and spending on capital improvements.

Non-Major Governmental Funds had a total fund balance of \$42.6 million, up \$23.9 million from the prior year due primarily to a \$21.0 million increase in the City's Debt Service Fund related to its accounting for crossover refunding debt using an irrevocable trust.

The City's operating flexibility is greatly enhanced by the maintenance of independent restricted, committed, and/or assigned funds that may be used to supplement certain General Fund expenditures. More information on Non-Major Governmental Funds is provided on pages 112-115.

Proprietary Funds

The City's Proprietary Funds provide the same type of information presented in the government-wide financial statements.

As of June 30, 2018, the net position of the SWPCA was \$83.3 million, up \$5.5 million from the prior year amount of \$77.9 million, as restated. Income before transfers \$5.8 million, declined by \$.8 million from the prior year, due primarily to the net of sewer usage charges (up \$.4 million), miscellaneous revenues (up \$.1 million), special assessments, connections charges, and other (down \$.6 million), operating expenses (up \$.9 million) and net interest expense and other (down \$.2 million).

Unrestricted net position of the SWPCA was \$26.9 million, up \$7.4 million as compared to the prior year-end balance of \$19.5 million. The SWPCA recorded operating revenues of \$24.7 million and non-operating revenue of \$3.4 million in fiscal 2018. For more information regarding the SWPCA's finances, please refer to their stand-alone fiscal 2018 audit report.

OTHRA had a net position of \$2.3 million, as of June 30, 2018 of which the unrestricted amount was a deficit of \$4.8 million and their operating loss was \$.5 million.

The net position for the non-major Enterprise Fund - E.G. Brennan Golf Course was \$1.3 million as of June 30, 2018, same as the prior year.

General Fund Budgetary Highlights

In fiscal 2018, the difference between the General Fund's original budgeted revenues and other financing sources of \$559.0 million and the final amended revenue budget of \$568.6 million was \$9.7 million. Revenue budget adjustments were the result of the use of fund balance assigned in prior years in anticipation of the labor contract settlements.

The difference between the General Fund's original budgeted Expenditures, Encumbrances and Other Financing Uses of \$559.0 million and the final amended expenditure budget of \$568.6 million was \$9.7 million. These budget adjustments primarily included Operations (\$1.3 million higher), Public Safety (\$.8 million higher), Legal Affairs (\$.4 million higher), assignment of Fund Balance committed at the 2017 fiscal year-end (\$9.6 million), offset by contingency and other (\$2.6 million lower).

The difference between the General Fund's final budgeted revenues and Other Financing Sources of \$568.6 million and the actual revenue of \$556.4 million was approximately \$1.4 million (unfavorable). Revenue variances from the final amended budget included lower than budgeted current year State funding (\$2.3 million), higher than budgeted property taxes (\$.8 million), and other, net (\$.1 million). In addition, \$.9 million net of Fund Balance was used to address the labor contract settlement payouts related to prior fiscal years.

The difference between the General Fund's final budgeted Expenditures, Encumbrances and Other Financing Uses of \$568.6 million and the final actual expenditures of \$563.9 million was \$4.7 million. The expenditure variances primarily included overall lower expenditures for Public Safety (\$1.0 million), Operations (\$.8 million), unused contingency (\$1.9 million), Governmental Services, Administration, Legal Affairs and other, net (\$.9 million).

Capital Assets and Long-Term Debt

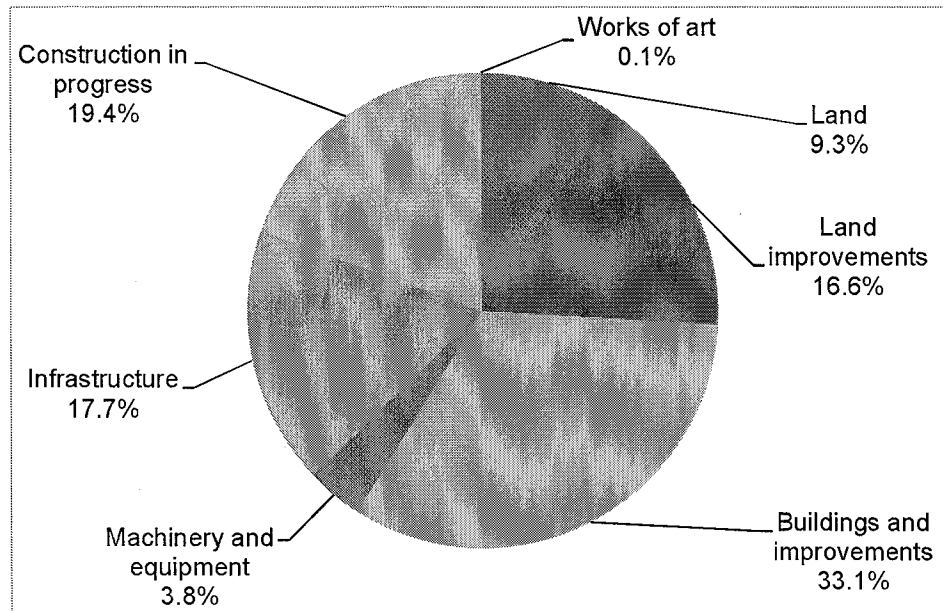
Capital Assets

As of June 30, 2018, the City's investment in capital assets for its governmental and business-type activities amounted to \$974.2 million (net of accumulated depreciation), an increase of \$45.6 million, or 4.9%, from the prior year. This investment in capital assets includes land, construction-in-progress, building and improvements, machinery equipment, park facilities, roads, sewers, and bridges (infrastructure).

