



July 7, 2015

**MEMORANDUM TO PROSPECTIVE BIDDERS**

**Re: CITY OF BRISTOL, CONNECTICUT  
\$4,700,000 Taxable General Obligation Bond Anticipation Notes**

**Dated: July 23, 2015  
Due: April 21, 2016**

**Date of Sale: Wednesday, July 15, 2015  
Time of Sale: 12:00 P.M. (Eastern Time)**

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

As per the Notice of Sale, proposals may be submitted by telephone on Wednesday, July 15, 2015. Please note that a representative of Phoenix Advisors, LLC will be available until 12:00 P.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 12:00 P.M. on Wednesday, July 15, 2015.**

*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, 2014. These excerpts are included in this package. Copies of the complete June 30, 2014 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**  
**Taxable Bond Anticipation Note Issue Summary**  
**\$4,700,000**

**Date of Sale:** Wednesday, July 15, 2015 at 12:00 P.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:** \$4,700,000 Taxable General Obligation Bond Anticipation Notes.

**Dated Date:** July 23, 2015.

**Interest Due:** At Maturity: April 21, 2016.

**Principal Due:** At Maturity: April 21, 2016.

**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 "AA+" 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 July 23, 2015, against payment in Federal Funds.

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

**NOTICE OF TELEPHONE SALE**  
**\$4,700,000**  
**City of Bristol, Connecticut**  
**Taxable Bond Anticipation Notes**  
**(BOOK-ENTRY)**

TELEPHONE PROPOSALS will be received by the City of Bristol, Connecticut until **12:00 P.M. Eastern Time on WEDNESDAY,**

**JULY 15, 2015**

for the purchase of \$4,700,000 Taxable Bond Anticipation Notes of the City of Bristol, dated July 23, 2015, maturing on April 21, 2016 (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.

**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.** The Notes will be authenticated by U.S. Bank National Association, Hartford, Connecticut. U.S. Bank National Association will 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.** It is anticipated that interest on the Notes will be included in gross income for Federal income tax purposes. 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 included in gross income for Federal income tax purposes pursuant to 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 July 23, 2015.

**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*

July 7, 2015

**CITY OF BRISTOL, CONNECTICUT**  
**\$4,700,000 TAXABLE BOND ANTICIPATION NOTES**  
**DATED JULY 23, 2015; MATURING APRIL 21, 2016**  
**APPENDIX - OPINION OF BOND COUNSEL AND TAX EXEMPTION**

*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 \$4,700,000 Taxable Bond Anticipation Notes, dated as of July 23, 2015.

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 included in gross income of the owners thereof for Federal income tax purposes pursuant to 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 included in gross income for federal income tax purposes pursuant to the Code.

### **United States Tax Consequences**

The following is a summary of certain United States federal income tax consequences resulting from the beneficial ownership of the 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. 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.

# **CITY OF BRISTOL, CONNECTICUT**

## **FINANCIAL INFORMATION**

Excerpted from the  
Annual Financial Report of  
The City of Bristol, Connecticut  
Year Ended June 30, 2014



Accounting | Tax | Business Consulting

## **Independent Auditors' Report**

To the Member of 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, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Bristol, Connecticut's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Bristol, Connecticut, as of June 30, 2014 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 on pages 4 through 14, the budgetary comparison information on pages 57 through 68, the schedules of changes in the City's net pension liability and related ratios on pages 69 through 71, the schedules of employer contributions on pages 72 through 74 and the schedule of investment returns on page 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

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

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic

financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Bristol, Connecticut, as of and for the year ended June 30, 2013 (not presented herein), and have issued our report thereon dated December 12, 2013, which contained unmodified opinions on the respective financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information. The accompanying financial statements for the General Fund, Water Enterprise Fund, Internal Service Funds and Pension Trust Funds as of and for the year ended June 30, 2013 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 2013 financial statements. The accompanying financial statements for the General Fund, Water Enterprise Fund, Internal Service Funds and Pension Trust Funds have been subjected to the auditing procedures applied in the audit of the 2013 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 financial statements for the General Fund, Water Enterprise Fund, Internal Service Funds and Pension Trust Funds are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2013.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2014 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.

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

West Hartford, Connecticut  
December 22, 2014

**CITY OF BRISTOL, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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, 2014. Please read this MD&A in conjunction with the transmittal letter beginning on page 1 and the City's financial statements, Exhibits I to IX.

**FINANCIAL HIGHLIGHTS**

- The City's total net position increased by \$10.7 million as a result of this year's operations. While net position of our business-type increased by \$1 million, or 3.9%, net position of our governmental activities increased by \$9.7 million, or 3.4%. Increases were primarily due to the aggregate acquisition of any new assets during the fiscal year and revenues exceeding actual expenses during the year.
- During the year, the City had expenses that were \$10.7 million less than the \$235.6 million generated in tax and other revenues for governmental programs and business activities. Revenues exceeding expenses were clearly a result of receiving increased operating grants and increased property tax collections.
- In the City's business-type activities, revenues increased \$220 thousand or 2.8% while expenses decreased by 1.7%. There was a decrease in water expenses over prior year results.
- Total cost of all of the City's programs was \$224.8 million with no new programs added this year. This represents a \$3.8 million increase compared to fiscal year 2013. 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 \$25.9 million, or 12.9% of general fund expenditures and transfers out.
- The tax collection rate was 98.46% of the current levy and a slight decrease compared last year's rate of 98.75%.
- The City of Bristol's total bonded indebtedness including its Enterprise fund bonds decreased by \$6.6 million to \$74.5 million or 8.2% before payments during the current fiscal year. The decrease is the annual debt service payment. The City also "rolled over" (reissued) \$5.3 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 increased from a year ago from \$309.2 million to \$320 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**  
**Net Position**  
**(in thousands)**

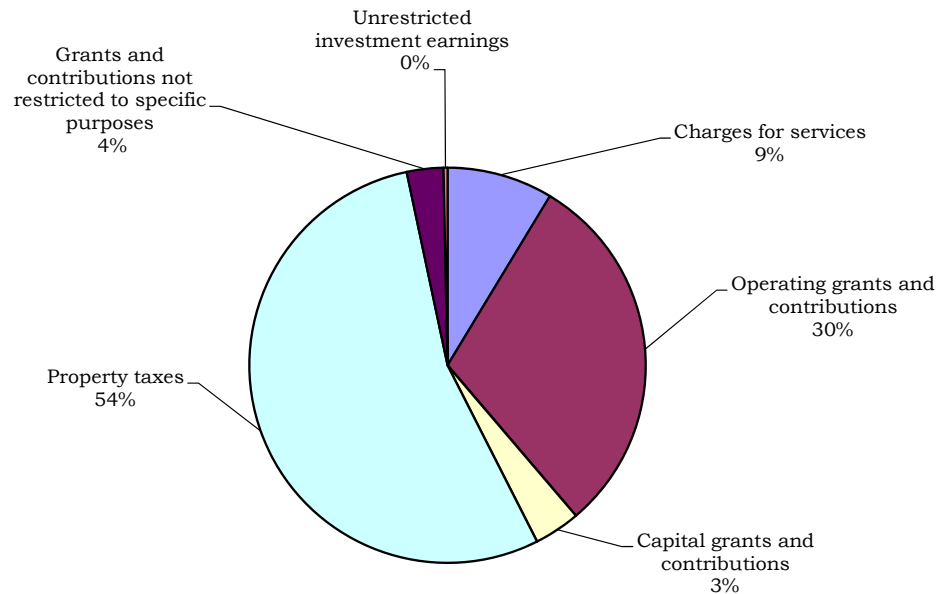
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Current assets	\$ 99,948	\$ 97,239	\$ 7,781	\$ 6,999	\$ 107,729	\$ 104,238
Capital assets, net of accumulated depreciation	333,943	336,787	24,419	24,145	358,362	360,932
Total assets	433,891	434,026	32,200	31,144	466,091	465,170
Deferred Outflows of Resources:						
Deferred charge on refunding	1,408	1,580	132	165	1,540	1,745
Long-term liabilities						
outstanding	118,432	126,518	4,448	4,683	122,880	131,201
Other liabilities	23,171	25,062	1,480	1,222	24,651	26,284
Total liabilities	141,603	151,580	5,928	5,905	147,531	157,485
Deferred Inflows of Resources:						
Advance property tax collection	94	187	-	-	94	187
Net Position:						
Net investment in capital assets	256,306	251,935	20,910	20,027	277,216	271,962
Restricted	1,095	1,004			1,095	1,004
Unrestricted	36,201	30,900	5,494	5,377	41,695	36,277
Total Net Position	\$ 293,602	\$ 283,839	\$ 26,404	\$ 25,404	\$ 320,006	\$ 309,243

Net position of the City's governmental activities increased by 3.4% or \$9.7 million compared to a prior \$283.8 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 \$36.2 million at the end of this year. The net position of business-type activities increased by \$623 thousand in 2014 compared to 2013.

**Table 2**  
***Changes in Net Position***  
***(in thousands)***

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Revenues:						
Program revenues:						
Charges for services	\$ 14,743	\$ 12,775	\$ 7,207	\$ 7,259	\$ 21,950	\$ 20,034
Operating grants and contributions	76,664	69,848			76,664	69,848
Capital grants and contributions	4,950	8,696	28	25	4,978	8,721
General revenues:						
Property taxes	128,534	125,518			128,534	125,518
Grants and contributions not restricted to specific programs	2,231	5,199			2,231	5,199
Unrestricted investment earnings	420	347	674	405	1,094	752
Other general revenues	172	770			172	770
Total revenues	<u>227,714</u>	<u>223,153</u>	<u>7,909</u>	<u>7,689</u>	<u>235,623</u>	<u>230,842</u>
Program expenses:						
General government	10,867	12,352			10,867	12,352
Public safety	31,240	31,136			31,240	31,136
Public works	27,337	25,065			27,337	25,065
Health and welfare	6,705	7,243			6,705	7,243
Libraries	2,902	3,032			2,902	3,032
Parks and recreation	3,344	3,345			3,344	3,345
Education	132,972	128,708			132,972	128,708
Interest on long-term debt	2,584	3,041			2,584	3,041
Water			6,909	7,066	6,909	7,066
Total program expenses	<u>217,951</u>	<u>213,922</u>	<u>6,909</u>	<u>7,066</u>	<u>224,860</u>	<u>220,988</u>
Increase in Net Position	<u>\$ 9,763</u>	<u>\$ 9,231</u>	<u>\$ 1,000</u>	<u>\$ 623</u>	<u>\$ 10,763</u>	<u>\$ 9,854</u>

The City's total revenues were \$235.6 million. The total cost of all programs and services was \$224.8 million. Our pie chart analysis below considers the operations of governmental and business-type activities.



