



January 5, 2017

**MEMORANDUM TO PROSPECTIVE BIDDERS**

**Re: CITY OF BRISTOL, CONNECTICUT  
\$4,000,000 Federally Taxable General Obligation Bond Anticipation Notes**

**Dated: January 20, 2017      Date of Sale: Tuesday, January 10, 2017  
Due: October 19, 2017      Time of Sale: 11:30 A.M. (Eastern Time)**

***\*\*Phone Number to Place Bid: (860) 584-6127\*\****

As per the Notice of Sale, proposals may be submitted by telephone on Tuesday, January 10, 2017. Please note that a representative of Phoenix Advisors, LLC will be available until 11:30 A.M. (Eastern Time) on the day of the sale to assist with telephone bids. We ask that you submit your final bid by telephone at **(860) 584-6127 no later than 11:30 A.M. on Tuesday, January 10, 2017.**

*An Official Statement has not been prepared by or on behalf of the Issuer for this sale. The issue of notes is exempt from the provisions of Rule 15c2-12, as amended, of the Securities and Exchange Commission.*

The General Purpose Financial Statements have been excerpted from the Comprehensive Annual Financial Report of The City of Bristol, Connecticut as of June 30, 2016. These excerpts are included in this package. Copies of the complete June 30, 2016 Comprehensive Annual Financial Report are available upon request from Phoenix Advisors LLC, Attention: Matthew Spoerndle, Senior Managing Director, 53 River Street, Suite 1, Milford, Connecticut, telephone (203) 878-4945.

We trust we may be of service.

**PHOENIX ADVISORS LLC**



**City of Bristol, Connecticut**  
**Federally Taxable Bond Anticipation Note Issue Summary**  
**\$4,000,000**

**Date of Sale:** Tuesday, January 10, 2017 at 11:30 A.M. (Eastern Time)

**Location of Sale:** City Hall, Comptroller's Office, 111 North Main Street, Bristol, Connecticut 06010.

**Issuer:** City of Bristol, Connecticut (the "City").

**Issue:** \$4,000,000 Taxable General Obligation Bond Anticipation Notes.

**Dated Date:** January 20, 2017.

**Interest Due:** At Maturity: October 19, 2017.

**Principal Due:** At Maturity: October 19, 2017.

**Purpose and Authority:** The Notes are being issued to refinance a portion of bond anticipation notes originally issued to provide temporary financing for the acquisition of the Bristol Centre Mall site and the demolition of the Bristol Centre Mall. The Notes are being issued pursuant to the City Charter and the Connecticut General Statutes, and resolutions adopted by the City's Board of Finance and Joint Board.

**Redemption:** The Notes are NOT subject to redemption prior to maturity.

**Security:** The Notes will be general obligations of the City of Bristol, Connecticut, and the City will pledge its full faith and credit to the payment of principal of and interest on the Notes when due.

**Credit Rating:** No application for a credit rating has been made to any rating agency for a rating on the Notes. The City's outstanding bond ratings are as follows: "Aa2" from Moody's Investors Service, Inc., "AA+" from Standard & Poor's Corporation and "AAA" from Fitch Ratings.

**Bond Insurance:** The City does NOT expect to direct purchase a credit enhancement facility.

**Basis of Award:** Lowest Net Interest Cost ("NIC"), as of the dated date.

**Tax Status:** See Appendix "Opinion of Bond Counsel and Tax Status."

**Registrar, Transfer Agent, Certifying Agent, and Paying Agent:** U.S. Bank National Association, Goodwin Square, 225 Asylum Street, 23<sup>rd</sup> Floor, Hartford, Connecticut 06103.

**Legal Opinion:** Day Pitney LLP of Hartford, Connecticut will act as Bond Counsel.

**Financial Advisor:** Phoenix Advisors, LLC of Milford, Connecticut will act as Financial Advisor.

**Delivery and Payment:** It is expected that delivery of the Notes in book-entry-only form will be made on or about January 20, 2017, against payment in Federal Funds.

**Issuer Official:** Questions should be addressed to: Mr. Glenn S. Klocko, Comptroller, City Hall, 111 North Main Street, Bristol, Connecticut 06010. Telephone (860) 584-6127.

**REVISED**  
**NOTICE OF TELEPHONE SALE**  
**\$4,000,000**  
**City of Bristol, Connecticut**  
**Federally Taxable Bond Anticipation Notes**  
**(BOOK-ENTRY)**

TELEPHONE PROPOSALS will be received by the City of Bristol, Connecticut until **11:30 A.M. Eastern Time on TUESDAY,**

**JANUARY 10, 2017**

for the purchase of \$4,000,000 Federally Taxable Bond Anticipation Notes of the City of Bristol, dated January 20, 2017, maturing on October 19, 2017 (the "Notes").

The Notes will be payable with interest at maturity. Interest shall be computed on the basis of a 30-day month and a 360-day year. The Notes are not subject to redemption prior to maturity.

The Notes will be general obligations of the City payable from ad valorem taxes levied on all taxable property in the City without limitation as to rate or amount except classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

**DTC Book-Entry.** The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company ("DTC"), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$100,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the City or its agent to DTC or its nominee as registered owner of the Notes. Principal and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The City will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Notes and the City fails to identify another qualified securities depository to replace DTC, or (b) the City determines to discontinue the book-entry system of evidence and transfer of ownership of the Notes, the City will authenticate and deliver replacement Notes in the form of fully registered certificates. Any such replacement Notes, will provide that principal of and interest on the Notes will be payable to the registered owner upon presentation and surrender of the Notes at the principal office of the Paying Agent, or of its successors as paying agent for the Notes.

**Option For No Book Entry.** A bidder for the Notes may request that the Notes be issued in the form of a single fully registered physical certificate in the par amount of the Notes, rather than in book-entry form through the facilities of DTC, provided the bid is for all the Notes at the same interest rate. A bidder for the Notes requesting that the Notes be issued in non-book-entry form may request that it be designated by the City as the Certifying Agent, Registrar and Paying Agent for the Notes if it is a bank or trust company authorized to act in such capacity pursuant to the Connecticut General Statutes. Any bidder seeking to have the Notes issued in non-book-entry form, or to be designated as Certifying Agent, Registrar and Paying Agent for such Notes, shall indicate this preference to the City at the time of the submission of the bid. The City reserves the right to decline any request to issue the Notes

in non-book entry form, or to designate the successful bidder as Certifying Agent, Registrar and Paying Agent for the Notes, if it should determine, in its sole discretion, that issuing the Notes in such manner or with such designation is not in its best interests. If the Notes are issued in non-book-entry form, the successful bidder, and any subsequent registered owner of the Notes, shall not impose on or charge the City any costs or expenses of any re-registration or transfer of Notes from time to time, including any costs of counsel or of converting the Notes to book-entry only form, or for any costs or expenses of services as Certifying Agent, Registrar and Paying Agent for the Notes if the successful bidder is so designated.

**Proposals.** Proposals may be made for all or any part of the Notes. No proposal for less than the minimum denomination or for less than par and accrued interest will be entertained. Each proposal must state one rate of interest in a multiple of one-hundredth (1/100) of one-percent (1%) per annum for each part of the Notes bid for in the proposal.

**Telephone Proposals Bidding Procedure.** Telephone bids for the purchase of the Notes will be received on behalf of the City by telephone call to a representative of Phoenix Advisors, LLC, at the Comptroller's Office, Bristol City Hall, 111 North Main Street, Bristol, Connecticut at (860) 584-6127.

**Basis of Award.** As between proposals which comply with this Notice, the Notes will be sold to the responsible bidder or bidders offering to purchase the Notes at the lowest net interest rate, which will be determined for each interest rate stated in the proposal based on the total interest to be payable at such rate and deducting therefrom any premium. If there is more than one responsible bidder making said offer at the same lowest net interest rate, the Notes will be sold to the responsible bidder with a proposal for the highest principal amount of Notes specified or, if the same principal amount of Notes is specified in such proposals, to the responsible bidder whose proposal is selected by the City by lot from among all such proposals. If a bidder is awarded only a part of the Notes, any premium offered in such proposal will be proportionately reduced so that the resulting net interest rate with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid at such rate, carried to four places.

The City reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

The City further reserves the right to postpone the sale to another time and date in its sole discretion for any reason. The City will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. If the sale is postponed, an alternative bid date will be published on Bloomberg at least 48 hours prior to such alternative bid date. Upon the establishment of an alternative bid date, any bidder may submit proposals for the purchase of the Notes in accordance with the provisions of this Notice of Sale.

**Certifying and Paying Agent.** Unless the successful bidder on the Notes is designated as the Certifying Agent, Registrar and Paying Agent for the Notes as provided in "Option For No Book Entry" above, the Notes will be authenticated by U.S. Bank National Association, Hartford, Connecticut, which will also act as Registrar and Paying Agent.

**Delivery.** At or prior to the delivery of the Notes the successful bidder shall be furnished, without cost, with (a) the approving opinion of Day Pitney LLP of Hartford, Connecticut, Bond Counsel; (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Notes and receipt of payment therefor, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Notes or the power of the City to levy and collect taxes to pay them; and (c) a receipt of payment for the Notes. U.S. Bank National Association will keep the original opinion and certificates and copies of the supporting documents, which may be examined at its principal office in Hartford, Connecticut, upon reasonable notice.

**Bond Counsel Opinion.** The opinion of Bond Counsel will cover the following matters: (1) that the Notes will be valid general obligations of the City when duly certified; (2) that interest on the Notes is not excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended; and (3) that, under existing statutes, interest on the Notes is excluded from Connecticut taxable

income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Notes is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

**No Continuing Disclosure or Official Statement.** Since the Notes mature not more than nine months from the date of issue and are in denominations of \$100,000 or more, the undertaking to provide an official statement or continuing disclosure under SEC Rule 15c2-12 does not apply to the Notes. Therefore, the City will not provide an official statement nor enter into a Continuing Disclosure Agreement with respect to the Notes.

**CUSIP Numbers.** The deposit of the Notes with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the purchaser to apply for CUSIP numbers for the Notes prior to delivery. Neither the failure to print such CUSIP number on any note, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes shall be paid for by the City; provided, however, that the City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

**Delivery Date and Payment.** The Notes will be delivered against payment in immediately available Federal funds through the facilities of The Depository Trust Company, New York, New York on January 20, 2017.

**More Information.** For more information regarding this issue and the City reference is made to the City's financial statements. Copies of the City's financial statements may be obtained from Mr. Matthew A. Spoerndle, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460 (telephone: (203) 878-4945) or from Mr. Glenn S. Klocko, Comptroller, City of Bristol, City Hall, 111 North Main Street, Bristol, Connecticut 06010 (telephone: (860) 584-6127).

KENNETH B. COCKAYNE,  
*Mayor*

CHERYL L. THIBEAULT,  
*Agent of the Board of Finance*

GLENN S. KLOCKO,  
*Comptroller*

January 5, 2017

**CITY OF BRISTOL, CONNECTICUT**  
**\$4,000,000 FEDERALLY TAXABLE BOND ANTICIPATION NOTES**  
**DATED JANUARY 20, 2017; MATURING OCTOBER 19, 2017**  
**APPENDIX - OPINION OF BOND COUNSEL AND TAX STATUS**

*The following information has been prepared by Bond Counsel in connection with this note issue. Bond Counsel are not passing upon and do not assume responsibility for the accuracy or completeness of the statements made in any information distributed in connection with the note issue (other than matters in this Appendix), and they make no representation that they have independently verified the same.*

**BOND COUNSEL OPINION**

The legal opinion of the firm of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, will be furnished to the successful bidder when the Notes are delivered, and a copy of the legal opinion will be included in the record of proceedings of the City authorizing the Notes. The opinion will be dated and given on and will speak only as of the date of original delivery of the Notes to the successful bidder.

The opinion of Day Pitney LLP with respect to the Notes will be substantially in the following form:

[FORM OF BOND COUNSEL OPINION]

(date of closing)

City of Bristol  
Bristol, Connecticut

We have represented the City of Bristol, Connecticut as Bond Counsel in connection with the issuance by the City of \$4,000,000 Federally Taxable Bond Anticipation Notes, dated as of January 20, 2017.

We have examined a record of proceedings authorizing the Notes, and based on our examination, we are of the opinion that the City of Bristol is authorized to issue the Notes; the City is duly and legally organized; all proper proceedings for the issuance and delivery of the Notes have been taken; no limitation of indebtedness under the laws of the State of Connecticut has been exceeded in the issuance of the Notes; the Notes will be valid and binding general obligations of the City when certified as provided thereon by a duly authorized official of U.S. Bank National Association; and the City has the power to levy ad valorem taxes to pay the Notes against all the taxable property in the City without limit as to rate or amount except certified forest land taxable at a limited rate and dwelling houses of qualified elderly people of low income or of qualified disabled persons taxable at limited amounts.

It is to be understood that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion.

It is our opinion that, under existing statutes and regulations, interest on the Notes is not excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended. Based on the record of proceedings authorizing the Notes, it is our opinion that, under existing statutes: (1) interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and (2) interest on the Notes is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

Very truly yours,

Day Pitney LLP

## **TAX STATUS OF THE NOTES.**

### **Federal Income Taxes**

In the opinion of Bond Counsel, under existing law, interest on the Notes is not excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended.

### **United States Tax Consequences**

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

### ***United States Holders***

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

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

*Notes Purchased at Original Issue Premium.* The initial public offering price of certain maturities of the Notes may be greater than the principal amount payable on such Notes at maturity. The excess of the initial public offering price at which a substantial amount of these the Notes are sold over the principal amount payable at maturity constitutes original issue premium. The prices set forth on the inside cover page of the Official Statement for the Notes are expected to be the initial offering prices at which a substantial amount of the Notes were ultimately sold to the public. A holder of a Note may elect to treat such excess as “amortizable bond premium,” in which case the amount of interest required to be included in the taxpayer's income each year with respect to interest on the Note will be reduced by the amount of amortizable bond premium allocable (based on the Note's yield to maturity) to that year. If such an election is made, the amount of each reduction in interest income will result in a corresponding reduction in the taxpayer's tax basis in the Note. Any election to amortize bond premium is applicable to all taxable debt instruments held by the taxpayer at the beginning of the first taxable year to which the election applies or thereafter acquired by the taxpayer and may not be revoked without the consent of the Internal Revenue Service (“IRS”).

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

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

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

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

*Medicare Tax Affecting U.S. Owners.* For taxable years beginning after December 31, 2012, a U.S. owner that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a Medicare tax on the lesser of (1) of the U.S. owner's “net investment



income” for the taxable year and (2) the excess of the U.S. owner’s modified adjusted gross income for the taxable year over a certain threshold. A U.S. owner’s net investment income will generally include its interest income and its net gains from the disposition of the Notes, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). A U.S. owner that is an individual, estate, or trust should consult its own tax advisor regarding the applicability of the Medicare tax.

### ***Information Reporting***

In general, information reporting requirements will apply with respect to payments to a United States Holder of principal and interest (and with respect to annual accruals of original issue discount) on the Notes, and with respect to payments to a United States Holder of any proceeds from a disposition of the Notes. This information reporting obligation, however, does not apply with respect to certain United States Holders, including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts. In the event that a United States Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law, or is notified by the RS that it has failed properly to report payments of interest and dividends, a backup withholding tax (currently at a rate of 28%) generally will be imposed on the amount of any interest and principal and the amount of any sales proceeds received by the United States Holder on or with respect to the Notes.

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

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

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

### ***State Taxes***

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

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

Owners of the Notes should consult their tax advisors with respect to other applicable state and local tax

consequences of ownership of the Notes and the disposition thereof, including the extent to which gains and losses from the sale or exchange of Notes held as capital assets reduce and increase, respectively, amounts taken into account in computing the Connecticut income tax on individuals, trusts, and estates, and the net Connecticut minimum tax on such taxpayers who are also required to pay the federal alternative minimum tax.

**GENERAL.**

The opinion of Bond Counsel is rendered as of its date and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention, or any changes in law or the interpretation thereof that may occur after the date of its opinion. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. No assurance can be given that pending federal legislation, if any, or federal legislation enacted or proposed after the date of issuance of the Notes will not have an effect on the federal tax status or the market price of the Notes or will not change the effect of other federal tax law consequences, including those discussed above, of owning and disposing of the Notes, and Bond Counsel expresses no opinion thereon. No assurance can be given that future legislation or amendments to the income tax law of the State of Connecticut, if enacted into law, will not contain provisions that could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Notes or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and Bond Counsel expresses no opinion thereon. Prospective owners of the Notes are advised to consult their tax advisors regarding the potential tax consequences of proposed federal or State of Connecticut tax legislation, if any, affecting municipal bonds.

The discussion above does not purport to address all aspects of federal, state, or local taxation that may be relevant to a particular owner of the Notes. Prospective owners of the Notes, particularly those who may be subject to special rules, are advised to consult their tax advisors regarding the federal, state, and local tax consequences of owning and disposing of the Notes, including any tax consequences arising under the laws of any other state or other taxing jurisdiction.

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# **CITY OF BRISTOL, CONNECTICUT**

## **FINANCIAL INFORMATION**

Excerpted from the  
Annual Financial Report of  
The City of Bristol, Connecticut  
Year Ended June 30, 2016



## Independent Auditor's Report

RSM US LLP

To the Members of the City Council and the Board of Finance  
City of Bristol, 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 Bristol, Connecticut (the City) as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Bristol'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.

### Auditor's 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 auditor's 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 auditor considers internal control relevant to the City'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, each major fund, and the aggregate remaining fund information of the City of Bristol, Connecticut as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the pension and other post-employment 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 as of and for the year ended June 30, 2016 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bristol, Connecticut's basic financial statements. The introductory section, combining and individual fund financial statements and other 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 fund financial statements and other 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 fund financial statements and other schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Bristol, Connecticut, as of and for the year ended June 30, 2015 (not presented herein), and have issued our report thereon dated December 31, 2015, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information. The accompanying General Fund, Water, Enterprise Fund, Internal Sewer Fund and Pension Trust Funds schedules ("Schedules") as of June 30, 2015 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2015 financial statements. The accompanying Schedules have been subjected to the auditing procedures applied in the audit of the 2015 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2015.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2016 on our consideration of the City of Bristol, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bristol, Connecticut's internal control over financial reporting and compliance.

*RSM US LLP*

New Haven, Connecticut  
December 23, 2016

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**CITY OF BRISTOL, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED  
FOR THE YEAR ENDED JUNE 30, 2016**

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This discussion and analysis of the City of Bristol, Connecticut's (City) financial performance is provided by management to provide an overview of the City's financial activities for the fiscal year ended June 30, 2016. Please read this MD&A in conjunction with the transmittal letter beginning on page i and the City's financial statements, Exhibits I to IX.

**FINANCIAL HIGHLIGHTS**

- The City's total net position decreased by \$7.5 million. Net position of our business-type activities decreased by \$155 thousand, or .6%, and net position of our governmental activities decreased by \$7.4 million, or 1.4%. Decreases were primarily due to the aggregate depreciation of assets during the fiscal year and expenses exceeding actual revenues during the year.
- During the year, the City had expenses that were \$7.5 million more than the \$247.9 million generated in tax and other revenues for governmental programs and business activities. Expenses exceeding revenues were clearly a result of increased Education, General Government, Public Safety and Public Works expenses while actual revenues grew at lesser amounts than expenses.
- In the City's business-type activities, revenues decreased \$616 thousand or 7.7% while expenses increased by 4.4%. There was an increase in water expenses over prior year results.
- Total cost of all of the City's programs was \$255.5 million with no new programs added this year. This represents a \$24.1 million increase compared to fiscal year 2015. The increase represents, in part, increased budgetary appropriations for city-wide operations including education operations.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$28.7 million, or 14.2% of general fund expenditures and transfers out.
- The tax collection rate was 98.68% of the current levy and an increase to last year's rate of 98.47%.
- The City of Bristol's total bonded indebtedness including its Enterprise fund bonds decreased by \$4.2 million to \$63.4 million or 6.2% before payments during the current fiscal year. The decrease is the annual debt service payment. The City also "rolled over" (reissued) \$4.5 million in taxable general obligation bond anticipation notes originally issued in 2008.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements are presented in Exhibit III to IX. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

**Government-Wide Financial Statements**

The analysis of the City as a whole begins on Exhibit I and II. The statement of net position and the statement of activities report information about the City as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net position and changes in them. The City's net position, the difference between assets



and liabilities, are one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's capital assets, to assess the overall health of the City.

In the statement of net position and the statement of activities, we divide the City into three types of activities:

- *Governmental activities* – Most of the City's basic services are reported here, including education, public safety, public works, health and welfare, libraries, parks and recreation, and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.
- *Business - type activities* – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's Water Department operations are reported here.
- *Component units* – The City includes one separate legal entity in its report; the Bristol-Burlington Health District. Although legally separate, this "component unit" is important because the City is financially accountable for it.

### **Fund Financial Statements**

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by Charter. However, the City Council establishes many other funds to help control and manage financial activities for particular purposes (like the Capital Projects Fund and Debt Service Fund) or to show that it is meeting legal responsibilities for using grants, and other money (like grants received from the State Department of Education and the Federal Department of Housing and Public Administration. The City's funds are divided into three categories; governmental, proprietary and fiduciary.