City of Stamford Capital Assets, Net of Accumulated Depreciation (\$000s)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 85,929	\$ 85,929	\$ 4,864	\$ 4,864	\$ 90,793	\$ 90,793
Land improvements	160,869	154,505	831	4,963	161,700	159,468
Buildings and improvements	229,710	240,388	92,536	88,967	322,246	329,355
Machinery and equipment	28,988	31,754	8,394	9,226	37,382	40,980
Infrastructure	125,620	114,471	46,352	45,905	171,972	160,376
Construction in progress	188,804	146,325	492	475	189,296	146,800
Works of art	767	767			767	767
Total	<u>\$ 820,687</u>	<u>\$ 774,139</u>	<u>\$ 153,469</u>	<u>\$ 154,400</u>	<u>\$ 974,156</u>	<u>\$ 928,539</u>

City of Stamford
Capital Assets - Primary Government
June 30, 2018



Major capital projects during fiscal 2018 included the following:

City of Stamford Capital Projects (Millions)	
Project	Amount
City Property Improvements	\$ 53.2
City-wide Street and Sidewalk Restoration	10.4
BOE School Improvements	11.2
All Other Projects	6.7
	<u>\$ 81.5</u>

Additional information on capital assets is provided in Note 5 on pages 47-49 of this report.

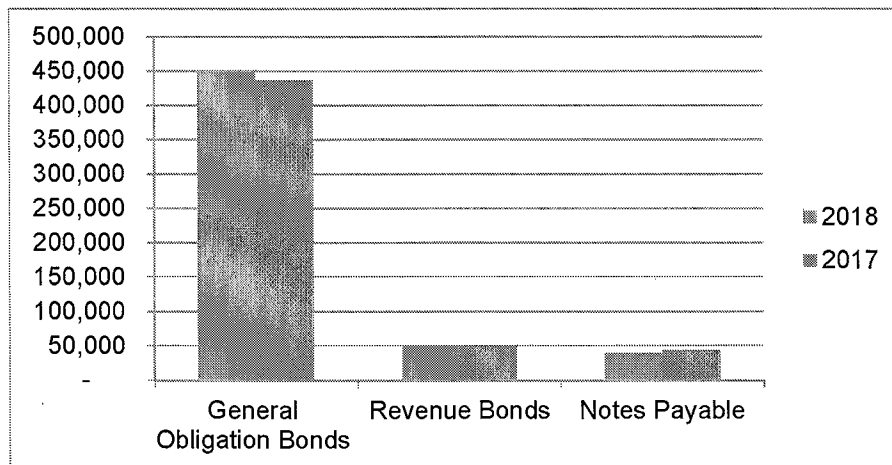
Long-Term Debt

As of June 30, 2018, the City had total long-term debt outstanding of \$537.6 million, up \$6.1 million, versus the prior year-end period. A detailed comparison of the City's long-term debt is provided below:

City of Stamford Long-Term Debt General Obligation and Revenue Bonds, Notes Payable

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 433,686	\$ 426,337	\$ 14,565	\$ 10,576	\$ 448,251	\$ 436,913
Revenue bonds			49,240	50,505	49,240	50,505
Notes payable			40,119	44,116	40,119	44,116
Total	<u>\$ 433,686</u>	<u>\$ 426,337</u>	<u>\$ 103,924</u>	<u>\$ 105,197</u>	<u>\$ 537,610</u>	<u>\$ 531,534</u>

Long-Term Debt (\$000s) 2018 vs. 2017 (at June 30)



The City's high credit quality is reflected by its AAA rating from Standard & Poor's (S&P) and its AAA rating by Fitch Ratings (Fitch). The City's bond ratings have been recently reaffirmed by both S&P (at AAA) and Fitch (at AAA), respectively.

The overall statutory debt limit for the City is equal to seven times the annual receipts from taxation or approximately \$3.5 billion. The City's outstanding debt of \$537.6 million as of June 30, 2018 was substantially below this statutory debt limit.

Additional information on long-term liabilities is provided in Note 7 on pages 50-57 of this report.

Economic Factors and Subsequent Events

Despite the adverse effects of the weak global economy and the continuing slow growth in the domestic economy, the City's economy, although impacted, held up comparatively well during fiscal 2017 primarily reflecting the strength and resilience of the City's diverse commercial and retail business mix and the community's high household income level.

The City's unemployment rate of 3.4% is more favorable than the 4.5% rate for the State of Connecticut and the 4.2% rate nationally. The office vacancy rate for central business district properties in Stamford is unchanged at approximately 28% as of the end of the second calendar quarter (June 30, 2018) as compared to the prior year calendar quarter (June 30, 2017); although the City's office vacancy rate has remained high, Stamford continues to attract significant new corporate, commercial and retail businesses because of its strategic location and cost advantages, further strengthening the City's economic and tax base.

The 2017 (latest available) median household income in the Stamford metropolitan area was \$87,316 which compared favorably to the estimated median household income in the State of Connecticut of \$71,755, and nationally of \$61,372.

These economic factors, including the expectation of continuing cost pressures and the likelihood of reduced state support, as well as the uncertainty regarding economic growth in the new political environment, were considered in preparing the City's fiscal 2019 budget.

Post fiscal year-end, the City completed a General Obligation (GO) bond offering for \$25.0 million, the proceeds of which will be used to fund capital projects.

Requests for Information

This financial report is designed to provide a general understanding of the City's most recent financial statements for all those with an interest in the City's finances and will be available on the City's website at www.stamfordct.gov. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Director of Administration at 888 Washington Boulevard, Stamford, CT 06901.