### ***Governmental Activities***

Governmental Activities increased the City of Bristol's net position by \$9.7 million. The prior year increase in net position was \$9.2 million. Key elements of this increase with offsetting decreases are as follows:

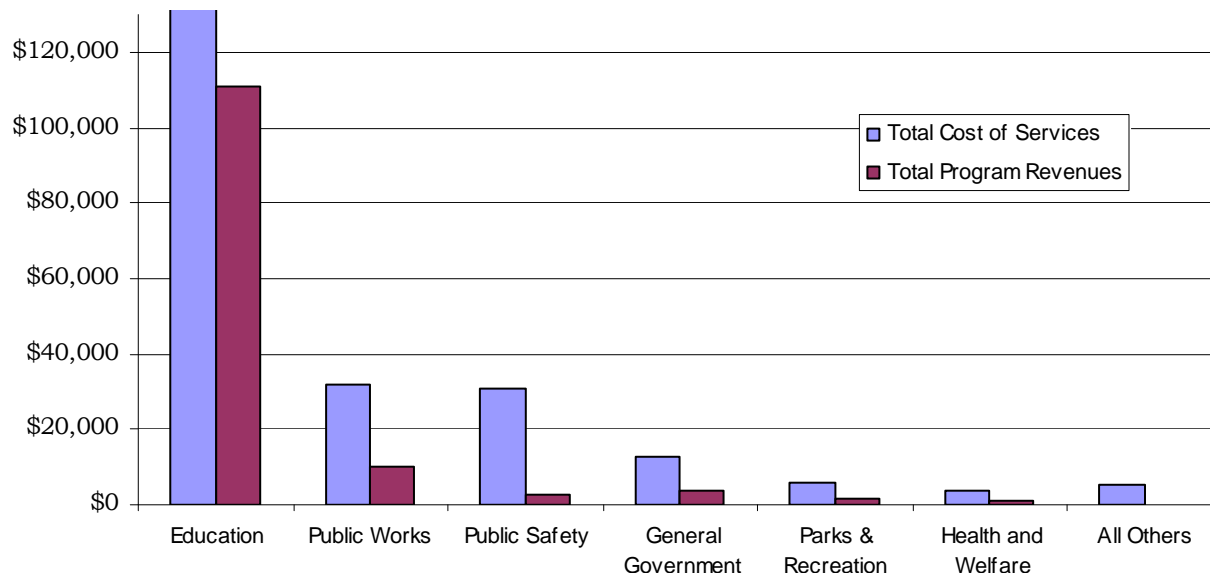
- Property tax collections increased by \$3 million during the year. Most of this increase is the product of increased tax revenue estimates to balance increased budgeted appropriations.
- Operating grants and contributions for governmental activities increased by \$6.8 million, mostly as a result of increases in state aid for education related programs.
- Charges for services increased \$1.9 million. This is a result of a combination of increased real estate transfer taxes, and public safety and public works fees.
- Investment earnings increased \$73 thousand. A reflection of a new and more expansive investment policy on idle funds.
- General government activities expenses increased \$4 million as a result of increased appropriation expenses for the education department programs and scheduled increases for fleet replacements in the Public Works department.
- 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 \$11.04 million, the same amount as 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**  
*(in thousands)*

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Education	\$ 132,972	\$ 128,708	\$ 57,423	\$ 52,160
Public works	27,337	25,065	14,722	16,599
Public safety	31,240	31,136	28,068	29,309
General government	10,867	12,352	7,538	9,091
Health and welfare	6,705	7,243	6,140	7,078
Parks and recreation	3,344	3,345	2,322	2,411
All others	5,486	6,073	5,381	5,955
Total	<u>\$ 217,951</u>	<u>\$ 213,922</u>	<u>\$ 121,594</u>	<u>\$ 122,603</u>

**Expenses and Program Revenues- Governmental Activities (in millions)**



**Business-Type Activities**

Revenues of the City's business-type activities (see Table 2) were \$7.9 million in 2014 compared to \$7.7 million in 2013 and expenses increased by 2.2%. The factors influencing these results included:

- Revenues: Increases were experienced on the investment of idle funds.
- Expenses: Marginal decreases 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 \$46.2 million.

Approximately 37.6% of this total amount (\$17.4 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 \$25.9 million, while total fund balance reached \$31 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 16.4% of total general fund expenditures, while total fund balance represents 19.7% of that same amount, and exactly the same percentage as the year before.

The Debt Service Fund has a total fund balance of \$1.03 million, 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 \$16.2 million, of that amount; the Health Benefits and Workers' Compensation fund has accumulated \$10.7 million of net position, which is equal to the funds unrestricted net position. This fund is self-funded and has experienced a leveling off of year-to-year medical claims. To demonstrate this expense trend, current year expenses were \$33.7 million compared to 2013 expenses of \$34.4 million and \$34.2 million in 2012.

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 100.95% of the budgeted amount.
- 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 \$359 thousand as a one-time grant dispersed by the State of Connecticut. A FEMA grant was also received for \$261 thousand.
- Building permit collections were \$160 thousand over original budgeted estimates. This revenue source increase was due to existing permits issued to ESPN for a new digital programming facility.

- 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 \$510 over budgeted estimates.

*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 were caused between Fire and Police Departments by the associated personnel savings in one department (Fire) and costs of overtime for unplanned local emergencies and contractual replacement for sick or injured personnel in the Police divisions.
- A \$27.39 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 increased due to higher than anticipated increased cost of motor fuels and repairs to fleet vehicles. Additionally, more funds were needed for retro-fitting dump trucks.
- Public Works – Snow Removal expenses increased due to higher than average snow and ice storm events.
- Police Heart & Hypertension expenses increased due to an increase in claimed benefits.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### *Capital Assets*

At June 30, 2014, the City had \$358.3 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 decrease (including additions and deductions) of \$2.6 million, or .72%, under last year.

**Table 4**  
***Capital Assets at Year-End (Net of Depreciation)***  
***(in millions)***

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Land	\$ 18.4	\$ 18.0	\$ 2.8	\$ 2.7	\$ 21.2	\$ 20.7
Construction in progress	91.0	91.0	0.5		91.5	91.0
Buildings	89.5	94.2	18.5	19.2	108.0	113.4
Improvement other than buildings	10.6	9.1			10.6	9.1
Machinery and equipment	18.6	19.2	2.6	2.2	21.2	21.4
Infrastructure	105.8	105.3			105.8	105.3
Total	\$ 333.9	\$ 336.8	\$ 24.4	\$ 24.1	\$ 358.3	\$ 360.9

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

Construction Work in Progress

- Increase in Business-Type Activities is for Water Department improvements for Water Storage facilities.

Improvements other than buildings

- Decreases are attributed to sales of City property no longer in use and retirement of older vehicles and equipment

Buildings

- Decrease due to the closing and sale of a school building.

<b>Fiscal Year 2014</b>	
<b><u>Capital Budget</u></b>	
<b><u>Department</u></b>	
Board of Education	\$1,841,100
Fire Department	6,000,000
Information Systems	50,000
Police Department	148,665
Parks & Recreation	1,500,000
Public Works	1,940,000
Water	250,000
Water Pollution Controls	180,000
<b>Total All Departments</b>	<b><u><u>\$11,909,765</u></u></b>
 <b><u>Funding</u></b>	
Sale of Bonds	\$9,876,650
General Fund Cash	428,665
State Grant -LoCIP	540,000
Grants	884,450
WPC CNR Cash	180,000
<b>Total All Funding</b>	<b><u><u>\$11,909,765</u></u></b>

The City's fiscal year 2013-2014 capital budget called for it to spend \$11.9 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 roof replacement on Northeast Middle School
- Fire facility renovations and improvement to firehouses No. 4 & 5
- Information systems will continue a phone system upgrade
- Police Department is performing a traffic retro-flectivity upgrade
- Parks & Recreation has capital expenses for on-going renovations to historic Muzzy Field
- Water Department will be replacing a central water main line to its facility
- Water Pollution Control is replacing sanitary sewers on Blakeslee Street

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

## Long-term Debt

At June 30, 2014 the City had \$74.5 million in total bonded indebtedness versus \$81.2 million last year – a decrease of 8.25% – as shown in Table 5. The decrease is due the annual payments for debt service.

**Table 5**  
**Outstanding Debt, at Year-End**  
**(in millions)**

	Governmental		Business-Type		Total	
	Activities		Activities		Primary Government	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds (Backed by the City)	\$ 70.6	\$ 77.2	\$ 3.9	\$ 4.0	\$ 74.5	\$ 81.2

The City also “rolled over” for a fourth time (reissued) \$5.3 million in taxable general obligation notes. The City paid down \$2.11 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 \$894.34 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 2013 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 now stands at 6.7% versus 8.2% a year ago. This compares with the State’s unemployment rate of 6.4% (not seasonally adjusted) and the national rate of 5.8%. (Source: CT Department of Labor, 2014 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 2014-15. Amounts appropriated in the 2014-2015 General Fund budget are \$185.1 million, an increase of \$4.5 million over the previous year’s budget of approximately \$180.6 million. The property tax rate increased by 1.11 mills, to 34.61. The prior year mill rate was 33.50.

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, 2014. 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.

The City of Bristol has appropriated \$350 thousand of its \$30.9 million total fund balance to balance its 2014-2015 operating budget. This represents a decrease of \$145 thousand from the previous year. The eventual goal, gradually attained, is zero.

As for the City's business-type activities we expect marginal growth (0.50 -0.75%) 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.

## **Basic Financial Statements**

## CITY OF BRISTOL, CONNECTICUT

## STATEMENT OF NET POSITION

JUNE 30, 2014

(In Thousands)

	Primary Government			Component Unit
	Governmental	Business-Type	Total	Bristol- Burlington Health District
	Activities	Activities		
Assets:				
Cash and cash equivalents	\$ 82,876	\$ 1,355	\$ 84,231	\$ 1,655
Investments	757	4,835	5,592	
Receivables, net	10,251	1,323	11,574	5
Due from fiduciary funds	250		250	
Inventory	33	258	291	
Other assets	5,781	10	5,791	
Capital assets:				
Assets not being depreciated	109,389	3,321	112,710	
Assets being depreciated, net	224,554	21,098	245,652	50
Total assets	433,891	32,200	466,091	1,710
Deferred Outflows of Resources:				
Deferred charge on refunding	1,408	132	1,540	
Liabilities:				
Accounts and other payables	7,665	725	8,390	20
Accrued liabilities	9,628	47	9,675	15
Bond anticipation notes payable	5,300		5,300	
Other current liabilities		687	687	
Unearned revenue	578	21	599	
Noncurrent liabilities:				
Due within one year	12,300	592	12,892	87
Due in more than one year	106,132	3,856	109,988	38
Total liabilities	141,603	5,928	147,531	160
Deferred Inflows of Resources:				
Advance property tax collection	94		94	
Net Position:				
Net investment in capital assets	256,306	20,910	277,216	50
Restricted for:				
Trust purposes:				
Expendable	294		294	
Nonexpendable	801		801	
Unrestricted	36,201	5,494	41,695	1,500
Total Net Position	\$ 293,602	\$ 26,404	\$ 320,006	\$ 1,550

The accompanying notes are an integral part of the financial statements

## CITY OF BRISTOL, CONNECTICUT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

(In Thousands)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							
	Expenses	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	\$ 10,867	\$ 2,389	\$ 940	\$	\$ (7,538)	\$ (7,538)	\$	
Public safety	31,240	1,607	1,565		(28,068)	(28,068)		
Public works	27,337	8,573	1,405	2,637	(14,722)	(14,722)		
Health and welfare	6,705	294	271		(6,140)	(6,140)		
Libraries	2,902	37	68		(2,797)	(2,797)		
Parks and recreation	3,344	519	503		(2,322)	(2,322)		
Education	132,972	1,324	71,912	2,313	(57,423)	(57,423)		
Debt service:								
Interest and fiscal charges	2,584				(2,584)	(2,584)		
Total governmental activities	217,951	14,743	76,664	4,950	(121,594)	-	(121,594)	-
Business-type activities:								
Water	6,909	7,207		28		326	326	
Total Primary Government	\$ 224,860	\$ 21,950	\$ 76,664	\$ 4,978	(121,594)	326	(121,268)	-
Component Unit:								
Bristol-Burlington Health District	\$ 3,075	\$ 215	\$ 3,201	\$ -				341
General revenues:								
Property taxes					128,534		128,534	
Grants and contributions not restricted to specific programs					2,231		2,231	
Unrestricted investment earnings					420	674	1,094	3
Miscellaneous					172		172	
Total general revenues					131,357	674	132,031	3
Change in net position					9,763	1,000	10,763	344
Net Position at Beginning of Year					283,839	25,404	309,243	1,206
Net Position at End of Year					\$ 293,602	\$ 26,404	\$ 320,006	\$ 1,550