- *Governmental funds (Exhibit III and IV)* – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you 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 at the bottom of the fund financial statements.
- *Proprietary funds (Exhibit V through VII)* – When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact the City's enterprise fund (a component of proprietary funds) is the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the City's other programs and activities – such as the City's Health Benefit and Workers' Compensation Internal Service Fund.
- *Fiduciary funds (Exhibit VIII and IX)* – The City is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other post employee benefit assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position decreased from a year ago from \$565 million to \$557 million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

**TABLE 1**  
**SUMMARY SCHEDULE OF NET POSITION**

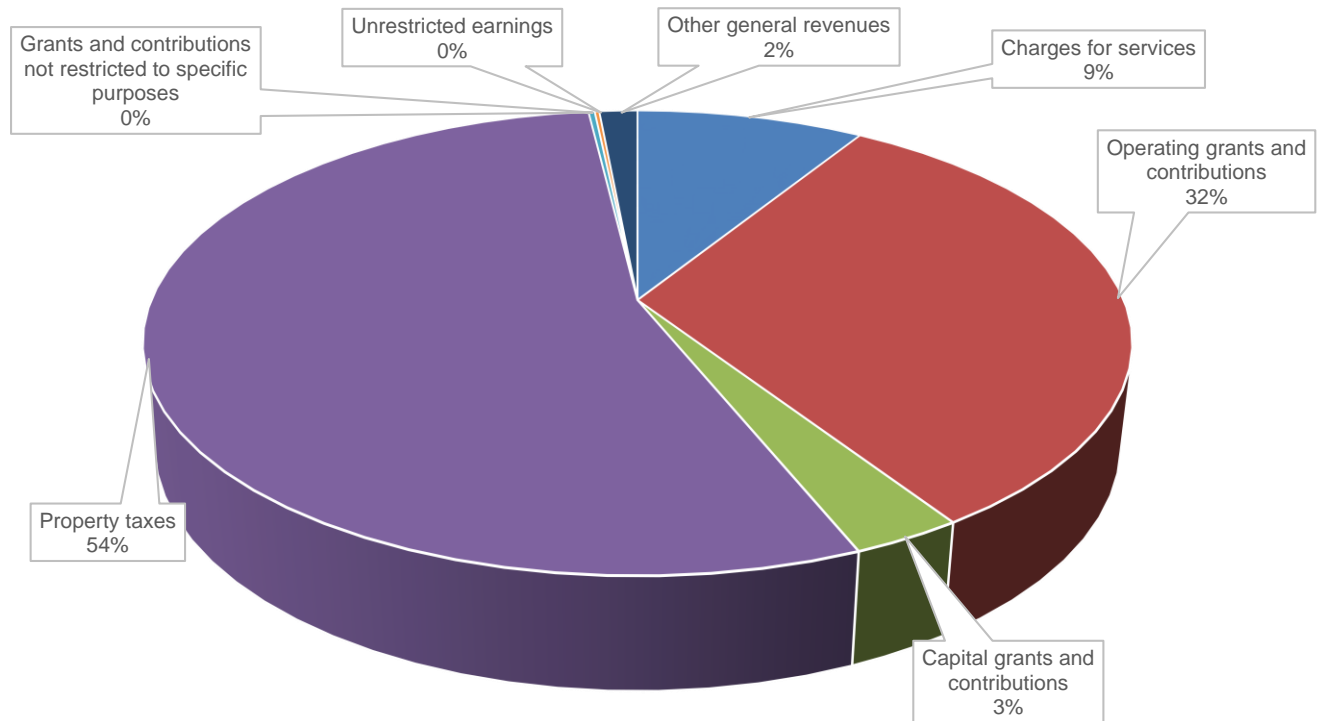
	Governmental Activities		Business-Type Activities		Total Government	
	2016	2015	2016	2015	2016	2015
Current Assets	\$ 284,411,692	\$ 312,322,601	\$ 7,841,354	\$ 7,974,680	\$ 292,253,046	\$ 320,297,281
Capital Assets, Net of						
Accumulated Depreciation	334,974,822	332,402,539	23,501,963	23,676,558	358,476,785	356,079,097
<b>Total assets</b>	<b>619,386,514</b>	<b>644,725,140</b>	<b>31,343,317</b>	<b>31,651,238</b>	<b>650,729,831</b>	<b>676,376,378</b>
Deferred Outflows of Resources						
Pension related items	74,312,519	41,054,496	-	-	74,312,519	41,054,496
Deferred amounts on refundings	1,275,857	1,234,964	102,526	113,941	1,378,383	1,348,905
	<b>75,588,376</b>	<b>42,289,460</b>	<b>102,526</b>	<b>113,941</b>	<b>75,690,902</b>	<b>42,403,401</b>
Long-term Liabilities Outstanding	125,709,234	117,663,521	3,720,228	3,949,165	129,429,462	121,612,686
Other Liabilities	32,342,543	26,712,838	696,594	632,490	33,039,137	27,345,328
<b>Total liabilities</b>	<b>158,051,777</b>	<b>144,376,359</b>	<b>4,416,822</b>	<b>4,581,655</b>	<b>162,468,599</b>	<b>148,958,014</b>
Deferred Inflows of Resources:						
Pension related items	6,823,068	5,072,994	-	-	6,823,068	5,072,994
Advance property tax collection	-	86,889	-	-	-	86,889
	<b>6,823,068</b>	<b>5,159,883</b>	<b>-</b>	<b>-</b>	<b>6,823,068</b>	<b>5,159,883</b>
Net Position						
Net investment in capital assets	268,588,824	266,686,677	20,196,326	20,654,635	288,785,150	287,341,312
Restricted	1,101,211	1,095,811	-	-	1,101,211	1,095,811
Unrestricted	260,410,010	269,695,870	6,832,695	6,528,889	267,242,705	276,224,759
<b>Total net position</b>	<b>\$ 530,100,045</b>	<b>\$ 537,478,358</b>	<b>\$ 27,029,021</b>	<b>\$ 27,183,524</b>	<b>\$ 557,129,066</b>	<b>\$ 564,661,882</b>

Net position of the City's governmental activities decreased by 1.4% or \$7.4 million compared to a prior increase of \$6.6 million. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements is \$260.4 million at the end of this year. The net position of business-type activities decreased by \$155 thousand in 2016 compared to 2015.

TABLE 2

	SUMMARY STATEMENT OF ACTIVITIES					
	Governmental Activities		Business-Type Activities		Total Government	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues:						
Charge for services	\$ 14,572,186	\$ 12,986,305	\$ 7,431,065	\$ 7,344,944	\$ 22,003,251	\$ 20,331,249
Operating grants and contributions	79,078,101	76,414,293	-	-	79,078,101	76,414,293
Capital grants and contributions	7,648,148	2,735,539	-	702,323	7,648,148	3,437,862
General Revenues:						
Property taxes	134,464,509	134,240,052	-	-	134,464,509	134,240,052
Grants and contributions not restricted to specific programs	600,091	592,457	-	-	600,091	592,457
Unrestricted investment earnings	444,898	369,645	-	-	444,898	369,645
Other general revenues	3,686,764	3,260,140	-	-	3,686,764	3,260,140
<b>Total revenues</b>	<b>240,494,697</b>	<b>230,598,431</b>	<b>7,431,065</b>	<b>8,047,267</b>	<b>247,925,762</b>	<b>238,645,698</b>
Program Expenses:						
General government	20,970,806	15,826,836	-	-	20,970,806	15,826,836
Public safety	33,028,169	25,983,268	-	-	33,028,169	25,983,268
Public works	33,358,035	28,439,401	-	-	33,358,035	28,439,401
Health and welfare	8,749,471	8,536,374	-	-	8,749,471	8,536,374
Libraries	3,232,404	3,443,583	-	-	3,232,404	3,443,583
Parks and recreation	3,744,334	3,420,506	-	-	3,744,334	3,420,506
Education	142,696,114	136,084,395	-	-	142,696,114	136,084,395
Interest on long-term debt	2,093,677	2,306,348	-	-	2,093,677	2,306,348
Water	-	-	7,585,568	7,267,743	7,585,568	7,267,743
<b>Total program expenses</b>	<b>247,873,010</b>	<b>224,040,711</b>	<b>7,585,568</b>	<b>7,267,743</b>	<b>255,458,578</b>	<b>231,308,454</b>
<b>(Decrease) increase in net position</b>	<b>(7,378,313)</b>	<b>6,557,720</b>	<b>(154,503)</b>	<b>779,524</b>	<b>(7,532,816)</b>	<b>7,337,244</b>
Net Position - beginning	537,478,358	530,920,638	27,183,524	26,404,000	564,661,882	557,324,638
Net Position - ending	\$ 530,100,045	\$ 537,478,358	\$ 27,029,021	\$ 27,183,524	\$ 557,129,066	\$ 564,661,882

The City's total revenues were \$247.9 million. The total cost of all programs and services was \$255.5 million. Our pie chart analysis below considers the operations of governmental and business-type activities.



### **Governmental Activities**

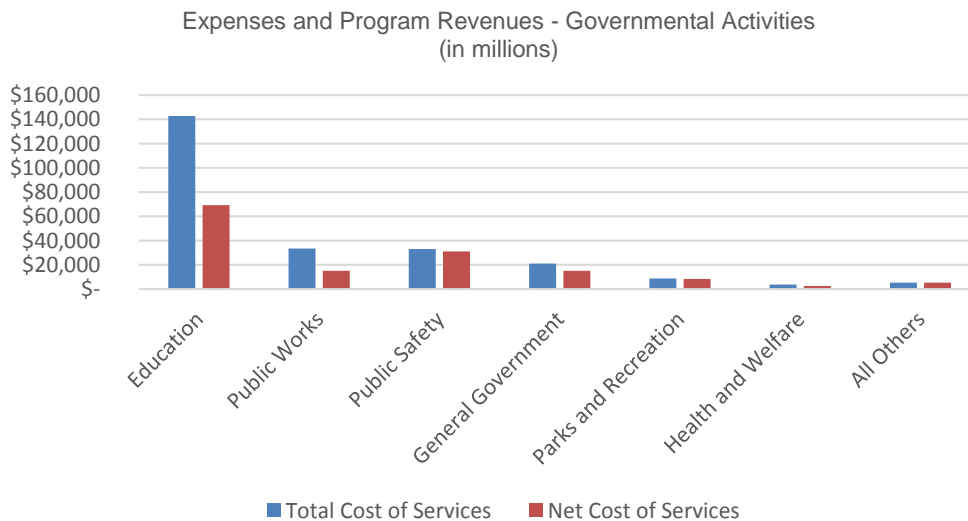
Governmental Activities decreased the City of Bristol's net position by \$7.4 million. The prior year increase in net position was \$6.6 million. Key elements of this increase with offsetting decreases are as follows:

- Property tax collections increased by \$224 thousand during the year. Most of this increase is the product of increased tax revenue estimates to balance increased budgeted appropriations.
- Operating and capital grants and contributions for governmental activities increased by \$7.6 million.
- Charges for services increased \$1.6 million. This is a result of a combination of increased real estate transfer taxes, and public safety, public works, and building permit fees.
- Investment earnings decreased \$75 thousand. Interest rates still remain quite low and the City has been expending funds on Capital Projects that are scheduled to be bonded.
- Governmental activities expenses increased \$23.8 million as a result of increased appropriation expenses for the education department programs and scheduled increases for fleet replacements in the Public Works department, and unionized contractual salary increases.
- For the most part, any increases in departmental expenses closely paralleled inflationary costs for utilities, operational contractual obligations and increased costs for health benefits.
- The State of Connecticut Teacher Retirement System is funded by the State. The funding levels have remained relatively flat. This year the on-behalf state teacher's contribution was \$13.7 million, a decrease of \$100 thousand from the previous year.

Table 3 presents the cost of each of the City’s six largest programs – education, public works, public safety, general government, parks and recreation, and health and welfare – as well as each program’s net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City’s taxpayers by each of these functions.

**TABLE 3  
GOVERNMENTAL ACTIVITIES**

	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
Education	\$ 142,696,114	\$ 136,084,395	\$ (69,209,005)	\$ (64,821,325)
Public Works	33,358,035	28,439,401	(15,039,443)	(16,770,789)
Public Safety	33,028,169	25,983,268	(31,088,244)	(24,374,722)
General Government	20,970,806	15,826,836	(15,021,093)	(9,786,036)
Health and Welfare	8,749,471	8,536,374	(8,392,699)	(8,251,580)
Parks and Recreation	3,744,334	3,420,506	(2,554,253)	(2,223,141)
All other	5,326,081	5,749,931	(5,269,838)	(5,676,981)
<b>Total</b>	<b>\$ 247,873,010</b>	<b>\$ 224,040,711</b>	<b>\$ (146,574,575)</b>	<b>\$ (131,904,574)</b>



### **Business-Type Activities**

Revenues of the City’s business-type activities (see Table 2) were \$7.4 million in 2016 compared to \$8.05 million in 2015 and expenses increased by 4.4%. The factors influencing these results included:

- Revenues: Increases were experienced on the investment of idle funds and a slight increase in water sales.
- Expenses: Increases were experienced in the supplies and capital outlay accounts.

### **CITY FUNDS FINANCIAL ANALYSIS**

#### **Governmental Funds**

As the City completed the year, its governmental funds (as presented in the balance sheet – Exhibit III) reported a combined fund balance of \$ 43.5 million.

Approximately 29.9% of this total amount (\$13 million) constitutes unassigned fund balance, which is in excess of nonspendable, restricted, committed and assigned fund balance. The remainder of fund balance is constrained to specific purposes to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of a prior period 2) to pay debt service 3) to generate income to pay for the perpetual care and maintenance of storm water control problem areas and City cemeteries, or 4) for a variety of other restricted specific purposes.

The General Fund is the chief operating fund of the City of Bristol. At the end of the current fiscal year, unassigned fund balance of the general fund was \$28.7 million, while total fund balance reached \$36.2 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 15.2% of total general fund expenditures, while total fund balance represents 19.1% of that same amount, and approximately the same percentage as the year before.

The Debt Service Fund has a total fund balance of \$643 thousand, all of which is restricted for the payment of debt service. Funding for debt service is represented by a transfer out of the General Fund to the Debt Service Fund.

### ***Proprietary Funds***

The City of Bristol's proprietary funds provide the same type of information found in the governmental-wide financial statements, but in more detail.

Unrestricted net position of the Water Department and Health Benefits and Workers' Compensation funds at the end of the year amounted to \$19.7 million, of that amount; the Health Benefits and Workers' Compensation fund has accumulated \$12.9 million of net position, which is equal to the funds unrestricted net position. This fund is self-funded and has experienced previous year-to-year increases in medical claims. Current year expenses were \$36.7 million compared to 2015 expenses of \$38.9 million or \$2.2 million less than 2015.

Other factors concerning the finances of the Water Department have already been addressed in the discussion the City of Bristol's business-type activities.

### ***General Fund Budgetary Highlights***

Variances between original budget and the amended budget (RSI-1 and 2) can be briefly summarized as follows:

#### ***Estimated Revenues:***

- Current Property Tax Collections are estimated year to year at 98%. Actual current collections were 98.68%.
- State grants are budgeted with available known estimates from the State. Some state grants exceeded original expectations due to the reimbursement nature of the grants (excess student cost base), while others are formula driven, such as the PILOT- for manufacturing and equipment grant. A municipal grant in aid was received in the amount of \$2.5 million as a one-time grant dispersed by the State of Connecticut.
- Building permit collections were \$412 thousand over original budgeted estimates. This revenue source increase was due to increased new residential and commercial development activity.
- State and Federal grant estimates and resulting variances for our larger state provided grants, such as the Educational Cost Sharing and Public (child) transportation and PILOT: manufacturing and equipment and sales tax grants, are subject to political debate and approval at the state level and are not of local control.
- Excess Student Cost Base Grant, like many education grants are difficult to estimate and are usually based on data from a prior year which may not reflect current year data. The City received \$1.5 million. Last year's grant amount received was \$2.6 million.

*Appropriations:*

- Many departments will have adjustments to their original appropriations. There are two major reasons: first, the departments cannot over expend their line items, and second, all year end over expenditures are covered by either transfers within the department line items or transfers from other departments with excessive funds at year end.

Large transfer amounts usually signify unusual circumstances. For instance:

- The School Readiness grant is not budgeted until the grant amount is known, which is usually after budget adoption.
- Public Safety adjustments within the Police and Fire Department budgets were caused by costs of overtime for unplanned local emergencies and contractual replacement for sick or injured personnel in the Police divisions.
- A \$26.6 million transfer from the General fund to the Internal Service Fund refers to a year-to-year combined City and Education appropriation transfer for workers' compensation expenses and health benefit expenses.
- Public Works – Fleet Maintenance – This division had higher than usual heavy-duty vehicle repairs due to an aging fleet.
- Public Works – Major Road Improvements – This division received a one-time State grant that was specifically for road improvements in addition to the original budget amount for road maintenance and improvements.
- Public Works – Snow Removal expenses decreased due to lower than average snow and ice storm events.
- Other Post-Employment Benefits – the city increased its reserves for this benefit line item for future use.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

***Capital Assets***

At June 30, 2016, the City had \$358.5 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines – Table 4. This amount represents a net increase (including additions and deductions) of \$2.4 million, or .7%, over last year.

**TABLE 4  
CAPITAL ASSETS AT YEAR-END (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 18,446,473	\$ 18,690,738	\$ 2,752,140	\$ 2,752,140	\$ 21,198,613	\$ 21,442,878
Construction in progress	18,879,831	13,863,936	1,059,556	677,228	19,939,387	14,541,164
Buildings	162,883,774	164,624,071	16,970,605	17,701,093	179,854,379	182,325,164
Improvement other than buildings	5,259,066	8,013,589	-	-	5,259,066	8,013,589
Machinery and equipment	19,121,248	18,986,486	2,719,662	2,546,097	21,840,910	21,532,583
Infrastructure	110,384,430	108,223,719	-	-	110,384,430	108,223,719
	<b>\$ 334,974,822</b>	<b>\$ 332,402,539</b>	<b>\$ 23,501,963</b>	<b>\$ 23,676,558</b>	<b>\$ 358,476,785</b>	<b>\$ 356,079,097</b>

The following are the more significant aspects of the changes in capital assets:

*Land*

- Governmental Activities: Decrease due to the City selling Industrial Park lots.
- Business Type Activities: No Water Department Activity.

*Construction in progress*

- Governmental Activities: Minor increase due to the completion of school projects.

*Buildings*

- Governmental Activities: The City sold schools no longer in Board of Education use.

*Improvements other than buildings*

- Governmental Activities: Improvement costs for paving, lighting, fencing, and tennis courts were reduced when the City sold city-owned properties.

*Machinery and Equipment*

- Governmental Activities: Increase is the purchase of new vehicles and various equipment in the Police, Fire, Parks and Public Works Department.
- Business Type Activities: Decrease due to the retirement of various department equipment.

*Infrastructure*

- Increase is for road improvements.

<b>Fiscal Year 2016 Capital Budget</b>	
<b><u>Department</u></b>	
Board of Education	\$2,407,570
Fire Department	170,000
Police Department	10,000,000
Parks Department	775,000
Public Works	3,070,000
Public Works - WPC	1,535,000
Memorial Boulevard Task Force	400,000
<b>Total All Departments</b>	<b><u><u>\$18,357,570</u></u></b>
<b><u>Funding</u></b>	
Sale of Bonds	\$12,595,815
General Fund Cash	544,265
LOCIP	650,000
WPC CNR	1,535,000
State/Federal Grants	2,552,490
Other Funds	480,000
<b>Total All Funding</b>	<b><u><u>\$18,357,570</u></u></b>

The City's fiscal year 2015-2016 capital budget called for it to spend \$18.36 million for capital projects. Some of the main highlights of these projects include:

- Improve various roads- cul-de-sacs, right of ways, storm drains and related pavement outlay
- Education department funding for underground storage tank replacements at Hubbell Elementary and Northeast Middle School and the roof replacement at Hubbell
- Police Department radio communications system replacement
- Parks Department to replace the HVAC system at the Dennis Malone Aquatic Center and renovate Page Park tennis courts
- Former Memorial Boulevard School to begin restorations to reuse the structure as a multiuse facility and theatre

More detailed information about the City's capital assets is presented in Note 5 to the financial statements.



## Long-term Debt

At June 30, 2016 the City had \$63.4 million in total bonded indebtedness versus \$67.6 million last year – a decrease of 6.2% – as shown in Table 5. The decrease is due the annual payments for debt service.

TABLE 5  
OUTSTANDING DEBT, AT YEAR-END

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds (backed by the City)	\$ 60,208,703	\$ 64,164,390	\$ 3,233,993	\$ 3,467,236	\$ 63,442,696	\$ 67,631,626

The City also “rolled over” for a fourth time (reissued) \$4.5 million in taxable general obligation notes. The City paid down \$2.91 million of the original 2008 issue of \$7.41 million.

The City’s general obligation bond ratings are Aa2 and AA+ respectfully from Moody’s Investors Service and Standard and Poor’s Corporation. The Standard and Poor’s Corporation (S&P) rating represents an upgrade from AA to AA+ received in February, 2009. Prior to this upgrade, the City received upgrades from Moody’s and S&P in August 2000. A Fitch rating was first established for the City in June 2006. The Fitch rating is AA+.

The State limits the amount of general obligation debt that cities can issue based on formula determined under State Statutes based on type of debt and tax base. The City’s outstanding general obligation debt is significantly below this \$938.45 million state-imposed limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the City’s long- term liabilities is presented in Note 8 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The City’s elected and appointed officials considered many factors when setting the fiscal-year 2016 budget tax rates, and fees that will be charged for the business-type activities. One of those factors is the economy. Unemployment in the City remains constant at 6.98% versus 6.98% a year ago. This compares with the State’s unemployment rate of 6.2% (not seasonally adjusted) and the national rate of 4.9%. (Source: CT Department of Labor, 2015 Average).

Bristol’s wealth and income factors and unemployment trends are for the most part consistent within the Hartford region. Bristol’s median household effective buying income is 85% of the state’s average and 109.3% of the nation’s average.

These indicators were taken into account when adopting the General Fund budget for 2016-17. Amounts appropriated in the 2016-2017 General Fund budget are \$189 million, an increase of \$4 million over the previous year’s budget of approximately \$185 million. The property tax rate increased to 36.03.

The City will use these increases in tax revenues to finance programs currently offered and to off-set the effect that we expect inflation to have on program costs. Budgeted expenditures equal budgeted revenues in order to keep structural balance.