The accompanying notes are an integral part of the financial statements

## CITY OF BRISTOL, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2014

(In Thousands)

	<u>General</u>	<u>Debt Service Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 42,337	\$ 1,029	\$ 1,207	\$ 18,084	\$ 62,657
Investments				757	757
Receivables, net	4,996		2,677	2,578	10,251
Due from other funds	707			43	750
Other assets	2				2
Inventories				33	33
Total Assets	<u>\$ 48,042</u>	<u>\$ 1,029</u>	<u>\$ 3,884</u>	<u>\$ 21,495</u>	<u>\$ 74,450</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts and contracts payables	\$ 3,798	\$	\$ 1,789	\$ 953	\$ 6,540
Accrued liabilities	8,908			720	9,628
Due to other funds	42			1,123	1,165
Due to other governments				9	9
Bond anticipation notes payable			5,300		5,300
Unearned revenue	288			285	573
Total liabilities	<u>13,036</u>	<u>-</u>	<u>7,089</u>	<u>3,090</u>	<u>23,215</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	3,986				3,986
Unavailable revenue - sewer use				339	339
Unavailable revenue - sewer assessments				576	576
Advance property tax collections	94				94
Total deferred inflows of resources	<u>4,080</u>	<u>-</u>	<u>-</u>	<u>915</u>	<u>4,995</u>
Fund balances:					
Nonspendable	2			834	836
Restricted		1,029		4,272	5,301
Committed	3,856		5,371	12,325	21,552
Assigned	1,113			59	1,172
Unassigned	25,955		(8,576)		17,379
Total fund balances	<u>30,926</u>	<u>1,029</u>	<u>(3,205)</u>	<u>17,490</u>	<u>46,240</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 48,042</u>	<u>\$ 1,029</u>	<u>\$ 3,884</u>	<u>\$ 21,495</u>	<u>\$ 74,450</u>

(Continued on next page)

## CITY OF BRISTOL, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2014

(In Thousands)

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position:

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

Fund balances - total governmental funds	\$ 46,240
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 636,658	
Less accumulated depreciation	<u>(302,715)</u>	
Net capital assets		333,943

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

Net pension asset	5,779
Property tax receivables greater than 60 days	2,601
Interest receivable on property taxes	1,385
Sewer assessments receivable	893
Sewer assessments interest receivable	22

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.

10,728

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 serial notes payable	(70,637)
Unamortized premium on general obligation bonds	(3,108)
Interest payable on bonds and notes	(1,020)
Compensated absences	(7,396)
Landfill post closure care	(1,614)
Deferred charges on refunding	1,408
Other postemployment benefit obligation	<u>(25,622)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 293,602</u>
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The accompanying notes are an integral part of the financial statements

## CITY OF BRISTOL, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

(In Thousands)

	<u>General</u>	<u>Debt Service Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes and assessments	\$ 126,853	\$	\$ 22	\$ 3	\$ 126,878
Interest and lien fees on delinquent taxes and assessments	904				904
Licenses, permit and fees	939			6,202	7,141
Intergovernmental	64,980		4,918	12,225	82,123
Charges for services	3,304			3,208	6,512
Income on investments	253	1	12	128	394
Miscellaneous	905	123	18	1,700	2,746
Total revenues	<u>198,138</u>	<u>124</u>	<u>4,970</u>	<u>23,466</u>	<u>226,698</u>
Expenditures:					
Current:					
General government	5,574			1,378	6,952
Public safety	21,958			772	22,730
Public works	12,996			7,367	20,363
Health and welfare	5,700			816	6,516
Libraries	1,997			23	2,020
Parks and recreation	2,198			177	2,375
Education	102,684			11,460	114,144
Citywide:					
Employee benefits and pensions	3,719				3,719
Insurance	820				820
Miscellaneous	379				379
Capital outlay			7,569		7,569
Debt service:					
Principal retirement		6,275	281		6,556
Interest and fiscal charges		2,685	53		2,738
Total expenditures	<u>158,025</u>	<u>8,960</u>	<u>7,903</u>	<u>21,993</u>	<u>196,881</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>40,113</u>	<u>(8,836)</u>	<u>(2,933)</u>	<u>1,473</u>	<u>29,817</u>
Other Financing Sources (Uses):					
Transfers in	2,288	9,789	2,975	4,601	19,653
Transfers out	(41,574)	(510)	(3,266)	(3,526)	(48,876)
Total other financing sources (uses)	<u>(39,286)</u>	<u>9,279</u>	<u>(291)</u>	<u>1,075</u>	<u>(29,223)</u>
Net Change in Fund Balance	827	443	(3,224)	2,548	594
Fund Balance at Beginning of Year	<u>30,099</u>	<u>586</u>	<u>19</u>	<u>14,942</u>	<u>45,646</u>
Fund Balance at End of Year	<u>\$ 30,926</u>	<u>\$ 1,029</u>	<u>\$ (3,205)</u>	<u>\$ 17,490</u>	<u>\$ 46,240</u>

(Continued on next page)

## CITY OF BRISTOL, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

(In Thousands)

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 594
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	12,372
Depreciation expense	(15,214)

The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.	(2)
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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	592
Property tax interest and lien revenue - accrual basis change	79
Sewer assessment receivable - accrual basis change	320
Net pension asset	(523)
Other	(155)

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

Bond principal payments	6,556
Amortization of deferred charge on refunding	(172)
Accrued interest	161
Bond premiums	321

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	93
Other postemployment benefits	(1,483)
Landfill post closure care	28

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

6,196
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Change in Net Position of Governmental Activities (Exhibit II)	\$ <u>9,763</u>
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The accompanying notes are an integral part of the financial statements



## CITY OF BRISTOL, CONNECTICUT

**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**

**June 30, 2014**  
(In Thousands)

	<b>Business-Type Activities Water Enterprise Fund</b>	<b>Governmental Activities Internal Service Fund</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,355	\$ 20,219
Investments	4,835	
Receivables, net	1,323	
Due from other funds		665
Inventories	258	
Other assets	10	
Total current assets	<u>7,781</u>	<u>20,884</u>
Noncurrent assets:		
Capital assets:		
Assets not being depreciated	3,321	
Assets being depreciated, net	21,098	
Total noncurrent assets	<u>24,419</u>	<u>-</u>
Total assets	<u>32,200</u>	<u>20,884</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on refunding	<u>132</u>	
<b>LIABILITIES</b>		
Current liabilities:		
Accounts and other payables	725	96
Payroll liabilities	47	
Customer deposits	687	
Unearned revenues	21	5
Compensated absences - current	52	
Bonds payable - current	505	
Notes payable - current	35	
Unpaid claims - current		4,664
Total current liabilities	<u>2,072</u>	<u>4,765</u>
Noncurrent liabilities:		
Compensated absences	254	
Bonds payable	3,136	
Notes payable	466	
Unpaid claims		5,391
Total noncurrent liabilities	<u>3,856</u>	<u>5,391</u>
Total liabilities	<u>5,928</u>	<u>10,156</u>
<b>NET POSITION</b>		
Net investment in capital assets	20,910	
Unrestricted	<u>5,494</u>	<u>10,728</u>
Total Net Position	<u>\$ 26,404</u>	<u>\$ 10,728</u>

The accompanying notes are an integral part of the financial statements

## CITY OF BRISTOL, CONNECTICUT

**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**

**FOR THE YEAR ENDED JUNE 30, 2014**

(In Thousands)

	<b>Business-Type Activities Water Enterprise Fund</b>	<b>Governmental Activities Internal Service Fund</b>
Operating revenues:		
Charges for services	\$ 6,855	\$ 7,939
Contributions		9
Miscellaneous	352	2,733
Total operating revenues	<u>7,207</u>	<u>10,681</u>
Operating expenses:		
Source of supply	205	
Pumping	295	
Purification	1,027	
Transmission and distribution	1,592	
Customer accounts, administrative and general	2,148	
Depreciation	945	
Taxes other than income taxes	423	
Insurance claims, premiums and fees		33,735
Total operating expenses	<u>6,635</u>	<u>33,735</u>
Operating income (loss)	<u>572</u>	<u>(23,054)</u>
Nonoperating revenues (expenses):		
Income on investments	674	27
Interest expense	(269)	
Amortization of debt discount and expense	(5)	
Total nonoperating revenues	<u>400</u>	<u>27</u>
Income (loss) before capital contributions and transfers	972	(23,027)
Capital contributions	28	
Transfers:		
Transfers in		29,223
Change in Net Position	1,000	6,196
Net Position at Beginning of Year	<u>25,404</u>	<u>4,532</u>
Net Position at End of Year	<u>\$ 26,404</u>	<u>\$ 10,728</u>

The accompanying notes are an integral part of the financial statements

## CITY OF BRISTOL, CONNECTICUT

**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED JUNE 30, 2014

(In Thousands)

	<b>Business-Type Activities Water Enterprise Fund</b>	<b>Governmental Activities Internal Service Fund</b>
Cash Flows from Operating Activities:		
Cash received from charges for services and contributions	\$ 7,211	\$ 8,268
Cash received from other operating revenue		2,732
Cash paid to employees	(2,186)	
Cash paid to suppliers	(3,413)	
Cash payment for claims paid		(36,224)
Deposits paid back to customers	20	
Cash paid for interfund services used	(8)	
Net cash provided by (used in) operating activities	<u>1,624</u>	<u>(25,224)</u>
Cash Flows from Noncapital Financing Activities:		
Transfers from other funds		<u>29,223</u>
Cash Flows from Capital Financing Activities:		
Purchase of capital assets/utility plant	(1,223)	
Issuance of bonds and notes	501	
Principal payments bonds/notes	(595)	
Interest payments and issuance costs	(226)	
Net cash used in capital and related financing activities	<u>(1,543)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Income on investments	<u>2</u>	<u>27</u>
Net Increase in Cash and Cash Equivalents	83	4,026
Cash and Cash Equivalents at Beginning of Year	<u>1,272</u>	<u>16,193</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,355</u>	<u>\$ 20,219</u>
Reconciliation of Operating Income (Loss) to Net Cash		
Provided by (Used in) Operating Activities:		
Operating income (loss)	\$ 572	\$ (23,054)
Adjustments to reconcile operating income (loss) to net cash		
provided by (used in) operating activities:		
Depreciation	945	
(Increase) decrease in accounts receivable	(32)	329
Increase (decrease) in provision for uncollectible accounts	36	
(Increase) decrease in inventory	(43)	
(Increase) decrease in other assets	(10)	
Increase (decrease) in accounts payable	235	81
Increase (decrease) in deferred revenues		(10)
Increase (decrease) in accrued liabilities	3	
Increase (decrease) in accrued compensated absences	(94)	
Increase (decrease) in unpaid claims		(2,570)
Increase (decrease) in customer deposits	20	
Increase (decrease) in due to (from) other funds	(8)	
Total adjustments	<u>1,052</u>	<u>(2,170)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,624</u>	<u>\$ (25,224)</u>
Noncash Investing and Capital Activities:		
Capital contributions	<u>\$ 28</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

## CITY OF BRISTOL, CONNECTICUT

**FIDUCIARY FUNDS**  
**STATEMENT OF NET POSITION**

**JUNE 30, 2014**

(In Thousands)