If these estimates are realized, the City’s budgetary General Fund balance is expected to slightly increase at June 30, 2017. Residential Building Permits, Conveyance Tax fees, interest income and delinquent tax collections continue to lag behind any signs of economic improvement. Those revenue estimates will be kept at lower levels to reflect current economic conditions.

For the first time, the City of Bristol did not use any of its \$28.7 million unassigned fund balance to balance its 2016-2017 operating budget. This represents a decrease of \$195 thousand from the previous year.

As for the City's business-type activities we expect marginal growth (0.25 -0.50%) to net position based on sales over the past three fiscal years. Expense increases will be primarily due to salaries and benefits other expenses are expected to have a slight marginal increase. Also, expenses will increase for continued watershed expansion purchases and other infrastructure and equipment improvements.

#### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives and expends. If you have questions about this report or need additional financial information, contact the Comptroller's Office, City of Bristol, 111 North Main Street, Bristol, Connecticut, 06010.

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## **Basic Financial Statements**



**Statement of Net Position**  
**June 30, 2016**

	Primary Government			Component Unit
	Governmental Type Activities	Business-Type Activities	Total	Bristol-Burlington Health District
<b>Assets</b>				
Cash and cash equivalents	\$ 85,577,710	\$ 1,637,259	\$ 87,214,969	\$ 2,373,894
Investments	8,508,146	4,502,617	13,010,763	-
Receivables, net	11,486,702	1,451,775	12,938,477	27,610
Due from fiduciary funds	249,500	-	249,500	-
Inventories	75,495	245,701	321,196	-
Other assets	8,817	4,002	12,819	-
Net pension asset	178,505,322	-	178,505,322	-
Capital assets:				
Assets not being depreciated	37,326,304	3,811,696	41,138,000	-
Assets being depreciated, net	297,648,518	19,690,267	317,338,785	46,147
<b>Total assets</b>	<b>619,386,514</b>	<b>31,343,317</b>	<b>650,729,831</b>	<b>2,447,651</b>
<b>Deferred Outflows of Resources</b>				
Pension related items	74,312,519	-	74,312,519	-
Deferred charge on refunding	1,275,857	102,526	1,378,383	-
<b>Total deferred outflows of resources</b>	<b>75,588,376</b>	<b>102,526</b>	<b>75,690,902</b>	<b>-</b>
<b>Liabilities</b>				
Accounts and other payables	17,292,301	551,151	17,843,452	51,096
Accrued liabilities	8,969,888	51,752	9,021,640	63,358
Accrued interest payable	858,846	-	858,846	-
Bond anticipation notes payable	4,500,000	-	4,500,000	-
Other current liabilities	214	93,691	93,905	-
Unearned revenue	721,294	-	721,294	-
Noncurrent liabilities:				
Due within one year	14,525,622	590,918	15,116,540	47,893
Due in more than one year	111,183,612	3,129,310	114,312,922	37,986
<b>Total liabilities</b>	<b>158,051,777</b>	<b>4,416,822</b>	<b>162,468,599</b>	<b>200,333</b>
<b>Deferred Inflows of Resources</b>				
Pension related items	6,823,068	-	6,823,068	-
<b>Total deferred inflows of resources</b>	<b>6,823,068</b>	<b>-</b>	<b>6,823,068</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	268,588,824	20,196,326	288,785,150	46,147
Restricted for:				
Trust purposes:				
Expendable	253,143	-	253,143	-
Nonexpendable	848,068	-	848,068	-
Pensions	178,505,322	-	178,505,322	-
Unrestricted	81,904,688	6,832,695	88,737,383	2,201,171
<b>Total net position</b>	<b>\$ 530,100,045</b>	<b>\$ 27,029,021</b>	<b>\$ 557,129,066</b>	<b>\$ 2,247,318</b>

See notes to financial statements.

Statement of Activities  
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Net (Expense) Revenue 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	Total	Bristol-Burlington Health District
Primary Government:								
Governmental activities:								
General government	\$ 20,970,806	\$ 1,310,578	\$ 4,639,135	\$ -	\$ (15,021,093)	\$ -	\$ (15,021,093)	\$ -
Public Safety	33,028,169	1,337,185	602,740	-	(31,088,244)	-	(31,088,244)	-
Public Works	33,358,035	9,888,737	781,707	7,648,148	(15,039,443)	-	(15,039,443)	-
Health and Welfare	8,749,471	-	356,772	-	(8,392,699)	-	(8,392,699)	-
Libraries	3,232,404	22,801	33,442	-	(3,176,161)	-	(3,176,161)	-
Parks and Recreation	3,744,334	704,410	485,671	-	(2,554,253)	-	(2,554,253)	-
Education	142,696,114	1,308,475	72,178,634	-	(69,209,005)	-	(69,209,005)	-
Interest and fiscal charges	2,093,677	-	-	-	(2,093,677)	-	(2,093,677)	-
<b>Total governmental activities</b>	<b>247,873,010</b>	<b>14,572,186</b>	<b>79,078,101</b>	<b>7,648,148</b>	<b>(146,574,575)</b>	<b>-</b>	<b>(146,574,575)</b>	<b>-</b>
Business-type activities:								
Water	7,585,568	7,431,065	-	-	-	(154,503)	(154,503)	-
<b>Total business-type activities</b>	<b>7,585,568</b>	<b>7,431,065</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(154,503)</b>	<b>(154,503)</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 255,458,578</b>	<b>\$ 22,003,251</b>	<b>\$ 79,078,101</b>	<b>\$ 7,648,148</b>	<b>(146,574,575)</b>	<b>(154,503)</b>	<b>(146,729,078)</b>	<b>-</b>
Component Unit:								
Bristol-Burlington Health District	\$ 3,419,992	\$ 55,410	\$ 3,679,813	\$ -	-	-	-	315,231
General Revenues:								
Property taxes					134,464,509	-	134,464,509	-
Grants and contributions not restricted to specific programs					600,091	-	600,091	-
Unrestricted investment earnings					444,898	-	444,898	3,047
Miscellaneous					3,686,764	-	3,686,764	-
<b>Total general revenues and transfers</b>					<b>139,196,262</b>	<b>-</b>	<b>139,196,262</b>	<b>3,047</b>
<b>Change in net position</b>					<b>(7,378,313)</b>	<b>(154,503)</b>	<b>(7,532,816)</b>	<b>318,278</b>
Net Position - beginning					537,478,358	27,183,524	564,661,882	1,929,040
Net Position - ending					<b>\$ 530,100,045</b>	<b>\$ 27,029,021</b>	<b>\$ 557,129,066</b>	<b>\$ 2,247,318</b>

See notes to financial statements.

**Balance Sheet - Governmental Funds  
June 30, 2016**

	General	Debt Service Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 40,452,198	\$ 643,438	\$ -	\$ 20,382,300	\$ 61,477,936
Investments	7,705,476	-	-	802,670	8,508,146
Receivables, net	5,764,577	-	3,804,310	1,914,779	11,483,666
Due from other funds	727,276	-	-	169,223	896,499
Prepays	8,817	-	-	-	8,817
Inventories	-	-	-	75,495	75,495
<b>Total assets</b>	<b>\$ 54,658,344</b>	<b>\$ 643,438</b>	<b>\$ 3,804,310</b>	<b>\$ 23,344,467</b>	<b>\$ 82,450,559</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)</b>					
Liabilities:					
Accounts and contracts payable	\$ 5,285,769	\$ -	\$ 10,159,152	\$ 1,837,994	\$ 17,282,915
Accrued liabilities	8,134,593	-	-	835,295	8,969,888
Due to other funds	46,525	-	-	1,758,962	1,805,487
Due to other governments	-	-	-	214	214
Bond anticipation notes payable	-	-	4,500,000	-	4,500,000
Unearned revenue	-	-	-	627,272	627,272
<b>Total liabilities</b>	<b>13,466,887</b>	<b>-</b>	<b>14,659,152</b>	<b>5,059,737</b>	<b>33,185,776</b>
Deferred inflows of resources:					
Unavailable revenue - property taxes	5,034,625	-	-	-	5,034,625
Unavailable revenue - sewer use	-	-	-	176,973	176,973
Unavailable revenue - sewer assessments	-	-	-	514,830	514,830
<b>Total deferred inflows of resources</b>	<b>5,034,625</b>	<b>-</b>	<b>-</b>	<b>691,803</b>	<b>5,726,428</b>
Fund balances (deficits):					
Nonspendable	8,817	-	-	923,563	932,380
Restricted	-	643,438	-	4,906,176	5,549,614
Committed	3,064,919	-	4,861,633	11,610,880	19,537,432
Assigned	4,345,929	-	-	152,698	4,498,627
Unassigned (deficits)	28,737,167	-	(15,716,475)	(390)	13,020,302
<b>Total fund balances (deficits)</b>	<b>36,156,832</b>	<b>643,438</b>	<b>(10,854,842)</b>	<b>17,592,927</b>	<b>43,538,355</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 54,658,344</b>	<b>\$ 643,438</b>	<b>\$ 3,804,310</b>	<b>\$ 23,344,467</b>	<b>\$ 82,450,559</b>

(Continued)



**Reconciliation of Governmental Funds Fund Balance to Net Position of Governmental Activities  
June 30, 2016**

Amounts reported for governmental activities in the statement of net position (Exhibit I) are different because of the following:

Fund balances - total governmental funds	\$ 43,538,355
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	\$ 662,013,254
Less accumulated depreciation	<u>(327,038,432)</u>
<b>Net capital assets</b>	334,974,822
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:	
Net pension asset	178,505,322
Property tax receivables greater than 60 days	3,759,161
Interest receivable on property taxes	1,275,464
Sewer assessments receivable	466,245
Sewer assessments interest receivable	48,585
Sewer usage receivable	176,973
Net deferred inflows/(outflows) due to pension related items	67,489,451
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.	12,856,895
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and notes payable	(60,208,703)
Unamortized premium on general obligation bonds	(2,953,152)
Interest payable on bonds and notes	(858,846)
Compensated absences	(8,087,968)
Landfill post closure care	(1,501,257)
Deferred charges on refunding	1,275,857
Net pension liability	(9,428,337)
Other post-employment benefit obligations	<u>(31,228,822)</u>
Net position of governmental activities (Exhibit I)	<u>\$ 530,100,045</u>

See notes to financial statements.

**Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) -  
Governmental Funds  
For the Year Ended June 30, 2016**

	General	Debt Service Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes and assessments	\$ 133,110,872	\$ -	\$ 13,406	\$ 7,547	\$ 133,131,825
Interest and lien fees on delinquent taxes and assessments	920,530	-	-	-	920,530
Licenses, permits and fees	1,283,269	-	-	2,051,107	3,334,376
Intergovernmental	65,965,354	-	6,883,973	13,531,058	86,380,385
Charges for services	3,505,064	-	-	7,720,154	11,225,218
Income on investments	365,652	3,168	12,859	1,429,726	1,811,405
Miscellaneous	2,168,449	19,661	878,543	199,558	3,266,211
<b>Total revenues</b>	<b>207,319,190</b>	<b>22,829</b>	<b>7,788,781</b>	<b>24,939,150</b>	<b>240,069,950</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	5,866,487	-	-	1,899,537	7,766,024
Public Safety	22,548,951	-	-	1,377,422	23,926,373
Public Works	12,339,505	-	-	7,462,471	19,801,976
Health and Welfare	6,466,764	-	-	1,611,957	8,078,721
Libraries	2,073,196	-	-	225,919	2,299,115
Parks and Recreation	2,427,622	-	-	554,254	2,981,876
Education	105,974,983	-	-	14,670,197	120,645,180
<b>Citywide:</b>					
Employee benefits and pensions	3,631,894	-	-	-	3,631,894
Insurance	27,289,295	-	-	-	27,289,295
Miscellaneous	541,457	-	-	-	541,457
Capital outlay	-	-	18,507,685	-	18,507,685
<b>Debt service:</b>					
Principal retirement	-	6,177,000	334,853	-	6,511,853
Interest and fiscal charges	-	2,309,727	62,283	-	2,372,010
<b>Total expenditures</b>	<b>189,160,154</b>	<b>8,486,727</b>	<b>18,904,821</b>	<b>27,801,757</b>	<b>244,353,459</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>18,159,036</b>	<b>(8,463,898)</b>	<b>(11,116,040)</b>	<b>(2,862,607)</b>	<b>(4,283,509)</b>
<b>Other financing sources (uses):</b>					
Issuance of bonds	-	-	2,724,099	-	2,724,099
Payment to escrow	-	(7,498,214)	-	-	(7,498,214)
Issuance of refunding bonds	-	7,117,000	-	-	7,117,000
Bond premium	-	488,252	-	-	488,252
Transfers in	74,132	8,115,275	3,174,290	5,003,216	16,366,913
Transfers out	(13,793,319)	(500,000)	(75,000)	(1,998,594)	(16,366,913)
<b>Total other financing sources (uses)</b>	<b>(13,719,187)</b>	<b>7,722,313</b>	<b>5,823,389</b>	<b>3,004,622</b>	<b>2,831,137</b>
<b>Net change in fund balances (deficits)</b>	<b>4,439,849</b>	<b>(741,585)</b>	<b>(5,292,651)</b>	<b>142,015</b>	<b>(1,452,372)</b>
Fund balances (deficits), beginning of year	31,716,983	1,385,023	(5,562,191)	17,450,912	44,990,727
Fund balances (deficits), end of year	\$ 36,156,832	\$ 643,438	\$ (10,854,842)	\$ 17,592,927	\$ 43,538,355

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds to the Statement of Activities (Continued)  
For the Year Ended June 30, 2016**

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Amounts reported for governmental activities in the statement of activities are different because of the following:

Net change in fund balances - total governmental funds (Exhibit IV) \$ (1,452,372)

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

Capital outlay	24,997,247
Depreciation expense	(14,311,024)
Loss on disposal	(8,113,940)

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

Property tax receivable - accrual basis change	365,645
Property tax interest and lien revenue - accrual basis change	54,056
Sewer assessment receivable - accrual basis change	(66,122)
Sewer assessment interest receivable- accrual basis change	5,046
Sewer usage receivable- accrual basis change	66,122
Net pension asset	(31,884,659)

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

Bond principal payments	13,796,784
Bond proceeds	(9,841,097)
Amortization of deferred charge on refunding	40,893
Accrued interest	129,185
Bond premiums amortization	(166,716)

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

Compensated absences	(784,664)
Other post-employment benefits	(2,921,304)
Net pension liability	(9,428,337)
Landfill post closure care	61,687
Deferred inflows/outflows related pension items	31,507,949

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

567,308

Change in net position of Governmental Activities (Exhibit II)

\$ (7,378,313)

See notes to financial statements.

**Statement of Net Position - Proprietary Funds  
June 30, 2016**

	Business-Type Activities	Governmental Activities
	Water Enterprise Fund	Internal Service Fund
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,637,259	\$ 24,099,774
Investments	4,502,617	-
Receivables, net	1,451,775	3,036
Due from other funds	-	1,158,488
Inventories	245,701	-
Other assets	4,002	-
<b>Total current assets</b>	<b>7,841,354</b>	<b>25,261,298</b>
Noncurrent assets:		
Capital assets:		
Assets not being depreciated	3,811,696	-
Assets being depreciated, net	19,690,267	-
<b>Total noncurrent assets</b>	<b>23,501,963</b>	<b>-</b>
<b>Total assets</b>	<b>31,343,317</b>	<b>25,261,298</b>
<b>Deferred Outflows of Resources</b>		
Deferred charge on refunding	102,526	-
<b>Liabilities</b>		
Current liabilities:		
Accounts and other payables	551,151	9,386
Payroll liabilities	51,752	-
Customer deposits	93,691	-
Unearned revenues	-	94,022
Compensated absences - current	53,327	-
Bonds payable - current	501,795	-
Notes payable - current	35,796	-
Unpaid claims - current	-	6,713,469
<b>Total current liabilities</b>	<b>1,287,512</b>	<b>6,816,877</b>
Noncurrent liabilities:		
Compensated absences	258,738	-
Bonds payable	2,138,375	-
Notes payable	732,197	-
Unpaid claims	-	5,587,526
<b>Total noncurrent liabilities</b>	<b>3,129,310</b>	<b>5,587,526</b>
<b>Total liabilities</b>	<b>4,416,822</b>	<b>12,404,403</b>
<b>Net Position</b>		
Net investment in capital assets	20,196,326	-
Unrestricted	6,832,695	12,856,895
<b>Total net position</b>	<b>\$ 27,029,021</b>	<b>\$ 12,856,895</b>

See notes to financial statements.

**Statement of Revenues, Expenses and Changes in  
Net Position - Proprietary Funds  
For the Year Ended June 30, 2016  
(In Thousands)**

	Business-Type Activities	Governmental Activities
	Water Enterprise Fund	Internal Service Fund
Operating revenues:		
Charges for services	\$ 7,046,797	\$ 36,443,581
Contributions	-	64,917
Miscellaneous	384,268	705,791
<b>Total operating revenues</b>	<b>7,431,065</b>	<b>37,214,289</b>
Operating expenses:		
Source of supply	214,905	-
Pumping	287,833	-
Purification	955,880	-
Transmission and distribution	2,023,496	-
Customer accounts, administrative and general	2,217,906	-
Depreciation	1,085,609	-
Taxes other than income taxes	488,140	-
Insurance claims, premiums and fees	-	36,688,179
<b>Total operating expenses</b>	<b>7,273,769</b>	<b>36,688,179</b>
<b>Operating income</b>	<b>157,296</b>	<b>526,110</b>
Nonoperating income (expense):		
Income (loss) on investments	(203,247)	41,198
Interest expense	(116,338)	-
Amortization of debt discount and expense	7,786	-
<b>Total nonoperating income (expense)</b>	<b>(311,799)</b>	<b>41,198</b>
<b>Change in net position</b>	<b>(154,503)</b>	<b>567,308</b>
Fund net position, beginning	27,183,524	12,289,587
Fund net position, ending	<b>\$ 27,029,021</b>	<b>\$ 12,856,895</b>

See notes to financial statements.

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2016**

	Business-Type Activities Water Enterprise Fund	Governmental Activities Internal Service Fund
Cash flows from operating activities:		
Cash received from charges for services and contributions	\$ 7,421,007	\$ 35,653,582
Cash received from other operating revenue	-	770,708
Cash paid to employees	(2,213,942)	-
Cash paid to suppliers	(3,947,307)	-
Cash payment for claims paid	-	(37,894,275)
<b>Net cash provided by (used in) operating activities</b>	<b>1,259,758</b>	<b>(1,469,985)</b>
Cash flows from capital financing activities:		
Purchase of capital assets/utility plant	(911,014)	-
Principal payments bonds/notes	(243,937)	-
Interest payments	(97,137)	-
<b>Net cash used in capital and related financing activities</b>	<b>(1,252,088)</b>	<b>-</b>
Cash flows from investing activities:		
Income on investments	27,684	41,198
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>35,354</b>	<b>(1,428,787)</b>
Cash and cash equivalents, beginning of year	1,601,905	25,528,561
Cash and cash equivalents, end of year	<b>\$ 1,637,259</b>	<b>\$ 24,099,774</b>
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income	\$ 157,296	\$ 526,110
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	1,085,609	-
Decrease in receivables, net	513	23,490
(Increase) in inventories	(60,858)	-
(Increase) in other assets	(1,906)	-
Increase in accounts and other payables	83,805	5,488
Increase in unearned revenues	-	26,350
(Decrease) in accrued liabilities	(11,036)	-
Increase in accrued compensated absences	15,000	-
(Decrease) in unpaid claims	-	(1,237,934)
(Decrease) in customer deposits	(8,665)	-
(Decrease) in due to (from) other funds	-	(813,489)
<b>Total adjustments</b>	<b>1,102,462</b>	<b>(1,996,095)</b>
Net cash provided by (used in) operating activities	<b>\$ 1,259,758</b>	<b>\$ (1,469,985)</b>

See notes to financial statements.

**Statement of Fiduciary Net Position - Fiduciary Funds**  
**June 30, 2016**

	Pension Trust Funds	OPEB Trust Fund	Agency Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 39,436,174	\$ 1,989,506	\$ 609,609
Investments, at fair value:			
Certificates of deposit	-	-	115,527
Corporate bonds	61,954,506	768,912	-
U.S. Treasury	42,288,470	337,954	-
U.S. government agencies	2,754,299	-	-
Government bonds	21,350,540	577,485	-
Alternative investments	135,551,823	-	-
Common stock	189,572,311	-	-
Mutual funds	68,303,370	2,453,751	-
<b>Total investments</b>	<b>521,775,319</b>	<b>4,138,102</b>	<b>115,527</b>
Receivables, net	44,000	-	-
<b>Total assets</b>	<b>561,255,493</b>	<b>6,127,608</b>	<b>725,136</b>
<b>Liabilities</b>			
Accounts payable	47,389	-	429
Due to senior citizens	-	-	55,773
Due to student groups	-	-	668,934
Due to other funds	249,500	-	-
<b>Total liabilities</b>	<b>296,889</b>	<b>-</b>	<b>725,136</b>
<b>Net Position</b>			
Restricted for pension benefits	560,958,604	-	-
Restricted for OPEB benefits	-	6,127,608	-
<b>Total net position</b>	<b>\$ 560,958,604</b>	<b>\$ 6,127,608</b>	<b>\$ -</b>

See notes to financial statements.

**Statement of Changes in Plan Net Position -  
Pension Trust Funds and OPEB Trust Fund  
For the Year Ended June 30, 2016**

	Pension Trust Funds	OPEB Trust Fund
Additions:		
Contributions:		
Employer	\$ 44,000	\$ 862,582
Plan members	2,582,644	-
<b>Total contributions</b>	<u>2,626,644</u>	<u>862,582</u>
Investment income:		
Net depreciation in fair value of investments	(15,078,690)	(35,161)
Interest and dividends	9,159,942	97,827
<b>Total investment income</b>	<u>(5,918,748)</u>	<u>62,666</u>
Less investment expense	(388,389)	-
<b>Net investment (loss) income</b>	<u>(6,307,137)</u>	<u>62,666</u>
Deductions:		
Benefits	22,398,939	-
Administration	3,348,949	20,480
<b>Total deductions</b>	<u>25,747,888</u>	<u>20,480</u>
<b>Increase (decrease) in net position</b>	(29,428,381)	904,768
Net position restricted for benefits :		
Beginning of year	<u>590,386,985</u>	<u>5,222,840</u>
End of year	<u>\$ 560,958,604</u>	<u>\$ 6,127,608</u>

See notes to financial statements.