	<b>Pension Trust Funds</b>	<b>OPEB Trust Fund</b>	<b>Agency Funds</b>
	<u>          </u>	<u>          </u>	<u>          </u>
Assets:			
Cash and cash equivalents	\$ 422	\$ 412	\$ 532
Investments, at fair value:			
Certificates of deposit			138
Corporate bonds	57,099		
U.S. treasury	45,664		
U.S. government agencies	13,755		
Securitized instruments	12,958		
Common stock	279,276		
Mutual funds	204,846	3,778	
Total investments	<u>613,598</u>	<u>3,778</u>	<u>138</u>
Receivables, net		250	
Total assets	<u>614,020</u>	<u>4,440</u>	<u>\$ 670</u>
Liabilities:			
Accounts payable			\$ 7
Due to senior citizens			28
Due to student groups			635
Due to other funds	250		
Total liabilities	<u>250</u>	<u>-</u>	<u>\$ 670</u>
Net Position:			
Held in Trust for Pension Benefits	613,770		
Held in Trust for OPEB Benefits		4,440	
Total Net Position	<u>\$ 613,770</u>	<u>\$ 4,440</u>	

The accompanying notes are an integral part of the financial statements

## CITY OF BRISTOL

## FIDUCIARY FUNDS

STATEMENT OF CHANGES IN NET POSITION  
PENSION TRUST FUNDS AND OPEB TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

(In Thousands)

	<b>Pension Trust Funds</b>	<b>OPEB Trust Funds</b>
Additions:		
Contributions:		
Employer	\$ 228	\$ 936
Plan members	2,487	
Total additions	<u>2,715</u>	<u>936</u>
Investment income:		
Net appreciation in fair value of investments	71,680	48
Interest and dividends	11,803	19
Total	<u>83,483</u>	<u>67</u>
Less investment expense	(538)	
Total investment income	<u>82,945</u>	<u>67</u>
Total additions	<u>85,660</u>	<u>1,003</u>
Deductions:		
Benefits	20,637	
Administration	3,865	10
Police and fire retiree health care	520	
Other	16	
Total deductions	<u>25,038</u>	<u>10</u>
Net Change	60,622	993
Net Position at Beginning of Year	<u>553,148</u>	<u>3,447</u>
Net Position at End of Year	<u>\$ 613,770</u>	<u>\$ 4,440</u>

The accompanying notes are an integral part of the financial statements

**CITY OF BRISTOL, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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(amounts expressed in thousands)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Bristol, Connecticut (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the City are described below.

**A. Reporting Entity**

The City was incorporated in 1911. Its legal authority is derived from Chapter Ninety-nine (99) 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.

**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 of Bristol, 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 of Bristol, 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 (amount not rounded) to the Corporation.

## **Joint Venture**

The City is a participant in two joint ventures as described below.

### **Tunxis Recycling Operating Committee**

The City is a participant with thirteen (13) other cities and towns in a joint venture, the Tunxis Recycling Operating Committee (TROC). TROC is responsible for the development, operations and management of a solid waste recycling program for all participating communities. The governing board consists of City officials appointed by each of the participating municipalities, and assumes all the management decisions. The City has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the intercommunity agreement dated as of June 21, 1990. Expenditures of \$29 were incurred in 2013-14 related to the City's participation in TROC. The unassigned fund balance for fiscal year ended June 30, 2014 as reflected in TROC's financial statements is \$360. A complete set of financial statements for TROC can be obtained from TROC's administrative office at 27 W. Main Street, New Britain, Connecticut 06051.

### **Bristol Resource Recovery Facility Operating Committee**

The City is a participant with thirteen (13) other cities and towns in a joint venture, the Bristol Resource Recovery Facility (BRRFOC). BRRFOC was created pursuant to an intercommunity agreement to exercise certain rights on behalf of contracting municipalities in dealing with the trash-to-energy plant built by Ogden Martin Systems of Bristol, Inc., now known as Covanta Bristol, Inc. (Covanta) in Bristol, Connecticut. The governing board consists of City officials appointed by each of the participating municipalities, and assumes all the management decisions. The City has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the intercommunity agreement dated as of August 15, 1985. These obligations deal with guarantees to meet certain tonnage requirements. The City expenditures to BRRFOC amounted to \$2,514 this year. The unassigned fund balance for fiscal year ended June 30, 2014 as reflected in BRRFOC's financial statements is \$7.5 million. A complete set of financial statements for BRRFOC can be obtained from the administrative office at 27 W. Main Street, New Britain, Connecticut 06051.

The fourteen Contracting Communities which comprise BRRFOC entered into a Municipal Solid Waste Disposal and Recycling Services Agreement by and among Covanta in December 2012, which will provide for managing disposable and recyclable wastes for a twenty-year period commencing July 2014.

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the City is reported separately from a certain legally separate component unit 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 are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. 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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

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.

Additionally, the City reports the following fund types:

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

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 Other Post Employment Benefits (OPEB) Trust Fund accounts for the activities of the City's Post Employment Benefits plan, which accumulates resources for healthcare 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.

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 and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service fund include the cost of sales and services, administrative expenses and depreciation on capital assets. 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.

#### **D. Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the City, as well as for its component units, are reported at fair value.

#### **E. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles.

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 assessed values of under \$1,000 (not rounded) 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.

Uncollected taxes, other than amounts received within 60 days of year-end, and taxes collected in advance of the fiscal year in which they were levied, are reflected as deferred revenue in the fund financial statements. Property taxes receivable at June 30, 2014 are stated net of allowance for estimated uncollectible amounts of \$300.

## **F. 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.

## **G. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more (amount not rounded) 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>Assets</u>	<u>Years</u>
Buildings	25-50
Improvements other than buildings	20
Machinery and equipment	3-20
Infrastructure	10-65

## **H. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports a deferred charge on refunding in the government-wide statement of net position. 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.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. Also, for governmental funds, the City reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, special assessments and sewer use. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

## **I. Compensated Absences**

A limited amount of vacation time earned may be accumulated by employees until termination of their employment. Vacation leave is valued 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.

## **J. 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. Bond issuance costs not withheld from the actual debt proceeds received are reported as debt service expenditures.

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

## **K. 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 component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position - Restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This component consists of net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

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

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

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (City 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.

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

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

### **A. 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 (amount not rounded) require Joint Board approval. All budget revisions must be approved. Additional appropriations in the amount of \$7,859 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.

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

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

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

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). 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.

#### A. 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 Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$57,624 of the City's bank balance of \$68,870 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 37,264
Uninsured and collateral held by the pledging bank's trust department, not in the City's name	<u>20,360</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 57,624</u>

At June 30, 2014, the entire amount of the component unit's deposits was covered by federal depository insurance.

#### 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, 2014, the cash equivalent amounted to \$19,402. 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
Cutwater Asset Management - Cooperative Liquid Assets Securities System (CLASS)	AAAm

## B. Investments

Investments as of June 30, 2014 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	\$ 45,664	\$ 9,984	\$ 35,680	\$
U.S. Government agencies	Aaa	13,755		12,909	846
Corporate bonds	Aa1-Aa3	4,445	752	3,693	
Corporate bonds	A1-A3	15,410	622	14,788	
Corporate bonds	Baa1-Baa3	27,841	289	27,552	
Corporate bonds	Ba1-Ba3	6,887	174	6,713	
Corporate bonds	B1-B3	2,516	1,218	1,298	
Securitized instruments	Aaa	12,958		1,075	11,883
Certificates of deposit	*	138	138		
Total		129,614	\$ 13,177	\$ 103,708	\$ 12,729
Other investments:					
Common stock		279,276			
Mutual funds		214,216			
Total Investments		\$ 623,106			

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

*Interest Rate Risk* - The City does not 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.

*Credit Risk - Investments* - As indicated above, State Statutes limit the investment options of cities and towns. The City has an investment policy that allows the same type of investments as State Statutes.

*Concentration of Credit Risk* - The City does not have a policy limiting investments in any one issuer that is in excess of five percent of the City's total investments.

*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. The City does not have a policy for custodial credit risk. At June 30, 2014, the City did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the City's name.

#### 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:

	<u>General</u>	<u>Capital Projects</u>	<u>Water Enterprise Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 3,462	\$	\$	\$	\$ 3,462
Interest	1,385		30		1,415
Accounts	160		1,451	659	2,270
Special assessments			10	576	586
Intergovernmental	<u>299</u>	<u>2,677</u>	<u></u>	<u>1,343</u>	<u>4,319</u>
Gross receivables	5,306	2,677	1,491	2,578	12,052
Less allowance for uncollectibles	<u>(310)</u>	<u></u>	<u>(168)</u>	<u></u>	<u>(478)</u>
Net Total Receivables	\$ <u><u>4,996</u></u>	\$ <u><u>2,677</u></u>	\$ <u><u>1,323</u></u>	\$ <u><u>2,578</u></u>	\$ <u><u>11,574</u></u>

Total uncollectible amounts related to revenues of the current period are as follows:

General Fund:

Uncollectibles related to taxes receivable	\$ 300
Uncollectibles related to accounts receivable	10

Water Enterprise Fund:

Uncollectibles related to accounts receivable	<u>168</u>
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Total Uncollectibles of the Current Fiscal Year	\$ <u><u>478</u></u>
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## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

### Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 18,005	\$ 356	\$ (2)	\$ 18,359
Construction in progress	90,950	6,944	(6,864)	91,030
Total capital assets not being depreciated	<u>108,955</u>	<u>7,300</u>	<u>(6,866)</u>	<u>109,389</u>
Capital assets being depreciated:				
Buildings	200,072	1,909	(1,639)	200,342
Improvements other than buildings	14,244	1,834	(110)	15,968
Machinery and equipment	68,470	3,348	(1,136)	70,682
Infrastructure	236,771	4,845	(1,339)	240,277
Total capital assets being depreciated	<u>519,557</u>	<u>11,936</u>	<u>(4,224)</u>	<u>527,269</u>
Less accumulated depreciation for:				
Buildings	(105,804)	(6,703)	1,639	(110,868)
Improvements other than buildings	(5,194)	(247)	110	(5,331)
Machinery and equipment	(49,286)	(3,930)	1,136	(52,080)
Infrastructure	(131,441)	(4,334)	1,339	(134,436)
Total accumulated depreciation	<u>(291,725)</u>	<u>(15,214)</u>	<u>4,224</u>	<u>(302,715)</u>
Total capital assets being depreciated, net	<u>227,832</u>	<u>(3,278)</u>	<u>-</u>	<u>224,554</u>
Governmental Activities Capital Assets, Net	<u>\$ 336,787</u>	<u>\$ 4,022</u>	<u>\$ (6,866)</u>	<u>\$ 333,943</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 2,700	\$ 52	\$	\$ 2,752
Construction in progress	17	560	(8)	569
Total capital assets not being depreciated	<u>2,717</u>	<u>612</u>	<u>(8)</u>	<u>3,321</u>
Capital assets being depreciated:				
Buildings and system	36,798	27		36,825
Machinery and equipment	5,486	592	(7)	6,071
Total capital assets being depreciated	<u>42,284</u>	<u>619</u>	<u>(7)</u>	<u>42,896</u>
Less accumulated depreciation for:				
Buildings and system	(17,600)	(775)		(18,375)
Machinery and equipment	(3,256)	(170)	3	(3,423)
Total accumulated depreciation	<u>(20,856)</u>	<u>(945)</u>	<u>3</u>	<u>(21,798)</u>
Total capital assets being depreciated, net	<u>21,428</u>	<u>(326)</u>	<u>(4)</u>	<u>21,098</u>
Business-Type Activities Capital Assets, Net	<u>\$ 24,145</u>	<u>\$ 286</u>	<u>\$ (12)</u>	<u>\$ 24,419</u>

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

Governmental activities:

General government	\$ 374
Public safety	1,642
Public works	7,923
Health and welfare	8
Libraries	661
Parks and recreation	426
Education	<u>4,180</u>

Total Depreciation Expense - Governmental Activities	\$ <u><u>15,214</u></u>
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Business-type activities

Water	\$ <u><u>945</u></u>
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**Construction Commitments**

The City has several active construction projects as of June 30, 2014. The following is a summary of capital projects as of June 30, 2014:

	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>
Schools	\$ 179,894	\$ 160,088
Streets, bridges and building improvements	61,175	43,747
Capital and nonrecurring	<u>58,069</u>	<u>36,793</u>
Total	\$ <u><u>299,138</u></u>	\$ <u><u>240,628</u></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, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Furniture and equipment	\$ 237	\$ 3	\$ (1)	\$ 239
Less accumulated depreciation for:				
Furniture and equipment	<u>(171)</u>	<u>(19)</u>	<u>1</u>	<u>(189)</u>
District Capital Assets, Net	\$ <u><u>66</u></u>	\$ <u><u>(16)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>50</u></u>

## 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2014, interfund receivables and payables were comprised of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 707
Nonmajor Governmental Funds	General Fund	43
Internal Service	Nonmajor Governmental Funds	415
Internal Service	Pension Trust Funds	<u>250</u>
Total		<u>\$ 1,415</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:

	<u>Transfers In</u>					<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Govern- mental</u>	<u>Internal Service Funds</u>	
Transfer out:						
General Fund	\$	\$ 8,798	\$ 784	\$ 4,596	\$ 27,396	\$ 41,574
Debt Service Fund			510			510
Capital Projects	2270	991		5		3,266
Nonmajor Governmental Funds	<u>18</u>	<u></u>	<u>1,681</u>	<u></u>	<u>1,827</u>	<u>3,526</u>
Total Transfers In	<u>\$ 2,288</u>	<u>\$ 9,789</u>	<u>\$ 2,975</u>	<u>\$ 4,601</u>	<u>\$ 29,223</u>	<u>\$ 48,876</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, and 3) support the self-insurance for health and workers' compensation benefits.

## 7. LEASES

### Operating Leases

The City leases computers under noncancelable operating leases. Total costs for such leases were \$695 for the year ended June 30, 2014. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 659
2016	532
2017	407
2018	143
2019	<u>2</u>
	<u>\$ 1,743</u>

## 8. LONG-TERM DEBT

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds and Clean Water Fund Loans	\$ 77,193	\$	\$ 6,556	\$ 70,637	\$ 6,473
Premium on general obligation bonds	3,429		321	3,108	
Total bonds payable	80,622		6,877	73,745	6,473
Compensated absences	7,489	991	1,084	7,396	1,100
Landfill postclosure care	1,642	35	63	1,614	63
Net OPEB obligation	24,139	1,483		25,622	
Unpaid claims	12,626	33,735	36,306	10,055	4,664
Total Governmental Activities Long-Term Liabilities	<u>\$ 126,518</u>	<u>\$ 36,244</u>	<u>\$ 44,330</u>	<u>\$ 118,432</u>	<u>\$ 12,300</u>
Business-Type Activities:					
Bonds payable:					
General obligation bonds	\$ 4,025	\$	\$ 595	\$ 3,430	\$ 479
Premium on general obligation bonds	236		25	211	26
Notes payable		501		501	35
Total bonds payable and notes payable	4,261	501	620	4,142	540
Compensated absences	400		94	306	52
Total Business-Type Activities Long-Term Liabilities	<u>\$ 4,661</u>	<u>\$ 501</u>	<u>\$ 714</u>	<u>\$ 4,448</u>	<u>\$ 592</u>
Component Unit:					
Compensated Absences	<u>\$ 118</u>	<u>\$ 88</u>	<u>\$ 81</u>	<u>\$ 125</u>	<u>\$ 87</u>

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, 2014 was as follows:

<u>Description</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate %</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Bond anticipation notes	04/29/13	01/28/14	1.00%	\$ 5,810	\$	\$ 5,810	\$
Bond anticipation notes	01/28/14	10/27/14	1.00%		5,300		5,300
Total				<u>\$ 5,810</u>	<u>\$ 5,300</u>	<u>\$ 5,810</u>	<u>\$ 5,300</u>

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

Bonds and notes payable at June 30, 2014 were comprised of the following:

<b>Description</b>	<b>Date of Issue</b>	<b>Date of Maturity</b>	<b>Interest Rate (%)</b>	<b>Amount of Original Issue</b>	<b>Balance Outstanding June 30, 2014</b>
General City Bonds:					
General improvement:					
2009	02/15/09	02/15/17	2.00-4.18	\$ 8,515	\$ 5,840
2011	06/27/11	08/01/30	2.00-4.00	8,637	7,727
2012 Refunding	08/11/11	07/15/22	3.00-5.00	15,589	<u>15,589</u>
Total general improvement bonds					<u>29,156</u>
School:					
2005 Refunding	06/15/05	10/15/18	2.70-5.00	10,635	4,800
2009	02/15/09	02/15/17	2.00-4.18	385	265
2011	06/27/11	08/01/30	2.00-4.00	25,550	22,860
2012 Refunding	08/11/11	07/15/22	3.00-5.00	6,234	<u>6,234</u>
Total school bonds					<u>34,159</u>
Sewers:					
2011	06/27/11	08/01/30	2.00-4.00	5,400	<u>4,830</u>
Capital Projects Fund:					
Clean Water Fund Notes					
498-D/C	06/30/02	06/30/21	2.00	1,483	582
Clean Water Fund Notes					
415-D/C	06/30/02	06/30/21	2.00	1,410	553
Clean Water Fund Notes					
504-C	12/31/03	12/31/22	2.00	1,488	699
Clean Water Fund Notes					
562-C	11/30/04	11/30/23	2.00	694	358
Clean Water Fund Notes					
464-C	05/31/06	03/31/26	2.00	470	<u>300</u>
Total capital projects level debt					<u>2,492</u>
Total General City Serial Bonds and Clean Water Fund Loans					<u>70,637</u>
Water Department:					
Enterprise Fund Bonds:					
Water 2005 Refunding	06/15/05	10/15/18	2.70-5.00	2,315	595
Water 2011	06/27/11	08/01/30	2.00-4.00	813	723
Water 2012 Refunding	08/11/11	07/15/22	3.00-5.00	2,112	<u>2,112</u>
Total Water Bonds					<u>3,430</u>
Water 2014 Notes	12/31/14	12/31/33	2.00	501	<u>501</u>
Total Water Department Enterprise Fund Bonds and Notes					<u>3,931</u>
Total Bonded Indebtedness				\$	<u><u>74,568</u></u>

Notes and bonds payable are secured by the general revenue raising powers of the City. The annual requirements to amortize long-term bond obligations at June 30, 2014 are as follows:

General Fund:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 5,901	\$ 2,236	\$ 8,137
2016	5,892	2,018	7,910
2017	5,887	1,793	7,680
2018	5,866	1,586	7,452
2019	5,851	1,388	7,239
2020-2024	20,775	4,184	24,959
2025-2029	9,547	1,610	11,157
2030-2031	<u>3,596</u>	<u>144</u>	<u>3,740</u>
Total	<u>\$ 63,315</u>	<u>\$ 14,959</u>	<u>\$ 78,274</u>

Sewer Operating and Assessment Fund:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 285	\$ 164	\$ 449
2016	285	152	437
2017	285	141	426
2018	283	133	416
2019	283	126	409
2020-2024	1,416	488	1,904
2025-2029	1,423	252	1,675
2030-2031	<u>570</u>	<u>23</u>	<u>593</u>
Total	<u>\$ 4,830</u>	<u>\$ 1,479</u>	<u>\$ 6,309</u>

Capital Projects Fund:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 287	\$ 47	\$ 334
2016	292	41	333
2017	298	36	334
2018	305	30	335
2019	310	23	333
2020-2024	951	38	989
2025-2029	<u>49</u>	<u>1</u>	<u>50</u>
2030-2031			
Total	<u>\$ 2,492</u>	<u>\$ 216</u>	<u>\$ 2,708</u>

Water Enterprise Fund:  
Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 479	\$ 125	\$ 604
2016	483	106	589
2017	478	87	565
2018	281	73	354
2019	281	62	343
2020-2024	1,134	145	1,279
2025-2029	210	37	247
2030-2031	84	3	87
Total	<u>\$ 3,430</u>	<u>\$ 638</u>	<u>\$ 4,068</u>

Note:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 35	\$ 10	\$ 45
2016	21	9	30
2017	21	9	30
2018	22	8	30
2019	22	8	30
2020-2024	119	32	151
2025-2029	131	20	151
2030-2034	130	6	136
Total	<u>\$ 501</u>	<u>\$ 102</u>	<u>\$ 603</u>

The City does not have any overlapping debt contingencies as of June 30, 2013.

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 287,467	\$ 44,981	\$ 242,486
Schools	574,934	35,982	538,952
Sewers	479,111	5,340	473,771
Urban renewal	415,230		415,230
Pension deficit	383,289		383,289

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation (\$894,341).

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	\$ 8,033
Schools	102,436
Sewers	<u>510</u>
	<u>\$ 110,979</u>

Additionally, net indebtedness is reduced by State of Connecticut grant commitments in the amount of \$100,613.

## 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 Committee and the related contracting communities. Solid waste landfill closure and postclosure 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 postclosure period are the responsibility of the City. The projected costs of this postclosure period is \$1,614. 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 (RCRA).

## 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 \$10,055 reported in the Internal Service Fund at June 30, 2014 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:

		<b>Current Year</b>			
	<b>Liability</b>	<b>Claims</b>	<b>Claim</b>	<b>Liability</b>	
	<b>July 1,</b>	<b>And Changes</b>	<b>Payment</b>	<b>June 30,</b>	
		<b>In Estimates</b>			
2012-13	\$ 12,143	\$ 34,401	\$ 33,918	\$ 12,626	
2013-14	12,626	33,735	36,306	10,055	

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



## 11. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2014 are as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Inventory	\$	\$	\$	\$ 33	\$ 33
Prepays	2				2
Trust purpose				801	801
Restricted for:					
Grants				4,272	4,272
Debt service		1,029			1,029
Committed to:					
Landfill closure	556		1,851		2,407
Compensated absences	2,500			167	2,667
Heart and Hypertension	800				800
Capital and nonrecurring			991		991
Capital and nonrecurring WPCA			2,529		2,529
Equipment				5,817	5,817
Education				953	953
Manross Memorial Library				535	535
Sewer				3,576	3,576
Solid waste disposal				366	366
Pine Lake challenge course				112	112
Transfer station				59	59
Open space				4	4
Centre mall				442	442
Trust purpose				294	294
Assigned to:					
Subsequent year's budget	350				350
Carryovers	584			59	643
General government encumbrances	10				10
Public safety encumbrances	76				76
Public works encumbrances	55				55
Libraries encumbrances	29				29
Parks and recreation encumbrances	3				3
Miscellaneous encumbrances	6				6
Unassigned	<u>25,955</u>		<u>(8,576)</u>		<u>17,379</u>
Total Fund Balances	<u>\$ 30,926</u>	<u>\$ 1,029</u>	<u>\$ (3,205)</u>	<u>\$ 17,490</u>	<u>\$ 46,240</u>

## 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, 2014, the City is of the opinion that such reimbursements in respect of disallowed expenditures, if any, will not be significant.

## 13. OTHER POSTEMPLOYMENT BENEFITS

### A. 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, 2012, plan membership consisted of the following:

	<b>Retiree Healthcare Plan</b>
Active plan members	1,458
Retired members	<u>532</u>
Total Participants	<u><u>1,990</u></u>

### B. 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.

## Annual OPEB Cost and Net OPEB Obligations

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

	<b>Retiree Healthcare Plan</b>
Annual required contribution	\$ 8,568
Interest on net OPEB obligation	1,207
Adjustment to annual required contribution	<u>(1,570)</u>
Annual OPEB cost	8,205
Contributions made	<u>6,722</u>
Increase in net OPEB obligation	1,483
Net OPEB Obligation, Beginning of Year	<u>24,139</u>
Net OPEB Obligation, End of Year	<u><u>\$ 25,622</u></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.