## City of Bristol, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies

**Reporting entity:** The City of Bristol (the "City") was incorporated in 1911. Its legal authority is derived from Chapter Ninety-nine of the General Statutes of the State of Connecticut and Number 352 of the Special Acts of 1911. The City has operated under the Council-Mayor form of government since 1911. Services provided include education, water, sewer, refuse, streets and drainage, recreation and parks, planning and zoning, community development, human services, police and fire protection. The accompanying financial statements conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments.

GAAP require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board (GASB) Codification Section 2100 have been considered and have resulted in the inclusion of one discretely presented component unit as detailed below.

*Discretely presented component unit:* The Bristol-Burlington Health District (the District) was formed on July 1, 1979 as a health district under Section 19-106 of the General Statutes of the State of Connecticut as a legally separate entity. The City appoints a majority of the District's governing six-member board once every three years. Although it is legally separate from the City, the District is presented discretely as it is fiscally dependent upon the City. The City contributes almost eighty percent (80%) of the District's annual operating budget. Additionally, if the District were to dissolve, according to state statute the District would immediately become a department of the City. The District does not provide services primarily to the City, but to its citizens. A complete set of financial statements may be obtained at the District's office located at 240 Stafford Avenue, Bristol, Connecticut 06010.

*Related organization:*

**Bristol Downtown Development Corporation:** The Bristol Downtown Development Corporation (the Corporation) was formed on April 5, 2007. The Corporation is a nonstock corporation organized pursuant to the Non-Stock Corporation act, Connecticut General Statute Section 33-1000 as a separate entity. All Directors are nominated by the Mayor and approved by vote of the City Council. During the current year, the City transferred \$30,000 to the Corporation. The Corporation was dissolved by action of the City Council on December 30, 2015.

*Joint Venture:*

14 Municipalities collectively referred to as the "Contracting Communities" operated under the Bristol Resource Recovery Facility Operating Committee (BRRFOC) which expired in 2014. Each municipality has individually contracted with the Company through a collective agreement through 2034.

**Accounting standards adopted in the current year and restatement of net position:** GASB Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of this statement added additional disclosures to Note 3.

**Note 1. Summary of Significant Accounting Policies (Continued)**

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement Nos. 67 and 68*. This statement completes the suite of pension standards. Statement No. 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statement Nos. 67 and 68). The requirements in Statement No. 73 for reporting pensions generally are the same as in Statement No. 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. The implementation of this statement had no impact on the City's financial statements.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of this statement had no impact on the City's financial statements.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This standard establishes new criteria to continue amortization cost accounting for certain external investment pools in light of recent changes to money market fund criteria. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. Portfolio quality and monthly shadow pricing are effective for periods beginning after December 15, 2015. The implementation of this statement had no impact on the City's financial statements.

**Government-wide and fund financial statements:** The government-wide financial statements report information on all of the non-fiduciary activities of the primary government and its component units. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

## City of Bristol, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

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

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

The City reports the following major governmental funds:

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

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term principal, interest and related costs.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds or Trust Funds).

The City reports the following major proprietary fund:

The Water Enterprise Fund is used to account for the operations of the Bristol Water Department.

The Internal Service Fund accounts for the risk management activities of the City.

Additionally, the City reports the following fund types:

The Pension Trust Funds account for the activities of the City Pension Plans, which accumulate resources for pension benefit payments to qualified City employees.

The OPEB Trust Funds account for the activities of the City other post-employment benefits, which accumulate resources for health related benefit payments to qualified City employees.

The Agency Funds are used to account for assets held by the City in an agent capacity for individuals, private organizations or other governments. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency Funds include Senior Citizens Activity Fund and School Activity Fund.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain City functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

## City of Bristol, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

Functional expenses in the statement of activities include certain indirect expenses, such as employee benefits, pension and insurance. These expenses are allocated to governmental activity functions based on total salary expenses for each function.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include property taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Enterprise Fund are charges for sales and services and of the City's internal service funds are charges from participants and premiums from the City. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. For the internal service funds, expenses represent claims paid. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**Accounting estimates:** The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

**Cash equivalents:** The City considers all highly liquid investments and those with original maturities of three months or less, when purchased to be cash equivalents.

**Investments:** Investments for the City and its component unit are stated at fair value, based on quoted market prices, except as disclosed in the following paragraphs.

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.

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

## City of Bristol, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Fair value:** The City uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for certain assets or liabilities. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability.

Fair value measurements focus on exit prices in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment.

The City's fair value measurements are classified into a fair value hierarchy based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

The three categories within the hierarchy are as follows:

**Level 1:** Quoted prices in active markets for identical assets and liabilities.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, and market-corroborated inputs.

**Level 3:** Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement.

See Note 3 for additional information regarding fair value.

**Investments measured at the net asset value (NAV):** Investments valued using the net asset value (NAV) per share (or its equivalent) are considered "alternative investments" and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships. The City values these investments based on the partnerships' audited financial statements. If June 30 statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than June 30. If June 30 valuations are not available, the value is progressed from the most recently available valuation taking into account subsequent calls and distributions.

## City of Bristol, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Property taxes:** Property taxes are levied each July 1 based on the assessed property values of the prior October 1 Grand List. Assessed values are established by the City Assessor's Office at 70% of appraised value.

Property taxes related to the assessed value of under \$1,000 are due in one installment on July 1; remaining property taxes are due in two equal installments on July 1 and the following January 1. Supplemental motor vehicle taxes are due in full on January 1. Taxes become overdue one month after the installment due date. Interest at the rate of 1.5% per month accrues on all overdue taxes. As of June 30, an enforceable lien is recorded against any outstanding real property taxes.

**Allowance for doubtful accounts:** Accounts receivables, property tax receivables and notes receivable for the primary government are reported net of allowance for doubtful accounts of approximately \$550,000. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon past collection history and an assessment of the creditor's ability to pay.

**Inventories and prepaid items:** All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**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. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Assets</u>	<u>Years</u>
Buildings	25-30
Improvements other than buildings	20
Machinery and equipment	3-20
Infrastructure	10-65

## City of Bristol, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

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

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 a deferred inflow of resources related to pensions in the government-wide statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs.

These amounts are deferred and included in pension expense in a systematic and rational manner. The governmental funds report unavailable revenues from property taxes, interest on property taxes, and sewer use charges. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

**Compensated absences:** A limited amount of vacation time earned may be accumulated by employees until termination of their employment. Vacation leave is reported using current salary costs, as well as any salary-related payments that are directly and incrementally connected with leave payments to employees. Sick leave accruals are also based on current salary costs as well as salary-related payments.

Eligible City employees earn 5 to 25 days of sick leave per year and 5 to 20 days of vacation per year depending on employees' length of service. A maximum of 200 days of sick leave and 40 days of vacation leave may be accrued. An employee leaving the employ of the City is entitled to be paid for all unused vacation and a maximum of 90 days or 45% of sick leave upon retirement.

Board of Education employees earn 10 to 20 days of sick leave per year. Maximum sick leave accrual varies by bargaining units from 180 to 275 days. Board of Education employees, with the exception of teachers, earn 5 to 20 days of vacation leave that cannot be accrued and must be used within the fiscal year it was earned. Upon termination, Board of Education employees are paid for all unused vacation leave. Unused sick leave is paid only on retirement to a maximum of 30% depending on bargaining units.

## City of Bristol, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

Compensated absences to be paid in future periods are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for the amounts that have become due. Amounts for compensated absences are generally liquidated by the General Fund.

**Net pension asset:** The net pension asset 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 asset 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. The investments in the calculation of the net pension liability are measured at fair value.

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

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.

#### **Pension accounting:**

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

*Governmental funds and governmental activities:* In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pension Plans and additions to/deductions from the Pension Plans' fiduciary net position have been determined on the same basis as they are reported by the Pension Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

*Funding policy:* The City funds the contributions to its Pension Plans based on the actuarial required contribution and terms of union contracts.



## City of Bristol, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Other post-employment obligations (OPEB) accounting:

Governmental funds and governmental activities: In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net OPEB obligation, the cumulative difference between annual OPEB cost and the City's contributions to the plan since July 1, 2008, is calculated on an actuarial basis consistent with the requirements of GASB Statement No. 45. The OPEB obligation (OPEB) is recorded as a noncurrent liability in the government-wide financial statements.

Funding policy: The City makes annual contributions based upon decisions of the City Council. However, effective July 1, 2014, the City Council adopted an OPEB Funding Policy requiring annual funding with incremental increases of 5% over the annual pay-as-you-go funding levels with the goal of prefunding the OPEB obligation and eliminating the annual funding gap.

**Fund equity:** Equity in the government-wide financial statements is defined as “net position” and is classified in the following categories:

**Net investment in capital assets:** This category groups all capital assets, including infrastructure, into one component of net position, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

**Restricted net position:** These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

**Unrestricted net position:** This category represents the net position of the City, which are not restricted for any project or other purpose. A deficit will require future funding.

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

**Nonspendable fund balance:** This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

**Restricted fund balance:** These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

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

**Assigned fund balance:** This represents amounts constrained for the intent to be used for a specific purpose by the Board of Finance, which has been delegated authority to assign amounts by the City Charter.

## City of Bristol, Connecticut

### Notes to Financial Statements

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

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

#### **Note 2. Stewardship, Compliance and Accountability**

**Budgetary information:** The City adopts an annual operating budget for the General Fund only. The following details the procedures relating to the General Fund budgetary data reflected in the financial statements.

The City Charter requires the Board of Finance to submit a recommended operating budget to the City Council 15 days prior to the third Monday in May. The budget provides a financial plan for the year and contains estimates of anticipated revenues and proposed expenditures. After at least one public hearing on the recommended budget, the Board of Finance and City Council (Joint Board) may adopt a final budget for the year.

In practice, the budget is submitted to the Board of Finance in February. A series of work sessions is held to review the budget and is followed by one or more public hearings. The final budget, which includes the annual property tax levy, is then approved.

Appropriations for the General Fund lapse at June 30 of each year. All other program appropriations do not lapse at year end.

The budget is prepared on the modified accrual basis, except for encumbrances, by function, activity and object. Expenditures may not legally exceed appropriations at the object level within a department. The Board of Finance has the power to approve budget revisions during the year up to \$5,000 (amount not rounded). Revisions in excess of \$5,000 require Joint Board approval. All budget revisions must be approved. Additional appropriations in the amount of approximately \$10,544,000 were approved during the fiscal year.

Encumbrances are recognized as a valid and proper charge 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 in the current year. Encumbrances outstanding at year-end are included in either restricted, committed or assigned fund balance depending on the level of restriction in accordance with GAAP since they do not constitute expenditures or liabilities.

Also, in accordance with the provisions of GASB Statement No. 24, the City has reported on-behalf payments made by the State of Connecticut into the teachers' retirement system in the Governmental Funds.

Budgets for Special Revenue Funds are prepared in accordance with the requirements of the various grant agreements and/or legal provisions that control the expenditure of such funds. Since such budgets are adopted on a program basis, it is not practicable to present the results of budgetary operations at the combined level. Special Revenue Funds are budgeted on the modified accrual basis.

Appropriations for the Capital Projects Funds do not lapse at the end of the fiscal year, but continue until the completion of the applicable project.

## City of Bristol, Connecticut

### Notes to Financial Statements

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#### Note 3. Cash, Cash Equivalents and Investments

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

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

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

#### Deposits:

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

At June 30, the entire amount of the component unit’s deposits was covered by federal depository insurance.

**City of Bristol, Connecticut**

**Notes to Financial Statements**

**Note 3. Cash, Cash Equivalents and Investments (Continued)**

**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, the cash equivalent amounted to \$12,781,869. 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 &amp; Poor's</u>
State of Connecticut Short-term Investment Fund (STIF)	AAAm

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

Statement of net position:	
Cash and cash equivalents	\$ 87,214,969
Investments	<u>13,010,763</u>
Total statement of net position	<u>100,225,732</u>
Fiduciary funds:	
Cash and cash equivalents	42,035,289
Investments	<u>526,028,948</u>
Total Fiduciary Funds	<u>568,064,237</u>
Total cash, cash equivalents and investments	<u>\$ 668,289,969</u>

Investments as of June 30, in all funds are as follows:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1-10	More Than 10
Interest-bearing investments:					
U.S. treasury bonds	Aaa	\$ 42,626,424	\$ 9,376,217	\$ 25,317,076	\$ 7,933,131
U.S. government agencies	Aaa	3,886,845	-	3,886,845	-
Corporate bonds	Aa1-Aa3	10,348,515	61,023	7,102,509	3,184,983
Corporate bonds	A1-A3	17,573,297	1,777,983	13,942,546	1,852,768
Corporate bonds	Baa1-Baa3	23,163,641	2,257,099	19,582,692	1,323,850
Corporate bonds	Ba1-Ba3	8,821,687	1,006,162	7,815,525	-
Corporate bonds	B1-B3	752,163	-	752,163	-
Corporate bonds	NR	2,569,036	611,387	1,417,773	539,876
Government bonds	Aaa	21,928,025	-	269,149	21,658,876
Certificates of deposit	*	4,133,225	-	4,133,225	-
<b>Total</b>		<u>135,802,858</u>	<u>\$ 15,089,871</u>	<u>\$ 84,219,503</u>	<u>\$ 36,493,484</u>

Other investments:	
Common stock	189,572,311
Alternative Investments	135,551,823
Mutual funds	78,112,719
<b>Total investments</b>	<u>\$ 539,039,711</u>

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

## City of Bristol, Connecticut

### Notes to Financial Statements

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#### Note 3. Cash, Cash Equivalents and Investments (Continued)

**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 nor the pension plans have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the City includes asset allocation percentage ranges for its pension plans to assist in limiting interest rate risk.

**Credit risk – investments:** As indicated above, the Statutes limit the investment options of Cities. The City has an investment policy that allows the same type of investments as the Statutes.

**Concentration of credit risk:** The City nor the pension plans have a policy limiting investments in any one issuer that is in excess of five percent of the City's total investments.

The following represents the investments in the pension plans that represent more than 5% of the plan's net position as of June 30:

Rcit Large Cap Value E Equity Fund CI C	\$32,840,004
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**Custodial credit risk:** Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the City or that sells investments to or buys them for the City), the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2016, \$111,120,713 of the City's bank balance of \$125,878,135 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The City's individual investments in fixed income securities, equities, U.S treasury securities, domestic corporate bonds, foreign bonds, and U.S government agency securities are uninsured and registered securities held by a counterparty, or by its trust department or agent that are in the City's or Pension Plan's name. The City's other investments are held in alternative investments which, because they are evidenced by contracts rather than by securities, are not subject to custodial credit risk determination.

**City of Bristol, Connecticut**

**Notes to Financial Statements**

**Note 3. Cash, Cash Equivalents and Investments (Continued)**

**Fair value:** The City and the Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The City and the Plan has the following recurring fair value measurements as of June 30:

	Fair Value Measurements Using			
	June 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Observable Inputs (Level 3)
Investments by fair value level:				
Stocks	\$ 189,572,311	\$ 189,572,311	\$ -	\$ -
Mutual funds	78,112,719	78,112,719	-	-
Certificate of deposits	4,133,225	4,133,225	-	-
Debt securities:				
U.S. Treasury	42,626,424	42,626,424	-	-
Corporate bonds	63,228,339	63,228,339	-	-
Government bonds	21,928,025	21,928,025	-	-
U.S. Government agencies	3,886,845	3,886,845	-	-
Total debt securities	403,487,888	403,487,888	-	-
Total investments by fair value level	403,487,888	\$ 403,487,888	\$ -	\$ -
Investments measured at the net asset level (NAV):				
Other	122,942,285			
Limited partnerships	9,902,546			
Real estate funds	2,706,992			
Total investments measured at the NAV	135,551,823			
Total investments measured at fair value	\$ 539,039,711			

**Debt and equity securities:** 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. Commercial and residential mortgage-backed securities classified in Level 3 are valued using discounted cash flow techniques. Collateralized debt obligations classified in Level 3 are valued using consensus pricing.

## City of Bristol, Connecticut

### Notes to Financial Statements

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#### Note 3. Cash, Cash Equivalents and Investments (Continued)

The following table summarizes all investments recorded using NAV as a practical expedient to fair value:

##### Investments Measured at the NAV

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Investments Measured at the NAV:				
Other	\$ 122,942,285	\$ -	Qtr/Annual	30-60 days
Limited partnerships	9,902,546	-	N/A	N/A
Real estate funds	2,706,992	-	N/A	N/A
Total Investments Measured at the NAV	<u>\$ 135,551,823</u>			

**Real estate funds:** This type includes real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital.

**Private equity funds:** This type includes limited partnership funds. These investments can never be redeemed with funds. Instead, the nature of the investments in this type is that distributions are received through liquidation of the underlying assets of the fund capital. As of June 30, 2016 it is probable that all of the investments in this type will be sold at an amount different from NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. Therefore, the fair values of the investments in this type have been determined using recent observation transaction information for similar investments and nonbinding bids received from potential buys of the investments.

**City of Bristol, Connecticut**

**Notes to Financial Statements**

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**Note 4. Receivables**

Receivables as of year-end for the City's individual major funds and nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Capital Projects	Water Enterprise Fund	Nonmajor and Other Funds	Total Governmental Funds
Receivables:					
Taxes	\$ 4,154,865	\$ -	\$ -	\$ -	\$ 4,154,865
Interest	1,275,464	-	36,708	-	1,312,172
Accounts	313,086	1,818	1,424,698	347,203	2,086,805
Special assessments	-	-	114,838	514,830	629,668
Intergovernmental	331,162	3,802,492	-	1,152,746	5,286,400
Gross receivables	6,074,577	3,804,310	1,576,244	2,014,779	13,469,910
Less allowance for uncollectibles	310,000	-	124,469	100,000	534,469
Net total receivables	\$ 5,764,577	\$ 3,804,310	\$ 1,451,775	\$ 1,914,779	\$ 12,935,441

Total allowance amounts are as follows:

General Fund:	
Allowance related to taxes receivable	\$ 300,000
Allowance related to accounts receivable	10,000
Water Enterprise Fund:	
Allowance related to accounts receivable	124,469
Nonmajor and Other Funds:	
Allowance related to sewer usage receivables	100,000
Total allowance of the current fiscal year	<u>\$ 534,469</u>



**City of Bristol, Connecticut**

**Notes to Financial Statements**

**Note 5. Capital Assets**

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

**Primary government:**

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 18,690,738	\$ 418,310	\$ (662,575)	\$ 18,446,473
Construction in progress	13,863,936	17,369,231	(12,353,336)	18,879,831
Total capital assets, not being depreciated	<u>32,554,674</u>	<u>17,787,541</u>	<u>(13,015,911)</u>	<u>37,326,304</u>
Capital assets, being depreciated:				
Buildings	279,586,806	8,099,789	(4,248,312)	283,438,283
Improvements other than buildings	15,927,357	-	(323,247)	15,604,110
Machinery and equipment	72,713,551	4,410,483	(1,743,260)	75,380,774
Infrastructure	245,220,615	7,052,770	(2,009,602)	250,263,783
Total capital assets being depreciated	<u>613,448,329</u>	<u>19,563,042</u>	<u>(8,324,421)</u>	<u>624,686,950</u>
Less accumulated depreciation for:				
Buildings	(114,962,735)	(6,267,242)	675,468	(120,554,509)
Improvements other than buildings	(7,913,768)	(2,431,276)	-	(10,345,044)
Machinery and equipment	(53,727,065)	(2,672,731)	140,270	(56,259,526)
Infrastructure	(136,996,896)	(2,939,775)	57,318	(139,879,353)
Total accumulated depreciation	<u>(313,600,464)</u>	<u>(14,311,024)</u>	<u>873,056</u>	<u>(327,038,432)</u>
Total capital assets, being depreciated, net	<u>299,847,865</u>	<u>5,252,018</u>	<u>(7,451,365)</u>	<u>297,648,518</u>
Governmental activities capital assets, net	<u>\$ 332,402,539</u>	<u>\$ 23,039,559</u>	<u>\$ (20,467,276)</u>	<u>\$ 334,974,822</u>
	Beginning Balance	Additions	Disposals	Ending Balance
<b>Business-type Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 2,752,140	\$ -	\$ -	\$ 2,752,140
Construction in progress	677,228	388,713	(6,385)	1,059,556
Total capital assets, not being depreciated	<u>3,429,368</u>	<u>388,713</u>	<u>(6,385)</u>	<u>3,811,696</u>
Capital assets, being depreciated:				
Buildings and system	36,851,860	45,658	-	36,897,518
Machinery and equipment	6,196,273	505,597	(131,112)	6,570,758
Total capital assets, being depreciated	<u>43,048,133</u>	<u>551,255</u>	<u>(131,112)</u>	<u>43,468,276</u>
Less accumulated depreciation for:				
Buildings and system	(19,150,767)	(776,146)	-	(19,926,913)
Machinery and equipment	(3,650,176)	(309,463)	108,543	(3,851,096)
Total accumulated depreciation	<u>(22,800,943)</u>	<u>(1,085,609)</u>	<u>108,543</u>	<u>(23,778,009)</u>
Total capital assets, being depreciated, net	<u>20,247,190</u>	<u>(534,354)</u>	<u>(22,569)</u>	<u>19,690,267</u>
Business-type activities capital assets, net	<u>\$ 23,676,558</u>	<u>\$ (145,641)</u>	<u>\$ (28,954)</u>	<u>\$ 23,501,963</u>

**City of Bristol, Connecticut**

**Notes to Financial Statements**

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**Note 5. Capital Assets (Continued)**

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

Governmental activities:	
General government	\$ 378,871
Public Safety	1,102,842
Public Works	6,517,045
Health and Welfare	6,444
Libraries	535,120
Parks and Recreation	349,396
Education	5,421,306
Total depreciation expense-governmental activities	<u>\$ 14,311,024</u>
Business-type activities:	
Water	<u>\$ 1,085,609</u>

**Construction commitments:** The City has several active construction projects as of June 3. The following is a summary of capital projects (in thousands) as of June 30:

	Project Authorization	Cumulative Expenditures
Schools	\$ 95,385	\$ 92,521
Streets, bridges and building improvements	68,274	47,979
Capital and nonrecurring	55,317	46,530
Total	<u>\$ 218,976</u>	<u>\$ 187,030</u>

The commitments are being financed with general obligation bonds and state and federal grants.