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost (AOC)</b>	<b>Actual Contribution</b>	<b>Percentage of AOC Contributed</b>	<b>Net OPEB Obligation</b>
6/30/2012	\$ 7,605	\$ 4,755	62.5%	\$ 21,347
6/30/2013	7,958	5,166	64.9	24,139
6/30/2014	8,205	6,722	81.9	25,622

## Schedule of Funding Progress

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Funded (Unfunded) AAL (UAAL) (a-b)</b>	<b>Percentage Funded (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((a-b)/c)</b>
7/1/08	\$ -	\$ 72,000	\$ (72,000)	0.0%	\$ 70,000	(102.9)%
7/1/10	-	64,510	(64,510)	0.0	91,807	(70.3)
7/1/12	1,847	75,052	(73,205)	2.0	88,563	(82.7)

## Schedule of Employer Contributions

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2009	\$ 8,768	36.0%
2010	9,322	47.7
2011	7,528	59.2
2012	7,883	60.3
2013	8,279	62.4
2014	8,568	78.5

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, 2012 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 5% in year 2019 and thereafter.

## 14. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

### A. 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.

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 Schedule of Position

	Employee Retirement Funds			
	City Retirement System Fund	Firefighters' Benefit Fund	Police Benefit Fund	Total
Assets:				
Cash and cash equivalents	\$ 100	\$ 188	\$ 134	\$ 422
Investments	221,217	187,915	204,466	613,598
Total Assets	221,317	188,103	204,600	614,020
Liabilities:				
Due to other funds			250	250
Net Position:				
Held in trust for pension benefits	221,317	188,103	204,350	613,770
Total Net Position	\$ 221,317	\$ 188,103	\$ 204,350	\$ 613,770

### Combining Schedule of Changes in Plan Net Position

	Employee Retirement Funds			
	City Retirement System Fund	Firefighters' Benefit Fund	Police Benefit Fund	Total
Additions:				
Contributions:				
Employer	\$ 228	\$	\$	\$ 228
Plan members	1,816	257	414	2,487
Total contributions	2,044	257	414	2,715
Investment income:				
Net appreciation in fair value of investments	26,198	21,758	23,724	71,680
Interest and dividends	4,314	3,583	3,906	11,803
Total investment income	30,512	25,341	27,630	83,483
Less investment expenses	(334)	(101)	(103)	(538)
Net investment income	30,178	25,240	27,527	82,945
Total additions	32,222	25,497	27,941	85,660
Deductions:				
Benefits	11,635	3,776	5,226	20,637
Administration	1,425	1,177	1,263	3,865
Police and Fire retiree health care		332	188	520
Other			16	16
Total deductions	13,060	5,285	6,693	25,038
Change in net position	19,162	20,212	21,248	60,622
Net Position - Beginning of Year	202,155	167,891	183,102	553,148
Net Position - End of Year	\$ 221,317	\$ 188,103	\$ 204,350	\$ 613,770

At July 1, 2013, PERS membership consisted of:

	<b>City of Bristol Retirement System</b>	<b>Firefighters' Benefit Fund</b>	<b>Police Benefit Fund</b>
Retirees, disabled and beneficiaries currently receiving benefits	498	92	113
Terminated employees entitled to benefits but not yet receiving them	57	2	2
Current employees:			
Vested	383	50	66
Nonvested	328	41	47
	<hr/>	<hr/>	<hr/>
Total	1,266	185	228
	<hr/>	<hr/>	<hr/>

The City of Bristol Retirement System covers all full-time employees (except firemen, policemen 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 City of Bristol Fire Benefit 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 and 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 City of Bristol 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 were hired prior to July 1, 1988 and 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 his 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.

The Plan 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.

## **B. 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.

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

## **C. Funding Status and Progress**

Employees covered under the City of Bristol Retirement System are required to contribute 6.0% of pay. If an employee leaves employment or dies before meeting the vesting requirements, accumulated employee contributions and interest are refunded.

The City is required to contribute the remaining amounts necessary to finance the benefits for its employees. For the year ended June 30, 2014, the City was not required to make a contribution of \$228. Benefits and employee contributions are fixed by 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. Employees shall be fully vested after ten years of continuous service. If an employee leaves employment or dies before meeting the vesting requirements, accumulated employee contributions are refunded. The City is required to contribute the remaining amounts necessary to finance the benefits for its employees. For the year ended June 30, 2014, the City was not required to make a contribution. Benefits and employee contributions are fixed by 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. If an employee leaves employment or dies before meeting the vesting requirements, accumulated employee contributions are refunded. The City is required to contribute the remaining amounts necessary to finance the benefits for its employees. For the year ended June 30, 2014, the City was not required to make a contribution. Benefits and employee contributions are fixed by contract and may be amended by union negotiations.

## D. 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, 2014:

<b>Asset Class</b>	<b>Target Allocation</b>
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	100.0%

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.44%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### Net Pension Liability of the City

In accordance with GASB Statement No. 67, the components of the net pension liability (asset) of the City at June 30, 2014 were as follows:

	<b>City of Bristol Retirement System</b>	<b>Firefighters' Benefit Fund</b>	<b>Police Benefit Fund</b>
Total pension liability	\$ 192,404	\$ 66,673	\$ 111,597
Plan fiduciary net position	221,317	188,103	204,350
Net Pension Asset	<u><u>\$ (28,913)</u></u>	<u><u>\$ (121,430)</u></u>	<u><u>\$ (92,753)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	115.03%	282.13%	183.11%

The City's net pension liability will be required to be recorded on the government-wide statement of net position at June 30, 2015.



Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

	<b>City of Bristol Retirement System</b>	<b>Firefighters' Benefit Fund</b>	<b>Police Benefit Fund</b>
Actuarial valuation date	July 1, 2013	July 1, 2013	July 1, 2013
Measurement date	June 30, 2014	June 30, 2014	June 30, 2014
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.

The actuarial assumptions used in the July 1, 2013 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, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<b>Asset Class</b>	<b>Long Term Expected Real Rate of Return</b>
Intermediate Term Bonds	2.50%
High Yield Bonds	4.81%
Large Cap US Equities	6.15%
Mid Cap US Equities	7.42%
Small Cap US Equities	7.42%
Developed Foreign Equities	6.59%
Emerging Market Equities	9.51%
Private Equities	9.43%
Hedge Funds/Absolute Return	4.05%

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.

Sensitivity of the Net Pension Liability 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:

**City of Bristol Retirement System**

	<b>1% Decrease 6.50%</b>	<b>Current Discount Rate 7.50%</b>	<b>1% Increase 8.50%</b>
Net Pension Liability (Asset)	\$ <u>(7,659)</u>	\$ <u>(28,913)</u>	\$ <u>(47,041)</u>

**Firefighters' Benefit Fund**

	<b>1% Decrease 6.50%</b>	<b>Current Discount Rate 7.50%</b>	<b>1% Increase 8.50%</b>
Net Pension Liability (Asset)	\$ <u>(113,269)</u>	\$ <u>(121,430)</u>	\$ <u>(128,242)</u>

**Police Benefit Fund**

	<b>1% Decrease 6.50%</b>	<b>Current Discount Rate 7.50%</b>	<b>1% Increase 8.50%</b>
Net Pension Liability (Asset)	\$ <u>(78,130)</u>	\$ <u>(92,753)</u>	\$ <u>(99,551)</u>

**E. Annual Pension Cost and Net Pension Obligations**

The annual pension cost and net pension obligation for the current year were as follows:

	<b>City of Bristol Retirement System</b>	<b>Firefighters' Benefit Fund</b>	<b>Police Benefit Fund</b>
Annual required contribution	\$ 605	\$ -	\$ -
Interest on net pension obligation	(127)	(129)	(216)
Adjustment to annual required contribution	<u>166</u>	<u>169</u>	<u>283</u>
Annual pension cost	644	40	67
Contributions made	<u>(228)</u>	<u>-</u>	<u>-</u>
Decrease in net pension asset	416	40	67
Net Pension Asset, Beginning of Year	<u>(1,694)</u>	<u>(1,722)</u>	<u>(2,886)</u>
Net Pension Assets, End of Year	\$ <u>(1,278)</u>	\$ <u>(1,682)</u>	\$ <u>(2,819)</u>

The following is a summary of certain significant actuarial assumptions and other PERS information:

**F. Trend Information**

City of Bristol Retirement System				
Fiscal Year Ended		Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/12	\$	40	0.0%	\$ (1,734)
6/30/13		40	0.0	(1,694)
6/30/14		644	35.4	(1,278)
Firefighters' Benefit Fund				
Fiscal Year Ended		Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/12	\$	40	0.0%	\$ (1,763)
6/30/13		41	0.0	(1,722)
6/30/14		40	0.0	(1,682)
Police Benefit Fund				
Fiscal Year Ended		Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/12	\$	68	0.0%	\$ (2,954)
6/30/13		68	0.0	(2,886)
6/30/14		67	0.0	(2,819)

<b>City of Bristol Retirement System</b>						
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Projected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (a-b)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((a-b)/c)</b>
7/1/2008	\$ 207,698	\$ 143,268	\$ 64,430	145.0 %	\$ 30,309	212.60 %
7/1/2009	203,537	150,284	53,253	135.4	31,268	170.30
7/1/2010	202,904	156,145	46,759	129.9	30,783	151.90
7/1/2011	200,861	161,266	39,595	124.6	30,610	129.40
7/1/2012	198,149	170,641	27,508	116.1	31,280	87.90

### Firefighters' Benefit Fund

Actuarial Valuation Date	Actuarial Accrued					
	Actuarial Value of Assets (a)	Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
7/1/2008	\$ 155,198	\$ 61,374	\$ 93,824	252.9 %	\$ 5,219	1,797.60 %
7/1/2009	155,135	61,873	93,262	250.7	5,298	1,760.40
7/1/2010	157,354	62,506	94,848	251.7	5,275	1,798.10
7/1/2011	159,247	66,073	93,174	241.0	5,454	1,708.20
7/1/2012	160,794	65,874	94,920	244.1	5,521	1,719.20
7/1/2013	170,795	66,094	104,701	258.4	5,630	1,859.60

### Police Benefit Fund

Actuarial Valuation Date	Actuarial Accrued					
	Actuarial Value of Assets (a)	Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
7/1/2008	\$ 170,638	\$ 77,990	\$ 92,648	218.8 %	\$ 7,421	1,248.50 %
7/1/2009	170,404	83,227	87,177	204.7	8,245	1,057.30
7/1/2010	172,814	86,099	86,715	200.7	8,377	1,035.10
7/1/2011	175,219	91,283	83,936	192.0	8,295	1,011.90
7/1/2012	176,389	95,527	80,862	184.6	8,024	1,007.80
7/1/2013	186,283	107,921	78,362	172.6	8,420	930.60

## H. Teacher Retirement

All City of Bristol Board of Education certified employees participate in the State of Connecticut Teachers' Retirement System under Section 10.183 of the General Statutes of the State of Connecticut. A teacher is eligible to receive a normal retirement benefit if he or she has: 1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or 2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Total covered payroll and total certified Board payroll was \$53,246 for the year ended June 30, 2014.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. For the year ended June 30, 2014, the City has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$13,216 as payments made by the State of Connecticut on behalf of the City. The City does not have any liability for teacher pensions.