**Discretely presented component units:** Activity for the Bristol-Burlington Health District for the year ended June 30, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Furniture and equipment	\$ 249,921	\$ 45,568	\$ (13,703)	281,786
Less accumulated depreciation for:				
Furniture and equipment	(206,633)	(46,385)	17,379	(235,639)
District capital assets, net	<u>\$ 43,288</u>	<u>\$ (817)</u>	<u>\$ 3,676</u>	<u>\$ 46,147</u>

**City of Bristol, Connecticut**

**Notes to Financial Statements**

**Note 6. Interfund Receivables, Payables and Transfers**

At June 30, interfund receivables and payables were comprised of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 727,276
Nonmajor Governmental Funds	General Fund	60,301
Internal Service Funds	Nonmajor Governmental Funds	922,764
Internal Service Funds	General Fund	13,776
Internal Service Funds	Pension Trust Funds	249,500
Total		<u><u>\$ 1,973,617</u></u>

Interfund receivables and payables generally represent temporary balances arising from reimbursement-type transactions. All balances are expected to be repaid within a year.

**Interfund transfers:**

	Transfers in				Total Transfers Out
	General Fund	Debt Service Fund	Capital Projects	Nonmajor Governmental	
Transfers out:					
General Fund	\$ -	\$ 8,000,000	\$ 1,009,065	\$ 4,784,254	\$ 13,793,319
Debt Service Fund	-	-	500,000		500,000
Capital Projects Fund	-	-	-	75,000	75,000
Nonmajor Governmental Funds	74,132	115,275	1,665,225	143,962	1,998,594
Total transfers in	<u>\$ 74,132</u>	<u>\$ 8,115,275</u>	<u>\$ 3,174,290</u>	<u>\$ 5,003,216</u>	<u>\$ 16,366,913</u>

Transfers are for regularly recurring operational transfers. Interfund transfers are used to 1) move revenues from the General Fund to the Debt Service Fund to pay for principal and interest on debt, 2) supplement revenues of other funds such as the Capital Projects Fund for the projects that have been closed out.

**Note 7. Leases**

**Operating leases:** The City leases computers under noncancelable operating leases. Total costs for such leases were \$759,968 for the year ended June 30. The future minimum lease payments for these leases are as follows:

Years ending June 30:	
2017	\$ 715,158
2018	423,960
2019	184,064
2020	61,169

**City of Bristol, Connecticut**

**Notes to Financial Statements**

**Note 8. Long-Term Liabilities**

**Changes in long-term liabilities:** Long-term liability activity for the year ended June 30, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds and loans payable:					
General obligation bonds and Clean Water Fund loans	\$ 64,164,390	\$ 9,841,097	\$ 13,796,784	\$ 60,208,703	\$ 6,462,235
Premium on general obligation bonds	2,786,436	488,252	321,536	2,953,152	-
Total bonds payable	66,950,826	10,329,349	14,118,320	63,161,855	6,462,235
Compensated absences	7,303,304	1,197,433	412,769	8,087,968	1,286,918
Landfill post closure care	1,562,944	1,313	63,000	1,501,257	63,000
Net OPEB obligation	28,307,518	2,921,304	-	31,228,822	-
Net pension liability	-	9,428,337	-	9,428,337	-
Unpaid claims	13,538,929	31,661,961	32,899,895	12,300,995	6,713,469
Total governmental activities long-term liabilities	\$ 117,663,521	\$ 55,539,697	\$ 47,493,984	\$ 125,709,234	\$ 14,525,622
<b>Business-type Activities</b>					
Bonds and loans payable:					
General obligation bonds and Clean Water Fund loans	\$ 2,951,000	\$ 193,000	\$ 678,000	\$ 2,466,000	\$ 476,000
Premium on general obligation bonds	184,864	15,101	25,795	174,170	25,795
Notes payable	516,236	344,155	92,398	767,993	35,796
Total bonds payable and notes payable	3,652,100	552,256	796,193	3,408,163	537,591
Compensated absences	297,065	30,747	15,747	312,065	53,327
Total business-type activities	\$ 3,949,165	\$ 583,003	\$ 811,940	\$ 3,720,228	\$ 590,918
<b>Component Unit</b>					
Compensated absences	\$ 91,462	\$ 18,456	\$ 24,039	\$ 85,879	\$ 47,893

For the governmental activities, compensated absences and OPEB obligations are generally liquidated by the general fund.

**Bond anticipation notes:** Bond anticipation notes payable activity for the year ended June 30, was as follows:

Description	Issue Date	Maturity Date	Interest Rate %	Beginning Balance	Additions	Reductions	Ending Balance
Bond anticipation notes	10/27/14	07/23/15	1.00%	\$ 5,000,000	\$ -	\$ 5,000,000	\$ -
Bond anticipation notes	07/23/15	04/21/16	1.00%	-	4,700,000	4,700,000	-
Bond anticipation notes	04/21/16	01/20/17	1.00%	-	4,500,000	-	4,500,000
Total				\$ 5,000,000	\$ 9,200,000	\$ 9,700,000	\$ 4,500,000

Bond anticipation notes payable are issued to finance purchase of land, demolition and other work at the Bristol Centre Mall site.

**City of Bristol, Connecticut**

**Notes to Financial Statements**

**Note 8. Long-Term Liabilities (Continued)**

Bonds and notes payable at June 30, were comprised of the following:

Description	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Balance Outstanding June 30, 2016
<b>General City bonds</b>					
General improvement:					
2009	02/15/09	02/15/17	2.00-4.18	\$ 8,515,000	\$ 530,000
2011	06/27/11	08/01/30	2.00-4.00	8,637,000	6,817,000
2012 refunding	08/11/11	07/15/22	3.00-5.00	15,589,000	11,839,000
2015 refunding	11/17/15	10/15/24	3.00-5.00	4,126,000	4,126,000
Total general improvement bonds					<u>23,312,000</u>
School:					
2005 refunding	06/15/05	10/15/18	2.70-5.00	10,635,000	-
2009	02/15/09	02/15/17	2.00-4.18	385,000	25,000
2011	06/27/11	08/01/30	2.00-4.00	25,550,000	20,170,000
2012 refunding	08/11/11	07/15/22	3.00-5.00	6,234,000	4,856,000
2015 refunding	11/17/15	10/15/24	3.00-5.00	2,991,000	2,991,000
Total school bonds					<u>28,042,000</u>
Sewers:					
2011	06/27/11	08/01/30	2.00-4.00	5,400,000	4,260,000
Capital projects funds:					
Clean water fund notes 498-D/C	06/30/02	06/30/21	2.00	1,483,000	424,148
Clean water fund notes 415-D/C	06/30/02	06/30/21	2.00	1,410,000	403,033
Clean water fund notes 504-C	12/31/03	12/31/22	2.00	1,488,000	545,075
Clean water fund notes 562-C	11/30/04	11/30/23	2.00	694,000	287,274
Clean water fund notes 464-C	05/31/06	03/31/26	2.00	470,000	253,533
Clean water fund notes 622-CSL	1/1/2016	1/31/2035	2.00	631,833	589,375
Interim Funding Obligation 640-DC	03/03/16	N/A	N/A	7,781,601	2,092,265
Total capital projects level debt					<u>4,594,703</u>
Total general city serial bonds and clean water fund loans					
					<u>60,208,703</u>
Water Department					
Enterprise fund bonds:					
Water 2005 refunding	06/15/05	10/15/18	2.70-5.00	2,315,000	-
Water 2011	06/27/11	08/01/30	2.00-4.00	813,000	633,000
Water 2012 refunding	08/11/11	07/15/22	3.00-5.00	2,112,000	1,640,000
Water 2015 refunding	11/17/15	10/15/18	3.00-5.00	193,000	193,000
Total water fund bonds					<u>2,466,000</u>
Water 2014 notes	12/31/14	12/31/33	2.00	501,000	444,591
Water 2015 Notes	9/30/15	03/31/35	2.00	344,155	323,402
Total water fund notes					<u>767,993</u>
Total water department enterprise fund bonds and notes					
					<u>3,233,993</u>
Total indebtedness					
					<u>\$ 63,442,696</u>

**City of Bristol, Connecticut**

**Notes to Financial Statements**

**Note 8. Long-Term Liabilities (Continued)**

Notes and bonds payable are secured by the general revenue raising powers of the City. The annual requirements to pay long-term obligations at June 30, are as follows:

General Fund	Principal	Interest	Total
2017	\$ 5,879,000	\$ 1,913,160	\$ 7,792,160
2018	5,836,000	1,549,735	7,385,735
2019	5,816,000	1,358,295	7,174,295
2020	4,906,000	1,162,830	6,068,830
2021	4,915,000	968,010	5,883,010
2022-2026	15,012,000	2,797,741	17,809,741
2027-2031	8,990,000	896,753	9,886,753
Total	<u>\$ 51,354,000</u>	<u>\$ 10,646,524</u>	<u>\$ 62,000,524</u>

Sewer Operating and Assessment Fund	Principal	Interest	Total
2017	\$ 285,000	\$ 141,328	\$ 426,328
2018	283,000	132,798	415,798
2019	283,000	125,723	408,723
2020	283,000	115,818	398,818
2021	283,000	105,913	388,913
2022-2026	1,418,000	398,883	1,816,883
2027-2031	1,425,000	142,144	1,567,144
Total	<u>\$ 4,260,000</u>	<u>\$ 1,162,607</u>	<u>\$ 5,422,607</u>

Capital Projects Fund	Principal	Interest	Total
2017	\$ 324,749	\$ 47,083	\$ 371,832
2018	331,304	40,528	371,832
2019	337,991	33,840	371,831
2020	344,814	27,018	371,832
2021	351,773	20,059	371,832
2022-2026	512,337	48,755	561,092
2027-2031	168,178	21,817	189,995
2032-2035	131,292	4,870	136,162
Total*	<u>\$ 2,502,438</u>	<u>\$ 243,970</u>	<u>\$ 2,746,408</u>

\* The City is using interim funding during the construction of the Clean Water Projects that will be converted from interim financing to long-term financing in the future. The amortization amounts of \$2,092,265 are unknown at this time and are excluded from the table.

**City of Bristol, Connecticut**

**Notes to Financial Statements**

**Note 8. Long-Term Liabilities (Continued)**

Water Enterprise Fund - Bonds	Principal	Interest	Total
2017	\$ 476,000	\$ 86,410	\$ 562,410
2018	281,000	72,655	353,655
2019	281,000	62,045	343,045
2020	281,000	51,015	332,015
2021	282,000	38,765	320,765
2022-2026	655,000	74,933	729,933
2027-2031	210,000	20,948	230,948
Total	<u>\$ 2,466,000</u>	<u>\$ 406,771</u>	<u>\$ 2,872,771</u>

Water Enterprise Fund - Notes	Principal	Interest	Total
2017	\$ 35,796	\$ 15,033	\$ 50,829
2018	36,518	14,310	50,828
2019	37,256	13,573	50,829
2020	38,007	12,821	50,828
2021	38,776	12,054	50,830
2022-2026	205,934	48,210	254,144
2027-2031	227,573	26,571	254,144
2032-2036	148,133	4,811	152,944
Total	<u>\$ 767,993</u>	<u>\$ 147,383</u>	<u>\$ 915,376</u>

The City's indebtedness does not exceed the legal debt limitations as established by Connecticut General Statutes as reflected in the following schedule (in thousands):

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 301,644,000	\$ 69,117,106	\$ 232,526,894
Schools	603,288,000	52,425,721	550,862,279
Sewers	502,740,000	13,819,981	488,920,019
Urban renewal	435,708,000	-	435,708,000
Pension deficit	402,192,000	-	402,192,000

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$938,448,000.

## City of Bristol, Connecticut

### Notes to Financial Statements

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#### Note 8. Long-term Liabilities (Continued)

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. Bonds authorized but not issued are as follows:

General purpose	\$ 41,305,106
Schools	83,169,965
Sewers	17,000,000
	<u>\$ 141,475,071</u>

**2016 General Obligation Refunding Bond- In-Substance Defeasance:** On November 17, 2015, the City issued \$7,310,000 of general obligation refunding bonds with an average interest rate of 4%, of which the proceeds were used to advance refund the outstanding principal amounts of the general obligation bond of the City dated 2005 and 2009 (the "Refunded Bonds"). Net proceeds of \$7,669,808 (after payment of expenses of \$113,544), was placed in an irrevocable trust under an Escrow Agreement dated November 17, 2015 between the City and the Escrow Holder. The Escrow Holder used the proceeds to purchase a portfolio of primarily non-callable direct obligations of the United States of America ("Government Obligations"). The Government Obligations will have maturities and interest rates sufficient to pay principal and interest payments and redemption prices of the Refunded Bonds on the date the payments are due.

The City advance refunded the above bonds to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$384,884, and a cash savings of \$427,354 between the old debt payments and the new debt payments.

At June 30, 2016, there was \$4,573,056 in escrow. The balance of the defeased bonds was approximately \$4,440,000 at June 30, 2016. As a result, the refunded bonds are considered defeased and the liability has been removed from the basic financial statements.

#### Note 9. Landfill Closure

The City entered into a landfill lease agreement with Ogden Martin Systems of Bristol, Inc. (the Company), now known as Covanta, Bristol, Inc. (Covanta), whereby the City leased to the Company a landfill adjacent to the facility site in the City. The City is currently collecting fees for the interim period until the official Certificate of Closure is issued. Further, the Company, pursuant to a service agreement with BRRFOC has passed all costs of properly closing the City's landfill site to the BRRFOC and the related contracting communities. Solid waste landfill closure and post closure care requirements have been established by the State of Connecticut Department of Environmental Protection Agency and the Federal Environmental Protection Agency. The costs associated with monitoring and maintaining the landfill area during the post closure period are the responsibility of the City. The projected costs of this post closure period is \$1,501,257 as of June 30, 2016. These projected costs could be impacted by future inflation and regulations. The landfill was closed prior to July 1, 2002. Between 1979 and 1983 one part of the site received metal hydroxide slurry from local metal plating companies. This area was closed in 1986 and covered with a membrane cap as required by the Resource Conservation and Recovery Act.



**City of Bristol, Connecticut**

**Notes to Financial Statements**

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**Note 10. Risk Management**

The City is exposed to various risks of loss including torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City generally obtains commercial insurance for these risks but has chosen to retain the risks for employee health and medical claims. The City has also retained risk for workers' compensation claims for fiscal years July 1, 1985 through June 30, 1998 and July 1, 2004 through June 30, 2011. The Health Benefits and Worker's Compensation Internal Service Fund is utilized to report this self-insurance activity. CIGNA administers the medical, Medco administers the prescription and Anthem Blue Cross/Blue Shield administers the dental plan, for which the City pays a fee. All funds of the City contribute to the Internal Service Fund based upon actuarial and insurance carrier estimates. The claims liability of \$12,300,995 reported in the Internal Service Fund at June 30, 2016, is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability were as follows:

	Liability July 1,	Current Year Claims and Changes in Estimates	Claim Payment	Liability June 30,
2014-2015	\$ 10,055,000	\$ 38,880,741	\$ 35,396,812	\$ 13,538,929
2015-2016	13,538,929	31,661,961	32,899,895	12,300,995

Settled claims for all types of commercial coverage have not exceeded coverage in any of the past three years.

**City of Bristol, Connecticut**

**Notes to Financial Statements**

**Note 11. Fund Balance (Deficits)**

The components of fund balance (deficits) for the governmental funds at June 30 are as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Fund balances (deficits):					
Nonspendable:					
Inventory	\$ -	\$ -	\$ -	\$ 75,495	\$ 75,495
Prepays	8,817	-	-	-	8,817
Trust purpose	-	-	-	848,068	848,068
Total non-spendable	8,817	-	-	923,563	932,380
Restricted:					
Grants	-	-	-	4,906,176	4,906,176
Debt service	-	643,438	-	-	643,438
Total restricted	-	643,438	-	4,906,176	5,549,614
Committed:					
Landfill closure	564,919	-	1,851,096	-	2,416,015
Compensated absences	2,500,000	-	-	190,552	2,690,552
Capital and nonrecurring	-	-	924,917	-	924,917
Capital and nonrecurring WPCA	-	-	2,085,620	-	2,085,620
Equipment	-	-	-	3,946,833	3,946,833
Education	-	-	-	721,515	721,515
Manross Memorial Library	-	-	-	705,088	705,088
Sewer	-	-	-	4,340,943	4,340,943
Solid waste disposal	-	-	-	576,624	576,624
Pine Lake challenge course	-	-	-	122,154	122,154
Transfer station	-	-	-	329,122	329,122
Open space	-	-	-	4,028	4,028
Centre mall	-	-	-	420,878	420,878
Trust purpose	-	-	-	253,143	253,143
Total committed	3,064,919	-	4,861,633	11,610,880	19,537,432
Assigned:					
General government- carryover	3,936,109	-	-	152,698	4,088,807
General government encumbrances- furniture	15,469	-	-	-	15,469
Public Safety encumbrances - uniforms	28,160	-	-	-	28,160
Public Works encumbrances- fleet	338,565	-	-	-	338,565
Health & welfare encumbrances	1,180	-	-	-	1,180
Libraries encumbrances- books & media	8,851	-	-	-	8,851
Parks and Recreation encumbrances	4,117	-	-	-	4,117
Miscellaneous encumbrances	13,478	-	-	-	13,478
Total assigned	4,345,929	-	-	152,698	4,498,627
Unassigned	28,737,167	-	(15,716,475)	(390)	13,020,302
Total unassigned	28,737,167	-	(15,716,475)	(390)	13,020,302
Total fund balances (deficits)	\$ 36,156,832	\$ 643,438	\$ (10,854,842)	\$ 17,592,927	\$ 43,538,355

Significant encumbrances at June 30, 2016 are contained in the above table in the assigned category of the General Fund.

## City of Bristol, Connecticut

### Notes to Financial Statements

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#### Note 12. Contingent Liabilities

The City is a defendant in a number of lawsuits. Based on Counsel's review of all asserted claims for damages, the City is of the opinion that resolution of all lawsuits against the City will not significantly affect its financial position.

The City participates in a number of State and Federal grant programs that are subject to program compliance audits by the grantor agencies. Such audits could lead to requests for reimbursement of expenditures disallowed under the terms of the grants. As of June 30, 2016, the City is of the opinion that such reimbursements in respect of disallowed expenditures, if any, will not be significant.

#### Note 13. Other Post-Employment Benefits

**Plan description:** The City provides certain health care and life insurance benefits for retired employees in accordance with City Council resolutions and bargaining agreements. All regular active employees who retire directly from the City and meet eligibility criteria may participate. Benefit provisions are established through negotiations between the City and the various unions representing the employees. The other postemployment benefits plan is a single-employer defined benefit healthcare plan administered by the City. The City does not issue stand-alone financial statements for this program.

At July 1, 2014, plan membership consisted of the following:

	Retiree Healthcare Plan
Active plan members	1,517
Retired members	496
Total participants	<u>2,013</u>

**Funding policy:** The City has established a trust fund to irrevocably segregate assets to fund the liability associated with the postemployment benefits. The fund is reported as a trust fund in accordance with GASB guidelines. The contribution requirements of plan members and the City are also negotiated with the various unions representing the employees.

**City of Bristol, Connecticut**

**Notes to Financial Statements**

**Note 13. Other Post-Employment Benefits (Continued)**

**Annual OPEB cost and net OPEB obligations:** The City's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

	Retiree Healthcare Plan
Annual required contribution	\$ 7,308,579
Interest on net OPEB obligation	1,415,376
Adjustment to annual required contribution	(1,841,445)
Annual OPEB cost	6,882,510
Contributions made	3,961,206
Increase in net OPEB obligation	2,921,304
Net OPEB obligation, beginning of year	28,307,518
Net OPEB obligation, end of year	<u>\$ 31,228,822</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation (asset) is presented below:

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/2014	\$ 8,205,000	\$ 6,722,000	81.9%	\$ 25,621,847
6/30/2015	6,622,558	3,936,887	59.4%	28,307,518
6/30/2016	6,882,510	3,961,206	57.6%	31,228,822

**Schedule of funding progress:**

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Percentage Funded (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
07/01/14	\$ 4,439,558	\$ 60,732,614	\$ (56,293,056)	7.3%	\$ 96,520,538	(58.3%)

## City of Bristol, Connecticut

### Notes to Financial Statements

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#### **Note 13. Other Post-Employment Benefits (Continued)**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

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

In the July 1, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The ARC reflects a closed 30-year, level amortization of the unfunded actuarial accrued liability (AAL). The actuarial assumptions include a 5% investment rate of return and inflation rate of 3%. The annual healthcare cost trend rate is 10% initially, grading down to 4.5% in year 2023 and thereafter.

**Historical Trend Information:** The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-trend information about whether the actuarial values of plan assets are increasing or decreasing overtime relative to AALs for benefits.