The State of Connecticut Teacher Retirement System is considered to be 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 by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

## **Required Supplementary Information**

## CITY OF BRISTOL, CONNECTICUT

## GENERAL FUND

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014 WITH  
COMPARATIVE ACTUAL AMOUNTS FOR 2013  
(In Thousands)**

	2014				Variance Over (Under)	2013 Actual
	Original Budget	Adjustments	Amended Budget	Actual		
Property taxes:						
Current levy	\$ 124,307	\$ 1,154	\$ 125,461	\$ 125,492	\$ 31	\$ 123,470
Prior levies	950	400	1,350	1,361	11	1,141
Interest and penalties	500	404	904	904	-	1,024
Total property taxes	125,757	1,958	127,715	127,757	42	125,635
Licenses, permits and fees:						
Assessors' late filing fees	1		1	1	-	1
Circuit court fines	1		1	1	-	2
Dog penalties	1		1	1	-	1
Merchandising licenses	2		2	5	3	3
Animal licenses	8		8	8	-	7
Marriage licenses	2		2	2	-	2
Fees	6	32	38	40	2	9
Notary services	4		4	5	1	4
Burial permits	2		2	3	1	2
Trade names	1		1	1	-	
Vital statistics	118	20	138	138	-	140
Parking violations	65		65	46	(19)	61
Alarm fees	15		15	20	5	22
Police report fees	10		10	10	-	9
Building permits	450	160	610	610	-	558
PW excavating permits	7		7	8	1	7
Land use fees and permits	16		16	15	(1)	28
BBHD code enforcement fees			-		-	1
Library fines	24		24	25	1	24
Total licenses, permits and fees	733	212	945	939	(6)	881
State and Federal Grants:						
State grants-in-aid:						
State Owned Property (PILOT)	87		87	85	(2)	87
PILOT: Manufacturing and Equipment			-		-	1,974
State Grant: Elderly Freeze			-		-	6
Tax Relief Elderly/Disabled Homeowner	346		346	351	5	352
Private Hospitals (PILOT)	522		522	522	-	553
Tax Relief Totally Disabled	10		10	13	3	11
Additional Tax Relief: Veterans	25		25	32	7	28
Enterprise zone reimbursement	115		115	116	1	163
Sales Tax			-		-	494
Town Aid Road Transportation	666		666	666	-	333
Mashantucket Pequot Grant	590		590	589	(1)	590
PILOT			-	84	84	68
Off-track betting	65		65	70	5	74
Municipal Grant in Aid		359	359	359	-	
Utilities tax	100	34	134	138	4	146
Youth Services Bureau	49		49	50	1	49
Youth Service Bureau - Enhancement		7	7	7	-	7
E911 Subsidy Grant	134		134	134	-	134

(Continued on next page)

## CITY OF BRISTOL, CONNECTICUT

## GENERAL FUND

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2014 WITH**  
**COMPARATIVE ACTUAL AMOUNTS FOR 2013**  
(In Thousands)

	2014				Variance	2013
	Original Budget	Adjustments	Amended Budget	Actual	Over (Under)	Actual
School Readiness Grant/Quality Enhancement	\$	\$ 2,382	\$ 2,382	\$ 2,405	\$ 23	\$ 2,300
Education Cost Sharing	41,657		41,657	41,622	(35)	41,697
Trans. Child - Public	400		400	322	(78)	300
Medicaid Coordination	100	271	371	371	-	201
Excess Student Cost Base	2,600	510	3,110	3,110	-	2,512
Health Serv. PA 481/Private School Health Reimbursement	250	25	275	277	2	282
Transportation School Child-Nonpublic	140		140	38	(102)	142
Miscellaneous State grants	27	63	90	82	(8)	256
Federal Grants:						
Housing Authority (FED-PILOT)	60		60	110	50	101
FEMA Disaster Grant		261	261	207	(54)	641
Public safety federal grants	6		6	4	(2)	2
Total state and federal grants	47,949	3,912	51,861	51,764	(97)	53,503
Charges for services:						
Copier charges	55		55	63	8	66
Code enforcement reimbursements	21		21	21	-	154
Water reimbursement fees	1		1	3	2	
Foreclosure reimbursement fees	10		10	1	(9)	
Recording fees	275	14	289	289	-	316
Real estate transfer tax	750	168	918	918	-	563
Department of Aging Services	51		51	64	13	65
Public safety charges for services	620	244	864	907	43	715
Animal control charges	3		3	2	(1)	12
Miscellaneous charges for services	10	1	11	5	(6)	11
Public works service and maps	303	27	330	319	(11)	331
Recycling permits	31		31	35	4	139
City building rentals	207		207	208	1	220
School tuition	175		175	147	(28)	167
Pool revenue	188		188	184	(4)	167
Park program	108		108	138	30	123
Total charges for services	2,808	454	3,262	3,304	42	3,049
Investment earnings:						
Interest-General Fund	175	74	249	249	-	198
Interest-Miscellaneous A/R	5		5	4	(1)	5
Total investment earnings	180	74	254	253	(1)	203
Sale of property and equipment	77	53	130	129	(1)	172

(Continued on next page)

## CITY OF BRISTOL, CONNECTICUT

## GENERAL FUND

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2014 WITH**  
**COMPARATIVE ACTUAL AMOUNTS FOR 2013**  
(In Thousands)

	2014				Variance	2013
	Original Budget	Adjustments	Amended Budget	Actual	Over (Under)	Actual
Other local revenue:						
Miscellaneous	\$ 18	\$ 133	\$ 151	\$ 188	\$ 37	\$ 350
Contributions Interdistrict Cooperative		63	63	63	-	
Public Safety contributions		8	8	7	(1)	
Library Trust Funds	18		18	13	(5)	17
Park Trust Funds and Gifts	358	143	501	503	2	431
Total other local revenue	394	347	741	774	33	798
Transfers in	2,273	8	2,281	2,290	9	15
Total Revenues and Other Financing Sources	<u>\$ 180,171</u>	<u>\$ 7,018</u>	<u>\$ 187,189</u>	187,210	<u>\$ 21</u>	<u>\$ 184,256</u>
Budgetary revenues are different than GAAP revenues because:						
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for City teachers are not budgeted				13,216		
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds - Exhibit IV				<u>\$ 200,426</u>		



## CITY OF BRISTOL, CONNECTICUT

## GENERAL FUND

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING  
USES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014 WITH COMPARATIVE  
ACTUAL AMOUNTS FOR 2013  
(In Thousands)**

	2014					
	Original Budget	Adjustments	Amended Budget	Actual	Variance (Over) Under	2013 Actual
General Government						
City Council:						
Personnel Services	\$ 58	\$	\$ 58	58	\$ -	\$ 58
Mayor's Office:						
Personnel Services	154	8	162	158	4	153
Contractual Services	61		61	59	2	58
Supplies	1		1	1	-	1
Total mayor's office	216	8	224	218	6	212
Probate Court:						
Contractual Services	31	(3)	28	20	8	22
Supplies	5	2	7	6	1	5
Total probate court	36	(1)	35	26	9	27
Registrar of Voters:						
Personnel Services	142		142	140	2	142
Contractual Services	85		85	36	49	90
Supplies	7		7	4	3	6
Total registrar of voters	234	-	234	180	54	238
Assessor:						
Personnel Services	369		369	339	30	352
Contractual Services	19		19	16	3	21
Supplies	2		2	2	-	2
Total assessor	390	-	390	357	33	375
Board of Assessment Appeals:						
Personnel Services	6		6	4	2	6
Tax Collector:						
Personnel Services	291		291	288	3	285
Contractual Services	96		96	81	15	74
Supplies	1		1	-	1	1
Total tax collector	388	-	388	369	19	360
Purchasing:						
Personnel Services	169		169	168	1	168
Contractual Services	9		9	7	2	7
Total purchasing	178	-	178	175	3	175
Comptroller's Office:						
Personnel Services	655		655	618	37	615
Contractual Services	13		13	12	1	10
Supplies	1		1	1	-	1
Total comptroller's office	669	-	669	631	38	626

(Continued on next page)

## CITY OF BRISTOL, CONNECTICUT

## GENERAL FUND

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING  
USES - BUDGET AND ACTUAL (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2014 WITH COMPARATIVE  
ACTUAL AMOUNTS FOR 2013  
(In Thousands)**

	2014					2013
	Original Budget	Adjustments	Amended Budget	Actual	Variance (Over) Under	Actual
Treasurer:						
Personnel Services	\$ 112	\$	\$ 112	\$ 112	\$ -	\$ 109
Contractual Services	5		5	4	1	4
Supplies	1		1		1	
Other/Misc.	45		45	2	43	17
Total treasurer	163	-	163	118	45	130
Information Systems:						
Personnel Services	519		519	518	1	514
Contractual Services	274	4	278	243	35	238
Supplies	19	4	23	8	15	26
Total information systems	812	8	820	769	51	778
Personnel Department:						
Personnel Services	454	(1)	453	402	51	445
Contractual Services	111	(37)	74	70	4	134
Purch. Professional Services	5	1	6	5	1	5
Supplies	6		6	5	1	5
Capital Outlay		23	23	24	(1)	
Total personnel department	576	(14)	562	506	56	589
Corporation Counsel:						
Personnel Services	389	(8)	381	362	19	355
Contractual Services	186	(9)	177	177	-	136
Supplies	17		17	10	7	12
Total corporation counsel	592	(17)	575	549	26	503
City Clerk:						
Personnel Services	321	1	322	308	14	317
Contractual Services	78	(1)	77	62	15	53
Purch. Prof. Services	2		2	1	1	
Total city clerk	401	-	401	371	30	372
Board of Finance:						
Personnel Services	1	1	2	2	-	1
Contractual Services	70		70	70	-	70
Total board of finance	71	1	72	72	-	71
Aging Department:						
Personnel Services	351	2	353	348	5	317
Contractual Services	135	109	244	232	12	164
Supplies	52	6	58	45	13	41
Capital Outlay		5	5	4	1	
Total aging department	538	122	660	629	31	522

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## CITY OF BRISTOL, CONNECTICUT

## GENERAL FUND

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING  
USES - BUDGET AND ACTUAL (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2014 WITH COMPARATIVE  
ACTUAL AMOUNTS FOR 2013**

(In Thousands)

	2014				
	Original Budget	Adjustments	Amended Budget	Actual	Variance (Over) Under
					2013 Actual
Downtown Corporation (BDDC):					
Contractual Services	\$ 30	\$	\$ 30	\$ 30	\$ -
Veteran's Office:					
Personnel Services	6		6	1	5
CCRPA:					
Contractual Services	29		29	29	-
Youth Services:					
Personnel Services	253		253	251	2
Contractual Services	121	7	128	119	9
Supplies	15		15	13	2
Total youth services	389	7	396	383	13
Interdistrict COOP:					
Personnel Services		39	39	39	-
Contractual Services		2	2	2	-
Purchased other services		21	21	21	-
Supplies			-		-
Total interdistrict COOP	-	62	62	62	-
Community Promotions:					
Contractual Services	5	26	31	28	3
Other	25		25	13	12
Total community promotions	30	26	56	41	15
Boards and Commissions					
Personnel Services	5	(1)	4	4	-
Contractual Services	1		1		1
Total boards and commissions	6	(1)	5	4	1
Total general government	5,818	201	6,019	5,582	437

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## CITY OF BRISTOL, CONNECTICUT

## GENERAL FUND

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING  
USES - BUDGET AND ACTUAL (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2014 WITH COMPARATIVE  
ACTUAL AMOUNTS FOR 2013**

(In Thousands)