#### **Note 14. Employee Retirement Systems and Pension Plans**

**Plan description:** The City is the administrator of three single-employer Public Employee Retirement Systems (PERS) as presented below:

City of Bristol Retirement System	General City employees
Firefighters' Benefit Fund	Firefighter employees
Police Benefit Fund	Police employees

The PERS are considered to be part of the City's financial reporting entity and are included in the City's financial reports as pension trust funds. There are no stand-alone financial statements issued for the PERS. These plans were established and can be amended under the authority of the City Charter.

**City of Bristol, Connecticut**

**Notes to Financial Statements**

**Note 14. Employee Retirement Systems and Pension Plans (Continued)**

The management of the City retirement system is vested in a retirement board consisting of ten (10) members, as follows: A member of the City Council, a member of the Board of Finance, the comptroller, the treasurer, three (3) electors of the City, none of whom shall be an officer or employee of the City, one elector of the City who shall be a member of the City's employees' local number 1338 of the American Federation of State, County and Municipal Employees, AFL-CIO, one elector of the City who shall be a member of the City's employees' Bristol Professionals and Supervisors Association (BPSA), and the mayor, ex officio. All members, except the comptroller, the treasurer and the mayor, shall be nominated by the mayor and confirmed by the City Council. The members representing the City Council and the Board of Finance shall be appointed for terms of two (2) years and three (3) years, respectively. The others members of the retirement board shall be appointed for five-year terms. The term of office of each appointed member shall continue until a successor is appointed and has qualified. In the event of a vacancy on such board, such vacancy shall be filled in the same manner as the member to be succeeded was appointed or elected. In no event shall any person remain a member of such retirement board except during the time he continues to be a member of the board or body from which he was appointed or elected.

**Combining Statement of Net Position  
June 30, 2016**

	Employee Retirement Funds			Total
	City of Bristol Retirement System	Firefighters' Benefits Fund	Police Benefit Fund	
<b>Assets</b>				
Cash and cash equivalents	\$ 14,271,197	\$ 12,135,005	\$ 13,029,972	\$ 39,436,174
Investments	180,521,636	164,640,383	176,613,300	521,775,319
Receivables, net	44,000	-	-	44,000
Total assets	194,836,833	176,775,388	189,643,272	561,255,493
<b>Liabilities</b>				
Accounts payable	20,003	14,233	13,153	47,389
Due to other funds	-	-	249,500	249,500
Total liabilities	20,003	14,233	262,653	296,889
<b>Net position</b>				
Restricted for pension benefits	194,816,830	176,761,155	189,380,619	560,958,604
Total net position	\$ 194,816,830	\$ 176,761,155	\$ 189,380,619	\$ 560,958,604

City of Bristol, Connecticut

Notes to Financial Statements

Note 14. Employee Retirement Systems and Pension Plans (Continued)

Combining Statement of Changes in Plan Net Position  
Year Ended June 30, 2016

	Employee Retirement Funds			Total
	City of Bristol Retirement System	Firefighters' Benefits Fund	Police Benefit Fund	
Additions:				
Contributions:				
Employer	\$ 44,000	\$ -	\$ -	\$ 44,000
Plan members	1,916,440	214,752	451,452	2,582,644
Total contributions	1,960,440	214,752	451,452	2,626,644
Investment income:				
Net depreciation in fair value of investments	(5,341,691)	(4,682,091)	(5,054,908)	(15,078,690)
Interest and dividends	3,246,354	2,843,838	3,069,750	9,159,942
Total investment income (loss)	(2,095,337)	(1,838,253)	(1,985,158)	(5,918,748)
Less investment expenses	(259,896)	(61,788)	(66,705)	(388,389)
Net investment income (loss)	(2,355,233)	(1,900,041)	(2,051,863)	(6,307,137)
Total additions	(394,793)	(1,685,289)	(1,600,411)	(3,680,493)
Deductions:				
Benefits	12,729,562	3,839,239	5,830,138	22,398,939
Administration	1,191,700	1,038,819	1,118,430	3,348,949
Other	-	-	-	-
Total deductions	13,921,262	4,878,058	6,948,568	25,747,888
Change in net position	(14,316,055)	(6,563,347)	(8,548,979)	(29,428,381)
Net position - beginning of year	209,132,885	183,324,502	197,929,598	590,386,985
Net position - end of year	\$ 194,816,830	\$ 176,761,155	\$ 189,380,619	\$ 560,958,604

**City of Bristol, Connecticut**

**Notes to Financial Statements**

**Note 14. Employee Retirement Systems and Pension Plans (Continued)**

At July 1, 2015, PERS membership consisted of:

	City of Bristol Retirement System	Firefighters' Benefits Fund	Police Benefit Fund
Retirees, disabled and beneficiaries currently receiving benefits	531	97	118
Terminated employees entitled to benefits but not yet receiving them	73	1	3
Current employees	704	85	123
Total	1,308	183	244

The City of Bristol Retirement System covers all full-time employees (except firefighters, police officers and teachers) who are under age 65 on their date of employment. The City provides all retirement, death and disability benefits through a single-employer, contributory, defined benefit plan. Employees are 100% vested after 10 years of continuous service, if their contributions remain in the fund upon termination. Employees who retire at normal retirement (age plus service equal to 80, minimum age 55) receive a retirement benefit for life of 2.40% of average annual pay times number of completed years of service. If an employee leaves employment or dies before meeting vesting requirements, accumulated employee contributions and interest are refunded.

The Firefighters' Benefits Fund covers all members of the Fire Department. The City provides all retirement, death and disability benefits through a single-employer, contributory, defined benefit plan. Under the plan, all employees of the Fire Department are eligible to join. Employees are 100% vested after 10 years of continuous service, if their contributions remain in the fund. Fire employees who retire at normal retirement (the earlier of age 65 or 25 years of continuous service) receive a retirement benefit for life of 70% of base pay (including ¼ of an employee's unused sick leave paid out at the time of retirement), adjusted for cost of living. The cost-of-living escalation is limited to a 2.25% increase per year. If an employee leaves employment or dies before meeting the vesting requirements, accumulated employee contributions are refunded. Benefits and employee contributions are fixed by contract and may be amended by union negotiations.

The Police Benefit Fund covers all members of the Police Department. The City provides all retirement, death and disability benefits through a single-employer, contributory, defined benefit plan. Under the plan, all employees of the Police Department are eligible to join. Employees are 100% vested after 10 years of continuous service, if their contributions remain in the fund upon termination. Police employees who retire at normal retirement (the earlier of age 65 or 25 years of continuous service) receive a retirement benefit for life of 70% of the compensation paid to the member in the year prior to retirement, adjusted for escalation. The pension benefit formula is 70% of a member's compensation (base pay). Base pay shall include ¼ of an employee's unused sick leave paid out at the time of retirement if applicable.



## City of Bristol, Connecticut

### Notes to Financial Statements

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#### **Note 14. Employee Retirement Systems and Pension Plans (Continued)**

The PERS also provides for automatic post-retirement increases on retiree pensions. The pension shall be adjusted by one-half of the pay increase awarded to a then-active member in the same grade as the retiree last held. The cost-of-living escalation is limited to a 2.25% increase per year. Member's contributions are returnable on termination or on death while active, or after retirement (less any benefits paid), provided in each case that no death benefits are otherwise payable.

#### **Summary of significant accounting policies and plan asset matters:**

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

**Contributions:** Employees covered under the City of Bristol Retirement System are required to contribute 6% of their base pay to the PERS.

The City is required to contribute the remaining amounts necessary to finance the benefits for its employees. For the year ended June 30, 2016, the City was required to make a contribution of \$352,543. Benefits and employee contributions are fixed by union contract and may be amended by union negotiations.

Fire employees are required to contribute 6% of their base pay to the PERS. After 25 years of service, employee contributions cease. The City is required to contribute the remaining amounts necessary to finance the benefits for its employees. For the year ended June 30, 2016, the City was not required to make a contribution. Benefits and employee contributions are fixed by union contract and may be amended by union negotiations.

Police employees are required to contribute 6% of their base pay to the PERS. After 25 years of service, employee contributions cease. The City is required to contribute the remaining amounts necessary to finance the benefits for its employees. For the year ended June 30, 2016, the City was not required to make a contribution. Benefits and employee contributions are fixed by union contract and may be amended by union negotiations.

**City of Bristol, Connecticut**

**Notes to Financial Statements**

**Note 14. Employee Retirement Systems and Pension Plans (Continued)**

**Investments:**

**Investment policy:** The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board. It is the policy of the Retirement Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2016:

<u>Asset Class</u>	<u>Target Allocation</u>
Intermediate Term Bonds	21.3%
High Yield Bonds	7.6%
Large Cap US Equities	30.0%
Mid Cap US Equities	2.5%
Small Cap US Equities	2.5%
Developed Foreign Equities	13.6%
Emerging Market Equities	7.5%
Private Equities	5.0%
Hedge Funds/Absolute Return	10.0%
Total	<u>100.0%</u>

**Rate of return:** For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (2.47%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net pension liability (asset) of the City:** The components of the net pension liability (asset) of the City at June 30, 2016, were as follows:

	City of Bristol Retirement System	Firefighters' Benefit Fund	Police Benefit Fund
Total pension liability	\$ 204,245,167	\$ 71,680,982	\$ 115,955,470
Plan fiduciary net position	194,816,830	176,761,155	189,380,619
Net pension liability (asset)	<u>\$ 9,428,337</u>	<u>\$ (105,080,173)</u>	<u>\$ (73,425,149)</u>

Plan fiduciary net position as a percentage of the total pension liability (asset)	95.38%	246.59%	163.32%
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**City of Bristol, Connecticut**

**Notes to Financial Statements**

**Note 14. Employee Retirement Systems and Pension Plans (Continued)**

Changes in the Net Pension Liability (Asset)

	City of Bristol Retirement System		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 6/30/15	\$ 198,811,928	\$ 209,132,881	\$ (10,320,953)
Changes for the year:			
Service cost	4,362,700	-	4,362,700
Interest on total pension liability	14,701,745	-	14,701,745
Effect of economic/demographic gains or losses	(901,644)	-	(901,644)
Benefit payments	(12,729,562)	(12,729,562)	-
Employer contributions	-	44,000	(44,000)
Member contributions	-	1,916,440	(1,916,440)
Net investment income	-	(3,546,929)	3,546,929
Net changes	5,433,239	(14,316,051)	19,749,290
Balances at 6/30/16	<u>\$ 204,245,167</u>	<u>\$ 194,816,830</u>	<u>\$ 9,428,337</u>

Changes in the Net Pension Asset

	Firefighters' Benefits Fund		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at 6/30/15	\$ 71,041,708	\$ 183,324,500	\$ (112,282,792)
Changes for the year:			
Service cost	1,561,703	-	1,561,703
Interest on total pension liability	5,137,347	-	5,137,347
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(2,220,537)	-	(2,220,537)
Benefit payments	(3,839,239)	(3,839,239)	-
Member contributions	-	214,752	(214,752)
Net investment income	-	(2,938,858)	2,938,858
Net changes	639,274	(6,563,345)	7,202,619
Balances at 6/30/16	<u>\$ 71,680,982</u>	<u>\$ 176,761,155</u>	<u>\$ (105,080,173)</u>

City of Bristol, Connecticut

Notes to Financial Statements

Note 14. Employee Retirement Systems and Pension Plans (Continued)

Changes in the Net Pension Asset

	Police Benefit Fund		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at 6/30/15	\$ 110,143,364	\$ 197,929,600	\$ (87,786,236)
Changes for the year:			
Service cost	2,353,115	-	2,353,115
Interest on total pension liability	8,296,970	-	8,296,970
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	992,159	-	992,159
Benefit payments	(5,830,138)	(5,830,138)	-
Member contributions	-	451,452	(451,452)
Net investment income	-	(3,170,295)	3,170,295
Net changes	5,812,106	(8,548,981)	14,361,087
Balances at 6/30/16	<u>\$ 115,955,470</u>	<u>\$ 189,380,619</u>	<u>\$ (73,425,149)</u>

**Actuarial assumptions:** The total pension liability was determined by an actuarial valuation as of July 1, 2015 using the following actuarial assumptions, applied to all periods included in the measurement:

	City of Bristol Retirement System	Firefighters' Benefits Fund	Police Benefit Fund
Actuarial valuation date	July 1, 2015	July 1, 2015	July 1, 2015
Measurement date	June 30, 2016	June 30, 2016	June 30, 2016
Inflation	2.75%	2.75%	2.75%
Salary increases including inflation	Graded salary growth with an ultimate rate of 3.5%	Graded salary growth with an ultimate rate of 3.5%	Graded salary growth with an ultimate rate of 3.5%
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal

Mortality rates were based on the RP-2000 Mortality for Employees and Healthy with generational projection per Scale AA.

## City of Bristol, Connecticut

### Notes to Financial Statements

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#### Note 14. Employee Retirement Systems and Pension Plans (Continued)

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period June 30, 2006-June 30, 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 (see the discussion of the pension plan's investment policy), are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Arithmetic Real Rate of Return</u>	<u>Long-term Expected Geometric Real Rate of Return</u>
Intermediate Term Bonds	2.23%	2.12%
High Yield Bonds	4.55%	4.01%
Large Cap US Equities	5.11%	3.86%
Mid Cap US Equities	5.66%	4.01%
Small Cap US Equities	6.26%	4.25%
Developed Foreign Equities	6.04%	4.35%
Emerging Market Equities	8.19%	4.84%
Private Equities	9.16%	5.28%
Hedge Funds/Absolute Return	2.17%	1.86%
Assumed Inflation - Mean	2.75%	2.75%
Assumed Inflation - Standard Deviation	1.89%	1.89%
Assumed Investment Management Fees	-0.10%	-0.10%
Portfolio Real Mean Return	4.77%	4.03%
Portfolio Nominal Mean Return	7.43%	6.78%
Portfolio Standard Deviation	0.00%	11.96%
Long-term expected rate of return		7.50%

**Discount rate:** The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension 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.

City of Bristol, Connecticut

Notes to Financial Statements

**Note 14. Employee Retirement Systems and Pension Plans (Continued)**

**Sensitivity of the net pension liability (asset) to changes in the discount rate:** The following presents the net pension liability of the City's Pension Plans, calculated using the discount rate of 7.50%, as well as what the City's Pension Plans net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

Net pension liability (asset)	1% Decrease	Current	1% Increase
	6.50%	Discount Rate 7.50%	8.50%
City of Bristol Retirement System	\$ 31,197,061	\$ 9,428,337	\$ (9,181,661)
Firefighters' Benefit Fund	(96,458,296)	(105,080,173)	(112,293,290)
Police Benefit Fund	(58,301,662)	(73,425,149)	(85,895,477)

For the fiscal year ended June 30, 2016, the recognized pension expense is \$9,849,047. As of June 30, 2016, deferred outflows of resources and deferred inflows of resources related to pensions are reported as follows:

	Deferred Outflows of Resources			
	City of Bristol Retirement System	Firefighters' Benefit Fund	Police Benefit Fund	Total
Net difference between projected and actual earnings on pension plan investments	\$ 25,772,381	\$ 22,384,149	\$ 24,151,222	\$ 72,307,752
Differences between expected and actual experience	56,723	1,097,622	850,422	2,004,767
Total	\$ 25,829,104	\$ 23,481,771	\$ 25,001,644	\$ 74,312,519

	Deferred Inflows of Resources			
	City of Bristol Retirement System	Firefighters' Benefit Fund	Police Benefit Fund	Total
Differences between expected and actual experience	\$ (740,636)	\$ (1,884,092)	\$ (4,198,340)	\$ (6,823,068)
Total	\$ (740,636)	\$ (1,884,092)	\$ (4,198,340)	\$ (6,823,068)

Net deferred outflows/(inflows) of resources	\$ 25,088,468	\$ 21,597,679	\$ 20,803,304	\$ 67,489,451
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**City of Bristol, Connecticut**

**Notes to Financial Statements**

**Note 14. Employee Retirement Systems and Pension Plans (Continued)**

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

Year ended June 30,	City of Bristol Retirement System	Firefighters' Benefit Fund	Police Benefit Fund	Total
2017	\$ 7,189,425	\$ 6,249,960	\$ 6,129,693	\$ 19,569,078
2018	7,189,425	6,249,960	6,129,693	19,569,078
2019	7,189,427	6,249,961	6,129,692	19,569,080
2020	3,616,795	3,203,172	2,830,476	9,650,443
2021	(96,604)	(153,507)	(557,987)	(808,098)
Thereafter*	-	(201,867)	141,737	(60,130)
Total	\$ 25,088,468	\$ 21,597,679	\$ 20,803,304	\$ 67,489,451

**Connecticut State Teachers' Retirement System:** Certified staff within the City's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the System) is a cost sharing multiple employer defined benefit pension system with a special funding situation.

The System is considered a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained at [www.ct.gov](http://www.ct.gov).

The System is administered under the provisions of Chapter 167a of the Connecticut General Statutes (CGS). Participation in the System is restricted to certified staff employed in the public schools of Connecticut and members of the professional staff of the State Department of Education or the board of Governors of Higher Education and their constituent units. Participation in the System is mandatory for certified personnel of local boards of education who are employed for an average of at least one-half of a school day. Members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units may elect to participate in this system, the State Employees' Retirement System, or the Alternate Retirement System (TIAA-CREF).

**Summary of significant accounting policies:** For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The City has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$13,692,000 payments made by the State of Connecticut on-behalf of the City. The City does not have any liability for teacher pensions.

**City of Bristol, Connecticut**

**Notes to Financial Statements**

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**Note 14. Employee Retirement Systems and Pension Plans (Continued)**

**Benefits provided:** The benefits provided to participants by the System are as follows:

**Normal benefit:** A member 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 is eligible for vested benefits of 2% of average annual salary times years of credited service (maximum benefit is 75% of average annual salary.)

**Prorated benefit:** A member who completes 10 years of Connecticut public school service is eligible for a vested benefit commencing at age 60. The benefit is 2% less 0.1% for each year less than 20 years of average annual salary times years of credited service.

**Minimum benefit:** Effective January 1, 1999, Public Act 98-251 provides a minimum monthly retirement benefit of \$1,200 to teachers who retire under the Normal Benefit provisions and who have completed at least 25 years of full time Connecticut service at retirement.

**Contribution requirements:** The pension contributions made by the State to the System are determined on an actuarial reserve basis as described in CGS Sections 10-1831 and 10-183z.

Participants are required to contribute 6.00% of their annual salary rate to the System as required by CGS Section 10-183b (7). For the 2015/2016 school year, \$4,063,218 mandatory contributions were deducted from the salaries of teachers who were participants of the System during that school year. The estimated covered payroll for the City is \$56,837,000.

**Actuarial assumptions:** The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010. The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following key actuarial assumptions:

Inflation	3.00 Percent
Salary increases, including inflation	3.75-7.00 Percent
Long-term investment rate of return, net of pension investment expense, including inflation	8.50 Percent

Mortality rates were based on the RP-2000 Combined Mortality Table RP-2000 projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries.



**City of Bristol, Connecticut**

**Notes to Financial Statements**

**Note 14. Employee Retirement Systems and Pension Plans (Continued)**

The long-term expected rate of return on pension 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 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 asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap U.S. equities	21.00%	7.30%
Developed non-U.S. equities	18.00%	7.50%
Emerging Markets (non-U.S.)	9.00%	8.60%
Core Fixed Income	7.00%	1.70%
Emerging Market Debt	5.00%	4.80%
High Yield	5.00%	3.70%
Inflation Linked Bonds	3.00%	1.30%
Liquidity Fund	6.00%	0.40%
Real Estate	7.00%	5.90%
Private Equity	11.00%	10.90%
Alternative Investments	8.00%	0.70%
	100.00%	

**Discount rate:** The discount rate used to measure the total pension liability was 8.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the proportionate share of the net pension liability (NPL) to changes in the discount rate:** The following presents the State’s proportionate share of the NPL of the System, calculated using the discount rate of 8.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.50%) or 1-percentage-point higher (9.50%) than the current rate. The City has no obligation for the NPL.

	1% Decrease 7.50%	Current Discount Rate 8.50%	1% Increase 9.50%
State’s share of NPL associated with the City	\$192,829,006	\$152,907,734	\$118,974,287
	\$192,829,006	\$152,907,734	\$118,974,287

## City of Bristol, Connecticut

### Notes to Financial Statements

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#### **Note 14. Employee Retirement Systems and Pension Plans (Continued)**

**Pension liabilities, pension expense, and deferred inflows/outflows of resources:** The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 68 and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the City. The portion of the net pension liability that was associated with the City was \$152,907,734 and 100% of the collective net pension liability is allocated to the State.

June 30, 2014, is the actuarial valuation date upon which the total pension liability is based. There were no changes in assumptions or benefits that affected the measurement of the total pension liability since the prior measurement date.

The City has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$13,692,000 payments made by the State of Connecticut on-behalf of the City. The City does not have any liability for teacher pensions.

#### **Note 15. Governmental Accounting Standards Board (GASB) Statements**

The GASB has issued several pronouncements that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements, except for GASB 75, which will most likely have a material impact, though the amount has not yet been determined:

- *GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans that administer benefits on behalf of governments. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The provisions of this Statement are effective for fiscal years beginning after June 15, 2016.
- *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide:
  - Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments.

## City of Bristol, Connecticut

### Notes to Financial Statements

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#### Note 15. Governmental Accounting Standards Board (GASB) Statements (Continued)

- Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan.
- Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees.

Statement 75 carries forward from Statement 45 the option to use a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through OPEB plans in which there are fewer than 100 plan members (active and inactive). This option was retained in order to reduce costs for smaller governments. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017.

- GASB Statement No. 77, *Tax Abatement Disclosures*. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:
  - Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
  - The gross dollar amount of taxes abated during the period
  - Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs. Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

- The names of the governments that entered into the agreements
- The specific taxes being abated
- The gross dollar amount of taxes abated during the period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.

**Note 15. Governmental Accounting Standards Board (GASB) Statements (Continued)**

- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This standard narrows the scope and applicability of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan meeting specific criteria; establishes new guidance for these employers, including separate requirements for recognition and measurement of pension expense or expenditures and liabilities, note disclosures and required supplementary information (RSI). The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged.
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged.
- GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.
- GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

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**Required Supplementary  
Information - Unaudited**



**Required Supplementary Information - Unaudited**  
**Schedule of General Fund Revenues and Other Financing Sources - Budget and Actual (in thousands)**  
**For the Year Ended June 30, 2016**  
**With Comparative Actual Amounts for 2015**

	2016				Variance With Final Budget Positive (Negative)	2015 Actual
	Original Budget	Adjustments	Amended Budget	Actual		
<b>Property Taxes</b>						
Current levy	\$ 130,911	\$ 500	\$ 131,411	\$ 131,438	\$ 27	\$ 131,309
Prior levy	1,000	400	1,400	1,489	89	1,328
60-Day GAAP	-	-	-	184	184	-
Interest and penalties	575	300	875	921	46	954
Total property taxes	132,486	1,200	133,686	134,032	346	133,591
<b>Licenses, Permits and Fees</b>						
Assessors' late filing fees	1	-	1	1	-	2
Circuit Court fines	2	-	2	11	9	6
Dog penalties	1	-	1	1	-	1
Merchandising licenses	2	-	2	4	2	3
Animal licenses	8	-	8	8	-	7
Marriage licenses	2	-	2	2	-	2
Fees	78	-	78	41	(37)	127
Notary services	4	-	4	3	(1)	4
Burial permits	2	-	2	2	-	2
Trade names	1	-	1	1	-	1
Vital statistics	118	-	118	132	14	132
Parking violations	55	-	55	53	(2)	39
Alarm fees	15	-	15	18	3	19
Police report fees	12	-	12	13	1	10
Building permits	529	400	929	941	12	583
PW excavating permits	7	-	7	10	3	8
Surcharges	3	-	3	-	(3)	-
Land use fees and permits	13	-	13	15	2	17
BBHD code enforcement fees	3	-	3	5	2	3
Library fines	20	-	20	22	2	23
Total licenses, permits and fees	876	400	1,276	1,283	7	989
<b>State and Federal Grants</b>						
State grants-in-aid:						
State Owned Property (PILOT)	92	-	92	-	(92)	96
State Grant: Elderly Freeze	4	-	4	4	-	6
Tax Relief Elderly/Disabled Homeowner	340	-	340	352	12	343
Private Hospitals (PILOT)	557	-	557	404	(153)	581
Tax Relief Totally Disabled	10	-	10	14	4	13
Additional Tax Relief: Veterans	30	-	30	29	(1)	31
Enterprise Zone Reimbursement	180	-	180	174	(6)	166
Town Aid Road Transportation	665	-	665	664	(1)	665
Mashantucket Pequot Grant	598	-	598	600	2	592
PILOT	-	-	-	-	-	55
Off-track Betting	70	-	70	64	(6)	66
Municipal Grant in Aid	-	2,487	2,487	2,487	-	2,339
Utilities Tax	100	-	100	118	18	130

(Continued)



**Required Supplementary Information - Unaudited**  
**Schedule of General Fund Revenues and Other Financing Sources - Budget and Actual (in thousands) (Continued)**  
**For the Year Ended June 30, 2016**  
**With Comparative Actual Amounts for 2015**

	2016					2015 Actual
	Original Budget	Adjustments	Amended Budget	Actual	Variance With Final Budget Positive (Negative)	
<b>State and Federal Grants (Continued)</b>						
Youth Services Bureau	\$ 50	\$ -	\$ 50	\$ 46	\$ (4)	\$ 50
Youth Services Bureau - Enhancement	-	7	7	7	-	7
Juvenile Diversion Grant	-	30	30	30	-	15
E911 Subsidy Grant	134	-	134	135	1	135
School Readiness Grant/Quality Enhancement	-	2,925	2,925	2,894	(31)	2,803
Education Cost Sharing	41,657	-	41,657	41,644	(13)	41,512
Transportation Child- Public	419	-	419	405	(14)	413
Medicaid Coordination	100	150	250	251	1	418
Excess Cost Student Based	2,600	-	2,600	1,471	(1,129)	2,600
Health Serv. PA 481/Private Sch Health Reimb.	250	-	250	237	(13)	285
Transportation School Child- Nonpublic	77	-	77	160	83	75
Miscellaneous State Grants	6	57	63	64	1	76
Federal grants:						
Housing Authority (FED-PILOT)	-	-	-	-	-	94
FEMA disaster grant	-	-	-	-	-	147
Public Safety federal grant	10	-	10	19	9	2
Total state and federal grants	<u>47,949</u>	<u>5,656</u>	<u>53,605</u>	<u>52,273</u>	<u>(1,332)</u>	<u>53,715</u>
<b>Charges for Services</b>						
Copier charges	56	-	56	60	4	62
Code enforcement reimbursements	-	-	-	-	-	-
Water reimbursement fees	1	-	1	8	7	8
Foreclosure reimbursement fees	10	-	10	7	(3)	14
Recording fees	280	-	280	289	9	274
Real estate transfer tax	750	-	750	825	75	663
Department of Aging services	64	-	64	64	-	66
Public Safety charges for services	620	401	1,021	1,242	221	1,016
Animal Control charges	3	-	3	3	-	3
Miscellaneous charges for services	8	1	9	3	(6)	6
Public Works service and maps	309	-	309	335	26	362
Recycling permits	5	-	5	13	8	32
City building rentals	208	-	208	276	68	293
School tuition	150	70	220	70	(150)	245
Pool revenue	175	-	175	190	15	169
Park program	113	-	113	119	6	128
Total charges for services	<u>2,752</u>	<u>472</u>	<u>3,224</u>	<u>3,504</u>	<u>280</u>	<u>3,341</u>

(Continued)

**Required Supplementary Information - Unaudited**  
**Schedule of General Fund Revenues and Other Financing Sources - Budget and Actual (in thousands) (Continued)**  
**For the Year Ended June 30, 2016**  
**With Comparative Actual Amounts for 2015**

	2016				Variance With Final Budget Positive (Negative)	2015 Actual
	Original Budget	Adjustments	Amended Budget	Actual		
<b>Investment Earnings</b>						
Interest - General Fund	\$ 210	\$ 140	\$ 350	\$ 357	\$ 7	\$ 311
Interest - Miscellaneous A/R	3	-	3	9	6	7
Total investment earnings	<u>213</u>	<u>140</u>	<u>353</u>	<u>366</u>	<u>13</u>	<u>318</u>
<b>Sale of Property and Equipment</b>	<u>75</u>	<u>300</u>	<u>375</u>	<u>420</u>	<u>45</u>	<u>84</u>
<b>Other Local Revenue</b>						
Miscellaneous	20	856	876	1,140	264	1,307
Contributions Interdistrict Cooperative	-	76	76	76	-	58
Library trust funds	16	33	49	49	-	43
Park trust funds and gifts	421	63	484	484	-	535
Total other local revenue	<u>457</u>	<u>1,028</u>	<u>1,485</u>	<u>1,749</u>	<u>264</u>	<u>1,943</u>
<b>Transfers in</b>	<u>3</u>	<u>46</u>	<u>49</u>	<u>74</u>	<u>25</u>	<u>6</u>
Total revenues and other financing sources	<u>\$ 184,811</u>	<u>\$ 9,242</u>	<u>\$ 194,053</u>	193,701	<u>\$ (352)</u>	<u>\$ 193,987</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teacher's Retirement System for City teachers are not budgeted

13,692

13,776

Total revenues and other financing sources as reported on the statement of revenues, expenditures and changes in fund balances (deficits) - Governmental Funds - Exhibit IV

\$ 207,393

\$ 207,763

Required Supplementary Information - Unaudited  
 Schedule of General Fund Expenditures and Other Financing Uses - Budgetary Basis- Budget and Actual (in thousands)  
 For the Year Ended June 30, 2016  
 With Comparative Actual Amounts for 2015

	2016				Variance With Final Budget Positive (Negative)	2015 Actual
	Original Budget	Adjustments	Amended Budget	Actual		
<b>General Government</b>						
<b>City Council:</b>						
Personnel services	\$ 58	\$ -	\$ 58	\$ 58	\$ -	\$ 58
<b>Mayor's Office:</b>						
Personnel services	161	(1)	160	159	(1)	166
Contractual services	76	-	76	60	(16)	58
Supplies	1	-	1	1	-	1
Capital outlay	-	1	1	1	-	33
<b>Total mayor's office</b>	<b>238</b>	<b>-</b>	<b>238</b>	<b>221</b>	<b>(17)</b>	<b>258</b>
<b>Probate Court:</b>						
Contractual services	32	2	34	32	(2)	21
Supplies	5	3	8	8	-	2
<b>Total probate court</b>	<b>37</b>	<b>5</b>	<b>42</b>	<b>40</b>	<b>(2)</b>	<b>23</b>
<b>Registrar of Voters:</b>						
Personnel services	200	(2)	198	193	(5)	171
Contractual services	23	7	30	29	(1)	52
Supplies	19	1	20	15	(5)	14
Capital Outlay	36	(6)	30	29	(1)	-
<b>Total registrar of voters</b>	<b>278</b>	<b>-</b>	<b>278</b>	<b>266</b>	<b>(12)</b>	<b>237</b>
<b>Assessor:</b>						
Personnel services	357	(9)	348	344	(4)	335
Contractual services	39	(3)	36	34	(2)	21
Supplies	2	-	2	2	-	2
<b>Total assessor</b>	<b>398</b>	<b>(12)</b>	<b>386</b>	<b>380</b>	<b>(6)</b>	<b>358</b>
<b>Board of Assessment Appeals:</b>						
Personnel services	5	-	5	5	-	5
<b>Tax Collector:</b>						
Personnel services	293	-	293	287	(6)	272
Contractual services	96	1	97	45	(52)	77
Supplies	1	-	1	1	-	-
<b>Total tax collector</b>	<b>390</b>	<b>1</b>	<b>391</b>	<b>333</b>	<b>(58)</b>	<b>349</b>
<b>Purchasing:</b>						
Personnel services	177	4	181	174	(7)	173
Contractual services	9	-	9	8	(1)	8
<b>Total purchasing</b>	<b>186</b>	<b>4</b>	<b>190</b>	<b>182</b>	<b>(8)</b>	<b>181</b>

(Continued)

**Required Supplementary Information - Unaudited**  
**Schedule of General Fund Expenditures and Other Financing Uses - Budgetary Basis- Budget and Actual (in thousands) (Continued)**  
**For the Year Ended June 30, 2016**  
**With Comparative Actual Amounts for 2015**

	2016					2015 Actual
	Original Budget	Adjustments	Amended Budget	Actual	Variance With Final Budget Positive (Negative)	
<b>General Government (Continued)</b>						
<b>Comptroller's Office:</b>						
Personnel services	\$ 689	\$ (30)	\$ 659	\$ 619	\$ (40)	\$ 619
Contractual services	14	-	14	10	(4)	11
Supplies	1	-	1	1	-	1
<b>Total comptroller's office</b>	<b>704</b>	<b>(30)</b>	<b>674</b>	<b>630</b>	<b>(44)</b>	<b>631</b>
<b>Treasurer:</b>						
Personnel services	123	-	123	102	(21)	105
Contractual services	6	-	6	5	(1)	5
Supplies	1	-	1	1	-	1
Other/Misc.	35	-	35	6	(29)	-
<b>Total treasurer</b>	<b>165</b>	<b>-</b>	<b>165</b>	<b>114</b>	<b>(51)</b>	<b>111</b>
<b>Information Systems:</b>						
Personnel services	486	1	487	487	-	533
Contractual services	318	(4)	314	289	(25)	266
Supplies	10	-	10	9	(1)	13
Capital outlay	74	-	74	70	(4)	50
<b>Total information systems</b>	<b>888</b>	<b>(3)</b>	<b>885</b>	<b>855</b>	<b>(30)</b>	<b>862</b>
<b>Personnel Department:</b>						
Personnel services	423	40	463	463	-	416
Contractual services	100	20	120	119	(1)	93
Purch. professional services	6	2	8	8	-	10
Supplies	5	-	5	4	(1)	4
Capital outlay	-	-	-	-	-	4
<b>Total personnel department</b>	<b>534</b>	<b>62</b>	<b>596</b>	<b>594</b>	<b>(2)</b>	<b>527</b>
<b>Corporation Counsel:</b>						
Personnel services	397	3	400	400	-	378
Contractual services	204	(59)	145	140	(5)	188
Supplies	17	-	17	10	(7)	14
<b>Total corporation counsel</b>	<b>618</b>	<b>(56)</b>	<b>562</b>	<b>550</b>	<b>(12)</b>	<b>580</b>
<b>City Clerk:</b>						
Personnel services	337	-	337	324	(13)	297
Contractual services	78	-	78	68	(10)	65
Purch. prof. services	-	-	-	-	-	-
Supplies	2	-	2	2	-	2
<b>Total city clerk</b>	<b>417</b>	<b>-</b>	<b>417</b>	<b>394</b>	<b>(23)</b>	<b>364</b>

(Continued)

Required Supplementary Information - Unaudited  
 Schedule of General Fund Expenditures and Other Financing Uses - Budgetary Basis- Budget and Actual (in thousands) (Continued)  
 For the Year Ended June 30, 2016  
 With Comparative Actual Amounts for 2015

	2016					2015 Actual
	Original Budget	Adjustments	Amended Budget	Actual	Variance With Final Budget Positive (Negative)	
<b>General Government (Continued)</b>						
<b>Board of Finance:</b>						
Personnel services	\$ 1	\$ -	\$ 1	\$ 2	\$ 1	\$ 1
Contractual services	70	-	70	61	(9)	70
<b>Total board of finance</b>	<b>71</b>	<b>-</b>	<b>71</b>	<b>63</b>	<b>(8)</b>	<b>71</b>
<b>Aging Department:</b>						
Personnel services	383	-	383	354	(29)	348
Contractual services	218	57	275	242	(33)	247
Supplies	64	-	64	43	(21)	49
Capital outlay	-	-	-	-	-	-
<b>Total aging department</b>	<b>665</b>	<b>57</b>	<b>722</b>	<b>639</b>	<b>(83)</b>	<b>644</b>
<b>Downtown Corporation (BDDC):</b>						
Contractual services	30	-	30	30	-	30
<b>NVCOG:</b>						
Contractual services	26	-	26	26	-	4
<b>Youth Services:</b>						
Personnel services	272	-	272	265	(7)	261
Contractual services	122	37	159	153	(6)	141
Supplies	13	-	13	8	(5)	13
<b>Total youth services</b>	<b>407</b>	<b>37</b>	<b>444</b>	<b>426</b>	<b>(18)</b>	<b>415</b>
<b>Interdistrict COOP:</b>						
Personnel services	-	2	2	2	-	32
Contractual services	-	1	1	1	-	1
Purchased other services	-	72	72	72	-	25
Supplies	-	1	1	1	-	-
<b>Total interdistrict COOP</b>	<b>-</b>	<b>76</b>	<b>76</b>	<b>76</b>	<b>-</b>	<b>58</b>
<b>Community Promotions:</b>						
Contractual services	5	29	34	34	-	29
Other	25	-	25	25	-	15
<b>Total community promotions</b>	<b>30</b>	<b>29</b>	<b>59</b>	<b>59</b>	<b>-</b>	<b>44</b>

(Continued)

Required Supplementary Information - Unaudited  
 Schedule of General Fund Expenditures and Other Financing Uses - Budgetary Basis- Budget and Actual (in thousands) (Continued)  
 For the Year Ended June 30, 2016  
 With Comparative Actual Amounts for 2015

	2016					2015 Actual
	Original Budget	Adjustments	Amended Budget	Actual	Variance With Final Budget Positive (Negative)	
<b>General Government (Continued)</b>						
<b>Boards and Commissions:</b>						
Personnel services	\$ 7	\$ -	\$ 7	\$ 5	\$ (2)	\$ 4
Contractual services	1	-	1	-	(1)	-
<b>Total boards and commissions</b>	<b>8</b>	<b>-</b>	<b>8</b>	<b>5</b>	<b>(3)</b>	<b>4</b>
<b>Total general government</b>	<b>6,153</b>	<b>170</b>	<b>6,323</b>	<b>5,946</b>	<b>(377)</b>	<b>5,814</b>
<b>Public Safety</b>						
<b>Police Department:</b>						
Personnel services	13,558	548	14,106	13,682	(424)	13,328
Contractual services	593	15	608	548	(60)	552
Supplies	305	-	305	208	(97)	262
Capital outlay	70	(55)	15	14	(1)	16
<b>Total police department</b>	<b>14,526</b>	<b>508</b>	<b>15,034</b>	<b>14,452</b>	<b>(582)</b>	<b>14,158</b>
<b>Fire Department:</b>						
Personnel services	7,365	183	7,548	7,525	(23)	7,321
Contractual services	247	(10)	237	226	(11)	214
Supplies	181	(7)	174	160	(14)	187
Capital outlay	119	(3)	116	115	(1)	36
<b>Total fire department</b>	<b>7,912</b>	<b>163</b>	<b>8,075</b>	<b>8,026</b>	<b>(49)</b>	<b>7,758</b>
<b>Animal Control:</b>						
Personnel services	130	4	134	133	(1)	129
Contractual services	12	(2)	10	9	(1)	9
Supplies	5	-	5	4	(1)	4
<b>Total animal control</b>	<b>147</b>	<b>2</b>	<b>149</b>	<b>146</b>	<b>(3)</b>	<b>142</b>
<b>Emergency Management:</b>						
Personnel services	6	1	7	7	-	6
Contractual services	4	-	4	2	(2)	3
Supplies	5	-	5	5	-	8
Capital outlay	4	-	4	4	-	-
<b>Total emergency management</b>	<b>19</b>	<b>1</b>	<b>20</b>	<b>18</b>	<b>(2)</b>	<b>17</b>

(Continued)

Required Supplementary Information - Unaudited  
 Schedule of General Fund Expenditures and Other Financing Uses - Budgetary Basis- Budget and Actual (in thousands) (Continued)  
 For the Year Ended June 30, 2016  
 With Comparative Actual Amounts for 2015

	2016					2015 Actual
	Original Budget	Adjustments	Amended Budget	Actual	Variance With Final Budget Positive (Negative)	
<b>Public Safety (Continued)</b>						
<b>Building Inspection:</b>						
Personnel services	\$ 510	\$ (1)	\$ 509	\$ 501	\$ (8)	\$ 472
Contractual services	9	2	11	7	(4)	9
Supplies	6	-	6	4	(2)	7
<b>Total building inspection</b>	<b>525</b>	<b>1</b>	<b>526</b>	<b>512</b>	<b>(14)</b>	<b>488</b>
<b>Total public safety</b>	<b>23,129</b>	<b>675</b>	<b>23,804</b>	<b>23,154</b>	<b>(650)</b>	<b>22,563</b>
<b>Public Works</b>						
<b>Administration:</b>						
Personnel services	347	(5)	342	335	(7)	337
Contractual services	8	5	13	10	(3)	8
Supplies	5	1	6	6	-	2
<b>Total administration</b>	<b>360</b>	<b>1</b>	<b>361</b>	<b>351</b>	<b>(10)</b>	<b>347</b>
<b>Engineering:</b>						
Personnel services	801	(11)	790	680	(110)	713
Contractual services	56	(21)	35	40	5	9
Supplies	4	-	4	3	(1)	3
<b>Total engineering</b>	<b>861</b>	<b>(32)</b>	<b>829</b>	<b>723</b>	<b>(106)</b>	<b>725</b>
<b>Land Use:</b>						
Personnel services	212	-	212	209	(3)	202
Contractual services	20	-	20	11	(9)	12
Supplies	4	(4)	-	1	1	1
<b>Total land use</b>	<b>236</b>	<b>(4)</b>	<b>232</b>	<b>221</b>	<b>(11)</b>	<b>215</b>
<b>Maintenance:</b>						
Personnel services	529	40	569	569	-	474
Contractual services	508	(24)	484	477	(7)	469
Supplies	157	(42)	115	100	(15)	197
Capital outlay	-	-	-	-	-	-
<b>Total maintenance</b>	<b>1,194</b>	<b>(26)</b>	<b>1,168</b>	<b>1,146</b>	<b>(22)</b>	<b>1,140</b>

(Continued)

Required Supplementary Information - Unaudited  
 Schedule of General Fund Expenditures and Other Financing Uses - Budgetary Basis- Budget and Actual (in thousands) (Continued)  
 For the Year Ended June 30, 2016  
 With Comparative Actual Amounts for 2015

	2016					2015 Actual
	Original Budget	Adjustments	Amended Budget	Actual	Variance With Final Budget Positive (Negative)	
<b>Public Works (Continued)</b>						
<b>Streets Division:</b>						
Personnel services	\$ 1,695	\$ (6)	\$ 1,689	\$ 1,500	\$ (189)	\$ 1,425
Contractual services	33	9	42	32	(10)	18
Supplies	181	(9)	172	126	(46)	138
Capital Outlay	11	1	12	11	(1)	-
<b>Total streets division</b>	<b>1,920</b>	<b>(5)</b>	<b>1,915</b>	<b>1,669</b>	<b>(246)</b>	<b>1,581</b>
<b>Solid Waste Division:</b>						
Personnel services	995	-	995	934	(61)	896
Contractual services	94	-	94	57	(37)	1,099
Supplies	18	-	18	10	(8)	37
Transfer out	-	-	-	-	-	(1,064)
Capital Outlay	27	-	27	23	(4)	-
<b>Total solid waste division</b>	<b>1,134</b>	<b>-</b>	<b>1,134</b>	<b>1,024</b>	<b>(110)</b>	<b>968</b>
<b>Fleet Maintenance:</b>						
Personnel services	629	(75)	554	554	-	545
Contractual services	320	164	484	484	-	520
Supplies	787	106	893	893	-	1,031
Capital Outlay	25	-	25	16	(9)	-
<b>Total fleet maintenance</b>	<b>1,761</b>	<b>195</b>	<b>1,956</b>	<b>1,947</b>	<b>(9)</b>	<b>2,096</b>
<b>Snow Removal:</b>						
Personnel services	300	(132)	168	168	-	330
Contractual services	364	(201)	163	148	(15)	489
Supplies	508	-	508	486	(22)	681
Capital Outlay	7	(7)	-	-	-	-
<b>Total snow removal</b>	<b>1,179</b>	<b>(340)</b>	<b>839</b>	<b>802</b>	<b>(37)</b>	<b>1,500</b>
<b>Major Road Improvements:</b>						
Personnel services	10	1	11	10	(1)	16
Contractual services	2,175	383	2,558	2,559	1	3,536
<b>Total major road improvements</b>	<b>2,185</b>	<b>384</b>	<b>2,569</b>	<b>2,569</b>	<b>-</b>	<b>3,552</b>
<b>Railroad Maintenance:</b>						
Contractual services	54	(30)	24	24	-	42

(Continued)



Required Supplementary Information - Unaudited  
 Schedule of General Fund Expenditures and Other Financing Uses - Budgetary Basis- Budget and Actual (in thousands) (Continued)  
 For the Year Ended June 30, 2016  
 With Comparative Actual Amounts for 2015

	2016					2015 Actual
	Original Budget	Adjustments	Amended Budget	Actual	Variance With Final Budget Positive (Negative)	
<b>Public Works (Continued)</b>						
<b>Other City Buildings:</b>						
Contractual services	\$ 109	\$ 75	\$ 184	\$ 180	\$ (4)	\$ 143
Supplies	96	(44)	52	51	(1)	71
Capital outlay	-	-	-	-	-	-
<b>Total other city buildings</b>	<b>205</b>	<b>31</b>	<b>236</b>	<b>231</b>	<b>(5)</b>	<b>214</b>
<b>Perm Patch Utility Trenches:</b>						
Contractual services	-	-	-	-	-	39
<b>Public Works Fleet:</b>						
Capital outlay	850	(20)	830	812	(18)	835
<b>Public Works Line Painting:</b>						
Personnel services	1	-	1	-	(1)	-
Contractual services	160	-	160	158	(2)	100
Supplies	-	-	-	-	-	-
<b>Total public works line painting</b>	<b>161</b>	<b>-</b>	<b>161</b>	<b>158</b>	<b>(3)</b>	<b>100</b>
<b>Storm Water Maintenance:</b>						
Personnel services	-	4	4	3	(1)	4
Contractual services	-	-	-	-	-	-
<b>Total storm water maintenance</b>	<b>-</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>(1)</b>	<b>4</b>
<b>Street Lighting:</b>						
Contractual services	595	(2)	593	541	(52)	656
<b>Total public works</b>	<b>12,695</b>	<b>156</b>	<b>12,851</b>	<b>12,221</b>	<b>(630)</b>	<b>14,014</b>
<b>Health and Welfare:</b>						
<b>Community Services:</b>						
Personnel services	45	-	45	44	(1)	41
Contractual services	14	-	14	12	(2)	15
Other/miscellaneous	22	40	62	52	(10)	77
<b>Total community services</b>	<b>81</b>	<b>40</b>	<b>121</b>	<b>108</b>	<b>(13)</b>	<b>133</b>

(Continued)

Required Supplementary Information - Unaudited  
 Schedule of General Fund Expenditures and Other Financing Uses - Budgetary Basis- Budget and Actual (in thousands) (Continued)  
 For the Year Ended June 30, 2016  
 With Comparative Actual Amounts for 2015

	2016				Variance With Final Budget Positive (Negative)	2015 Actual
	Original Budget	Adjustments	Amended Budget	Actual		
<b>Health and Welfare (Continued)</b>						
<b>Bristol-Burlington Health</b>						
Contractual services	\$ 3,265	\$ -	\$ 3,265	\$ 3,265	\$ -	\$ 3,159
<b>Health/SS Outside Agencies:</b>						
Contractual services	80	1	81	80	(1)	76
<b>Cemetery Upkeep:</b>						
Purch. prof. services	79	-	79	79	-	75
<b>School Readiness Program:</b>						
Personnel services	5	68	73	72	(1)	71
Contractual services	3	2,859	2,862	2,863	1	2,760
<b>Total school readiness program</b>	<b>8</b>	<b>2,927</b>	<b>2,935</b>	<b>2,935</b>	<b>-</b>	<b>2,831</b>
<b>Total health and welfare</b>	<b>3,513</b>	<b>2,968</b>	<b>6,481</b>	<b>6,467</b>	<b>(14)</b>	<b>6,274</b>
<b>Libraries</b>						
<b>Library:</b>						
Personnel services	1,511	(1)	1,510	1,479	(31)	1,398
Contractual services	295	20	315	288	(27)	328
Supplies	297	16	313	293	(20)	234
Capital outlay	-	2	2	2	-	15
<b>Total library</b>	<b>2,103</b>	<b>37</b>	<b>2,140</b>	<b>2,062</b>	<b>(78)</b>	<b>1,975</b>
<b>Parks and Recreation</b>						
<b>Parks and Recreation:</b>						
Personnel services	1,794	(5)	1,789	1,703	(86)	1,666
Contractual services	309	127	436	398	(38)	315
Supplies	273	6	279	243	(36)	278
Capital outlay	4	37	41	41	-	43
Other/miscellaneous	5	(1)	4	3	(1)	2
General insurance	44	-	44	40	(4)	38
<b>Total parks and recreation</b>	<b>2,429</b>	<b>164</b>	<b>2,593</b>	<b>2,428</b>	<b>(165)</b>	<b>2,342</b>

(Continued)

**Required Supplementary Information - Unaudited**  
**Schedule of General Fund Expenditures and Other Financing Uses - Budgetary Basis- Budget and Actual (in thousands) (Continued)**  
**For the Year Ended June 30, 2016**  
**With Comparative Actual Amounts for 2015**

	2016				Variance With Final Budget Positive (Negative)	2015 Actual
	Original Budget	Adjustments	Amended Budget	Actual		
<b>Employee Benefits and Pension</b>						
<b>Employee Benefits and Pension:</b>						
Retirement benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74
Heart and hypertension police	-	-	-	-	-	513
Employee benefits	1,569	351	1,920	1,779	(141)	10,275
Transfer to internal service	-	-	-	-	-	(8,451)
Other post-employment benefits	700	500	1,200	1,200	-	686
<b>Total employee benefits and pension</b>	<b>2,269</b>	<b>851</b>	<b>3,120</b>	<b>2,979</b>	<b>(141)</b>	<b>3,097</b>
<b>General Insurance</b>						
General Insurance	754	16	770	741	(29)	729
<b>Miscellaneous</b>						
<b>Miscellaneous:</b>						
All other costs and fees	2,351	2,751	5,102	752	(4,350)	974
Public buildings	-	-	-	-	-	-
<b>Total miscellaneous</b>	<b>2,351</b>	<b>2,751</b>	<b>5,102</b>	<b>752</b>	<b>(4,350)</b>	<b>974</b>
<b>Education</b>						
<b>Board of Education:</b>						
General control	2,573	(188)	2,385	2,385	-	2,678
Instruction	47,141	(1,326)	45,815	45,815	-	45,587
Transportation	3,579	335	3,914	3,914	-	4,093
Operation of plant	6,353	110	6,463	6,463	-	6,410
Maintenance of plant	2,263	(2)	2,261	2,261	-	2,089
Benefits and fixed	17,086	(14,871)	2,215	2,215	-	2,260
Athletics and student	2,025	(114)	1,911	1,911	-	1,748
Capital outlay	1,938	(115)	1,823	1,823	-	1,858
Operating transfers out	-	-	-	-	-	63
Special Education	23,064	1,559	24,623	24,623	-	23,169
Tuition	815	13	828	828	-	894
<b>Total board of education</b>	<b>106,837</b>	<b>(14,599)</b>	<b>92,238</b>	<b>92,238</b>	<b>-</b>	<b>90,849</b>

(Continued)

**Required Supplementary Information - Unaudited**  
**Schedule of General Fund Expenditures and Other Financing Uses - Budgetary Basis- Budget and Actual (in thousands) (Continued)**  
**For the Year Ended June 30, 2016**  
**With Comparative Actual Amounts for 2015**

	2016				Variance With Final Budget Positive (Negative)	2015 Actual
	Original Budget	Adjustments	Amended Budget	Actual		
<b>Transfer to Other Funds:</b>						
Special revenue	\$ 1,667	\$ 2,567	\$ 4,234	\$ 4,234	\$ -	\$ 4,822
Debt service	8,000	-	8,000	8,000	-	8,694
Trust and agency	-	-	-	-	-	-
Capital projects	819	190	1,009	1,009	-	889
Sinking fund	350	-	350	350	-	600
Internal service	11,937	14,598	26,535	26,535	-	29,937
<b>Total transfers to other funds</b>	<u>22,773</u>	<u>17,355</u>	<u>40,128</u>	<u>40,128</u>	<u>-</u>	<u>44,942</u>
<b>Total</b>	<u>\$ 185,006</u>	<u>\$ 10,544</u>	<u>\$ 195,550</u>	189,116	<u>\$ (6,434)</u>	193,573
Budgetary expenditures are different than GAAP expenditures because:						
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for City teachers are not budgeted						
				13,692		13,776
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes but in the year received for financial reporting purposes						
				<u>145</u>		<u>(377)</u>
Total expenditures and other financing uses as reported on the statement of revenues, expenditures, and changes in fund balance - Governmental Funds - Exhibit IV						
				<u>\$ 202,953</u>		<u>\$ 206,972</u>

**Required Supplementary Information - unaudited**  
**Schedules of Funding Progress and Employer Contributions**  
**Other Post-Employment Benefits Fund**  
**Last Six Fiscal Years**

**Schedule of Funding Progress - OPEB**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Projected Unit Credit Cost Method (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
July 1, 2008	\$ -	\$ 72,080	\$ (72,080)	0.0%	\$ 70,000,000	-0.1%
July 1, 2010	-	64,510,000	(64,510,000)	0.0%	91,807,000	-70.3%
July 1, 2012	1,847,000	75,052,000	(73,205,000)	2.5%	88,563,000	-82.7%
July 1, 2014	4,439,558	60,732,614	(56,293,056)	7.3%	96,520,538	-58.3%

**Schedule of Employer Contributions - OPEB**

Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
2016	\$ 7,308,579	\$ 3,961,206	54.2%
2015	8,768,000	3,156,480	36.0%
2014	9,322,000	4,446,594	47.7%
2013	7,528,000	4,456,576	59.2%
2012	7,883,000	4,756,449	60.3%
2011	8,279,000	5,166,096	62.4%

**Required Supplementary Information - Unaudited  
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios  
City of Bristol Retirement System  
Last Three Fiscal Years**

Changes in Net Pension Liability (Asset)	2016	2015	2014
Total pension liability:			
Service cost	\$ 4,362,700	\$ 4,414,159	\$ 4,481,000
Interest	14,701,745	14,311,139	13,837,000
Effect of economic/demographic gains or losses	(901,644)	87,383	-
Benefit payments, including refunds of member contributions	(12,729,562)	(12,404,563)	(11,635,000)
<b>Net change in total pension liability</b>	<b>5,433,239</b>	<b>6,408,118</b>	<b>6,683,000</b>
Total pension liability, beginning	198,811,928	192,403,810	185,721,000
<b>Total pension liability, ending (a)</b>	<b>204,245,167</b>	<b>198,811,928</b>	<b>192,404,000</b>
Plan fiduciary net position:			
Employer contributions	44,000	127,325	228,000
Member contributions	1,916,440	1,722,864	1,816,000
Investment income (loss) net of investment expenses	(3,546,929)	(1,630,002)	28,753,000
Benefit payments	(12,729,562)	(12,404,563)	(11,635,000)
<b>Net change in plan fiduciary net position</b>	<b>(14,316,051)</b>	<b>(12,184,376)</b>	<b>19,162,000</b>
Plan fiduciary net position, beginning	209,132,881	221,317,257	202,155,000
<b>Plan fiduciary net position, ending (b)</b>	<b>194,816,830</b>	<b>209,132,881</b>	<b>221,317,000</b>
<b>Net pension liability (asset), ending = (a) - (b)</b>	<b>\$ 9,428,337</b>	<b>\$ (10,320,953)</b>	<b>\$ (28,913,000)</b>
Plan fiduciary net position as a % of total pension liability (asset)	95.38%	105.19%	115.03%
Covered-employee payroll	\$ 30,661,306	\$ 30,661,306	\$ 31,095,000
Net pension liability (asset) as a % of covered-employee payroll	30.75%	-33.66%	-92.98%

NOTE: As 2014 is the implementation year, only 2014, 2015, and 2016 information is available.

**Required Supplementary Information - Unaudited**  
**Schedule of Changes in Net Pension Liability (Asset) and Related Ratios**  
**Firefighters' Benefit Fund**  
**Last Three Fiscal Years**

Changes in Net Pension Liability (Asset)	2016	2015	2014
Total pension liability:			
Service cost	\$ 1,561,703	\$ 1,498,526	\$ 1,446,000
Interest	5,137,347	5,090,471	4,786,000
Effect of economic/demographic gains or losses	(2,220,537)	1,554,964	-
Benefit payments, including refunds of member contributions	(3,839,239)	(3,775,198)	(3,776,000)
<b>Net change in total pension liability</b>	<b>639,274</b>	<b>4,368,763</b>	<b>2,456,000</b>
Total pension liability, beginning	71,041,708	66,672,945	64,217,000
<b>Total pension liability, ending (a)</b>	<b>71,680,982</b>	<b>71,041,708</b>	<b>66,673,000</b>
Plan fiduciary net position:			
Member contributions	214,752	252,503	257,000
Net investment income (loss)	(2,938,858)	(1,255,916)	24,064,000
Benefit payments	(3,839,239)	(3,775,198)	(4,108,000)
<b>Net change in plan fiduciary net position</b>	<b>(6,563,345)</b>	<b>(4,778,611)</b>	<b>20,213,000</b>
Plan fiduciary net position, beginning	183,324,500	188,103,111	167,891,000
<b>Plan fiduciary net position, ending (b)</b>	<b>176,761,155</b>	<b>183,324,500</b>	<b>188,104,000</b>
<b>Net pension liability (asset), ending = (a) - (b)</b>	<b>\$ (105,080,173)</b>	<b>\$ (112,282,792)</b>	<b>\$ (121,431,000)</b>
Plan Fiduciary Net Position as a % of Total Pension Liability (Asset)	246.59%	258.05%	282.13%
Covered-employee payroll	\$ 5,556,190	\$ 5,556,190	\$ 5,582,000
Net pension liability as a % of covered-employee payroll	-1891.23%	-2020.86%	-2175.40%

NOTE: As 2014 is the implementation year, only 2014, 2015, and 2016 information is available.

**Required Supplementary Information - Unaudited**  
**Schedule of Changes in Net Pension Liability (Asset) and Related Ratios**  
**Police Benefit Fund**  
**Last Three Fiscal Years**

Changes in Net Pension Liability (Asset)	2016	2015	2014
Total pension liability:			
Service cost	\$ 2,353,115	\$ 2,121,862	\$ 2,037,000
Interest	8,296,970	7,880,029	7,971,000
Effect of economic/demographic gains or losses	992,159	(5,947,648)	-
Benefit payments, including refunds of member contributions	(5,830,138)	(5,507,865)	(5,226,000)
<b>Net change in total pension liability</b>	<b>5,812,106</b>	<b>(1,453,622)</b>	<b>4,782,000</b>
Total pension liability, beginning	110,143,364	111,596,986	106,815,000
<b>Total pension liability, ending (a)</b>	<b>115,955,470</b>	<b>110,143,364</b>	<b>111,597,000</b>
Plan fiduciary net position:			
Member contributions	451,452	443,730	414,000
Net investment income (loss)	(3,170,295)	(1,356,308)	26,248,000
Benefit payments	(5,830,138)	(5,507,865)	(5,414,000)
<b>Net change in plan fiduciary net position</b>	<b>(8,548,981)</b>	<b>(6,420,443)</b>	<b>21,248,000</b>
Plan fiduciary net position, beginning	197,929,600	204,350,043	183,102,000
<b>Plan fiduciary net position, ending (b)</b>	<b>189,380,619</b>	<b>197,929,600</b>	<b>204,350,000</b>
<b>Net pension liability (asset), ending = (a) - (b)</b>	<b>\$ (73,425,149)</b>	<b>\$ (87,786,236)</b>	<b>\$ (92,753,000)</b>
Plan fiduciary net position as a % of total pension liability (asset)	163.32%	179.70%	183.11%
Covered-employee payroll	\$ 9,139,541	\$ 8,498,327	\$ 8,215,000
Net pension liability as a % of covered-employee payroll	-803.38%	-1032.98%	-1129.07%

NOTE: As 2014 is the implementation year, only 2014, 2015, and 2016 information is available.



**Required Supplementary Information - Unaudited**  
**Schedule of Employer Contributions**  
**City of Bristol Retirement System**  
**Last Ten Fiscal Years**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Actuarially determined contribution	\$ 115,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 605,000	\$ 507,245	\$ 352,543
Contributions in relation to the actuarially determined contribution	115,000	-	-	-	-	-	-	228,000	127,325	44,000
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 377,000</b>	<b>\$ 379,920</b>	<b>\$ 308,543</b>
Covered-employee payroll	\$ 26,901,000	\$ 29,345,000	\$ 30,309,000	\$ 31,268,000	\$ 31,783,000	\$ 30,610,000	\$ 31,280,000	\$ 31,095,000	\$ 30,661,306	\$30,661,306
Contributions as a percentage of covered-employee payroll	0.43%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.73%	0.42%	0.14%

Notes to Schedule

Valuation date July 1, 2015  
 Measurement date June 30, 2016  
 Valuation timing Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method Projected unit credit  
 Amortization method Level dollar, open  
 Remaining amortization period 20 years  
 Asset valuation method 4-year smoothed market, non-asymptotic, Corridor – 80% to 120% of market value  
 Inflation 2.75%  
 Salary increases Graded salary growth with an ultimate rate of 3.5%  
 Investment rate of return 7.50%  
 Cost of living adjustment None  
 Retirement age Rates based on age and service  
 Turnover Rates based on age  
 Mortality RP-2000 Mortality for Employees and Healthy Annuitant Mortality Table with generational projection per Scale AA

**Required Supplementary Information - Unaudited  
Schedule of Employer Contributions  
Firefighters' Benefit Fund  
Last Ten Fiscal Years**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-	-	-	-
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered-employee payroll	\$ 4,696,000	\$ 5,184,000	\$ 5,219,000	\$ 5,298,000	\$ 5,275,000	\$ 5,454,000	\$ 5,521,000	\$ 5,582,000	\$ 5,556,190	\$ 5,556,190
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to Schedule

Valuation date July 1, 2015  
 Measurement date June 30, 2016  
 Valuation timing Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method Projected unit credit  
 Amortization method Level dollar, open  
 Remaining amortization period 20 years  
 Asset valuation method 4-year smoothed market, non-asymptotic, Corridor – 80% to 120% of market value  
 Inflation 2.75%  
 Salary increases Graded salary growth with an ultimate rate of 3.5%  
 Investment rate of return 7.50%  
 Cost of living adjustment Pre-July 1, 1999 retirees: 3.5% per year; Retirees between July 1, 1990 and June 30, 2003: 2.5% per year; Post-June 30, 2003 retirees: 2.25% per year  
 Retirement age Graded based on age  
 Turnover None  
 Mortality RP-2000 Mortality for Employees and Healthy Annuitant Mortality Table with generational projection per Scale AA

**Required Supplementary Information - Unaudited**  
**Schedule of Employer Contributions**  
**Police Benefit Fund**  
**Last Ten Fiscal Years**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-	-	-	-
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered-employee payroll	\$ 6,768,000	\$ 7,502,000	\$ 7,421,000	\$ 8,245,000	\$ 8,377,000	\$ 8,295,000	\$ 7,838,000	\$ 8,215,000	\$ 8,498,327	\$ 9,139,541
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to Schedule

Valuation date July 1, 2015  
 Measurement date June 30, 2016  
 Valuation timing Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method Projected unit credit  
 Amortization method Level dollar, open  
 Remaining amortization period 20 years  
 Asset valuation method 4-year smoothed market, non-asymptotic, Corridor – 80% to 120% of market value  
 Inflation 2.75%  
 Salary increases Graded salary growth with an ultimate rate of 3.5%  
 Investment rate of return 7.50%  
 Cost of living adjustment Pre-December 15, 2002 retirees: 3.5% per year; Post-December 15, 2002 retirees: 2.25% per year  
 Retirement age Graded based on age  
 Turnover Age based rates; 0% starting at age 40  
 Mortality RP-2000 Mortality for Employees and Healthy Annuitant Mortality Table with generational projection per Scale AA

**Required Supplementary Information - Unaudited  
 Schedule of Investment Returns  
 Pension Trust Funds  
 Last Three Fiscal Years**

	2014	2015	2016
Annual money-weighted rate of return, net of investment expense, for:			
City of Bristol Retirement System	15.44%	0.52%	-2.47%
Firefighters' Benefit Fund	15.44%	0.52%	-2.47%
Police Benefit Fund	15.44%	0.52%	-2.47%

**Required Supplementary Information - Unaudited**  
**Schedule of the City's Proportionate Share of the Net Pension Liability - Teachers' Retirement System**  
**June 30, 2016**

	2016	2015
City's proportion of the net pension liability	0%	0%
City's proportionate share of the net pension liability	\$ -	\$ -
State's proportionate share of the net pension liability associated with the City	\$ 152,907,734	\$ 141,332,557
City's covered-employee payroll	\$ 56,044,000	\$ 54,605,000
City's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%
System fiduciary net position as a percentage of the total pension liability	59.50%	61.51%

**Notes to Schedule**

Changes in benefit terms	None
Changes of assumptions	During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	22.4 years
Asset valuation method	4-year smoothed market