	2014					
	Original Budget	Adjustments	Amended Budget	Actual	Variance (Over) Under	2013 Actual
<b>Public Safety</b>						
Police Department:						
Personnel Services	\$ 12,888	\$ 109	\$ 12,997	\$ 12,952	\$ 45	\$ 12,509
Contractual Services	634	(1)	633	550	83	569
Supplies	358	13	371	290	81	326
Capital Outlay	52	73	125	123	2	248
Total police department	13,932	194	14,126	13,915	211	13,652
Fire Department:						
Personnel Services	7,290	(206)	7,084	7,084	-	7,289
Contractual Services	217	14	231	224	7	190
Supplies	189	8	197	186	11	165
Capital Outlay	36		36	35	1	68
Total fire department	7,732	(184)	7,548	7,529	19	7,712
Animal Control:						
Personnel Services	127		127	122	5	124
Contractual Services	12	(1)	11	8	3	10
Supplies	5	1	6	5	1	5
Total animal control	144	-	144	135	9	139
Emergency Management:						
Personnel Services	6		6	6	-	6
Contractual Services	6		6	4	2	5
Supplies	1		1	1	-	1
Total emergency management	13	-	13	11	2	12
Building Inspection:						
Personnel Services	448	(31)	417	416	1	446
Contractual Services	4	1	5	5	-	3
Supplies	7		7	5	2	7
Total building inspection	459	(30)	429	426	3	456
Total public safety	22,280	(20)	22,260	22,016	244	21,971

(Continued on next page)

## CITY OF BRISTOL, CONNECTICUT

## GENERAL FUND

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING  
USES - BUDGET AND ACTUAL (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2014 WITH COMPARATIVE  
ACTUAL AMOUNTS FOR 2013  
(In Thousands)**

	2014					
	Original Budget	Adjustments	Amended Budget	Actual	Variance (Over) Under	2013 Actual
Public Works						
Administration:						
Personnel Services	\$ 330	\$	\$ 330	\$ 330	\$ -	\$ 328
Contractual Services	8	(2)	6	6	-	7
Supplies	2		2	1	1	2
Total administration	340	(2)	338	337	1	337
Engineering:						
Personnel Services	759	(14)	745	745	-	730
Contractual Services	42	(14)	28	28	-	9
Supplies	3		3	3	-	2
Total engineering	804	(28)	776	776	-	741
Land Use:						
Personnel Services	201	(24)	177	177	-	197
Contractual Services	16	(7)	9	9	-	12
Supplies	1		1	1	-	
Total land use	218	(31)	187	187	-	209
Maintenance:						
Personnel Services	470	(9)	461	461	-	420
Contractual Services	509	85	594	594	-	535
Supplies	186	15	201	201	-	156
Capital Outlay		40	40	40	-	
Total maintenance	1,165	131	1,296	1,296	-	1,111
Streets Division:						
Personnel Services	1,700	(179)	1,521	1,502	19	1,428
Contractual Services	24	10	34	29	5	30
Supplies	165	(23)	142	142	-	138
Capital Outlay			-		-	12
Total streets division	1,889	(192)	1,697	1,673	24	1,608
Solid Waste Division:						
Personnel Services	1,017	(40)	977	928	49	1,167
Contract Services	1,294	(1)	1,293	1,255	38	1,232
Supplies	18	(5)	13	13	-	19
Transfer out	(1,186)		(1,186)	(1,186)	-	(1,123)
Total solid waste division	1,143	(46)	1,097	1,010	87	1,295

(Continued on next page)

## CITY OF BRISTOL, CONNECTICUT

## GENERAL FUND

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING  
USES - BUDGET AND ACTUAL (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2014 WITH COMPARATIVE  
ACTUAL AMOUNTS FOR 2013  
(In Thousands)**

	2014				Variance	2013
	Original Budget	Adjustments	Amended Budget	Actual	(Over) Under	Actual
Fleet Maintenance:						
Personnel Services	\$ 554	\$ (37)	\$ 517	\$ 517	\$ -	\$ 516
Contractual Services	216	10	226	225	1	219
Supplies	934	164	1,098	1,097	1	1,179
Total fleet maintenance	1,704	137	1,841	1,839	2	1,914
Snow Removal:						
Personnel Services	266	(30)	236	236	-	270
Contractual Services	336	68	404	404	-	775
Supplies	398	322	720	720	-	482
Capital Outlay			-		-	4
Total snow removal	1,000	360	1,360	1,360	-	1,531
Major Road Improvements:						
Personnel Services	12		12	8	4	2
Contractual Services	1,723	67	1,790	1,777	13	1,523
Total major road improvements	1,735	67	1,802	1,785	17	1,525
Railroad Maintenance:						
Contractual Services	54	(40)	14	6	8	31
Total railroad maintenance	54		14	6	-	31
Other City Buildings:						
Personnel Services					-	
Contractual Services	145	(34)	111	111	-	104
Supplies	181	48	229	219	10	190
Capital Outlay	5	1	6	6	-	1
Total other city buildings	331	15	346	336	10	295
Composting:						
Contractual Services			-		-	50

(Continued on next page)

## CITY OF BRISTOL, CONNECTICUT

## GENERAL FUND

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING  
USES - BUDGET AND ACTUAL (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2014 WITH COMPARATIVE  
ACTUAL AMOUNTS FOR 2013  
(In Thousands)**

	2014				
	<u>Original Budget</u>	<u>Adjustments</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance (Over) Under</u>
Perm Patch Utility Trenches:					
Contractual Services	\$	\$	\$ -	\$	\$ -
					\$ 15
Public Works Fleet:					
Capital Outlay	700	172	872	781	91
					688
Public Works Line Painting:					
Personnel Services	1		1		1
Contractual Services	103	60	163	163	
Total public works line painting	104	60	164	163	1
					-
Storm Water Maintenance					
Personnel Services		7	7	7	-
Contractual Services		2	2	2	-
Total storm water maintenance	-	9	9	9	-
					2
Street Lighting:					
Contractual Services	770	14	784	784	-
					783
Total public works	11,957	626	12,583	12,342	241
					12,135
<b>Health and Welfare</b>					
Community Services:					
Personnel Services	44		44	44	-
Contractual Services	15	(5)	10	10	-
Other/Miscellaneous	7	4	11	11	-
Total community services	66	(1)	65	65	-
					64
Bristol-Burlington Health:					
Contractual Services	2,919		2,919	2,919	-
					2,916
Code Enforcement:					
Contractual Services	8	5	13	13	-
Supplies	1	(1)	-		-
Other/Miscellaneous	50	146	196	196	-
Total code enforcement	59	150	209	209	-
					292

(Continued on next page)

## CITY OF BRISTOL, CONNECTICUT

## GENERAL FUND

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING  
USES - BUDGET AND ACTUAL (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2014 WITH COMPARATIVE  
ACTUAL AMOUNTS FOR 2013  
(In Thousands)**

	2014					
	Original Budget	Adjustments	Amended Budget	Actual	Variance (Over) Under	2013 Actual
Health/SS Outside Agencies:						
Contractual Services	\$ 73	\$	\$ 73	\$ 73	\$ -	\$ 67
Cemetery Upkeep:						
Purch. Prof. Services	75		75	75	-	75
School Readiness Program:						
Personnel Services	4	65	69	69	-	69
Contractual Service	3	2,317	2,320	2,288	32	2,238
Total school readiness program	7	2,382	2,389	2,357	32	2,307
Total health and welfare	3,199	2,531	5,730	5,698	32	5,721
Libraries						
Library:						
Personnel Services	1,452	(59)	1,393	1,374	19	1,414
Contractual Services	347	9	356	338	18	281
Supplies	259	(10)	249	227	22	254
Capital Outlay		62	62	62	-	2
Total libraries	2,058	2	2,060	2,001	59	1,951
Parks and Recreation						
Parks and Recreation:						
Personnel Services	1,689	(68)	1,621	1,600	21	1,590
Contractual Services	302	31	333	281	52	303
Supplies	276	1	277	269	8	254
Capital Outlay	4		4	4	-	92
Other/Miscellaneous	5		5	1	4	5
General Insurance	28	10	38	38	-	28
Total parks and recreation	2,304	(26)	2,278	2,193	85	2,272
Employee Benefits and Pension						
Employee benefits and pension:						
Retirement Benefits	76		76	76	-	2,056
Heart and Hypertension Police	675	50	725	720	5	683
Employee Benefits	12,900	490	13,390	1,978	11,412	
Transfer to Internal Service	(11,396)		(11,396)		(11,396)	
Other Post Employment Benefits	686	250	936	936	-	610
Total employee benefits and pension	2,941	790	3,731	3,710	21	3,349

(Continued on next page)



## CITY OF BRISTOL, CONNECTICUT

## GENERAL FUND

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING  
USES - BUDGET AND ACTUAL (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2014 WITH COMPARATIVE  
ACTUAL AMOUNTS FOR 2013  
(In Thousands)**

	<b>2014</b>				<b>Variance (Over) Under</b>	<b>2013 Actual</b>
	<b>Original Budget</b>	<b>Adjustments</b>	<b>Amended Budget</b>	<b>Actual</b>		
<b>General Insurance</b>						
General Insurance	\$ 695	\$ 161	\$ 856	\$ 820	\$ 36	\$ 586
<b>Miscellaneous</b>						
Miscellaneous:						
All Other Costs and Fees	2,238	(501)	1,737	583	1,154	1,152
Public Buildings	300	(300)	-	-	-	-
Total miscellaneous	<u>2,538</u>	<u>(801)</u>	<u>1,737</u>	<u>583</u>	<u>1,154</u>	<u>1,152</u>
<b>Education</b>						
Board of Education:						
General Control	2,517	38	2,555	2,534	21	
Instruction	46,454	(1,165)	45,289	45,173	116	
Transportation	3,719	380	4,099	4,095	4	
Operation of Plant	5,822	451	6,273	6,252	21	
Maintenance of Plant	2,104	53	2,157	2,154	3	
Benefits and Fixed	17,738	(15,133)	2,605	2,600	5	
Athletics and Student	1,660	(8)	1,652	1,641	11	
Capital Outlay	1,778	124	1,902	1,886	16	
Other/miscellaneous	22,494	729	23,223	23,132	91	
Operating Transfers Out		292	292	292	-	
Board of Education			-	-	-	87,738
Total Board of Education	<u>104,286</u>	<u>(14,239)</u>	<u>90,047</u>	<u>89,759</u>	<u>288</u>	<u>87,738</u>
Transfers to other funds:						
Special Revenue	1,651	2,129	3,780	3,639	141	5,013
Debt Service	8,798		8,798	8,798	-	9,731
Trust and Agency		166	166	166	-	
Capital Projects	744	40	784	784	-	1,856
Sinking Fund		300	300	300	-	200
Internal Service	11,397	15,999	27,396	27,396	-	24,683
Total transfers to other funds	<u>22,590</u>	<u>18,634</u>	<u>41,224</u>	<u>41,083</u>	<u>141</u>	<u>41,483</u>
<b>Total</b>	<u>\$ 180,666</u>	<u>\$ 7,859</u>	<u>\$ 188,525</u>	<u>185,787</u>	<u>\$ 2,738</u>	<u>\$ 183,978</u>

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

13,216

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

596

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds - Exhibit IV

\$ 199,599

## CITY OF BRISTOL, CONNECTICUT

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
CITY OF BRISTOL RETIREMENT SYSTEM**

**LAST FISCAL YEAR**

(In Thousands)

	<b><u>2014</u></b>
Total pension liability:	
Service cost	\$ 4,481
Interest	13,837
Benefit payments, including refunds of member contributions	<u>(11,635)</u>
Net change in total pension liability	6,683
Total pension liability - beginning	<u>185,721</u>
Total pension liability - ending	<u><u>192,404</u></u>
Plan fiduciary net position:	
Contributions - employer	228
Contributions - member	1,816
Net investment income	30,178
Benefit payments, including refunds of member contributions	(11,635)
Administrative expense	<u>(1,425)</u>
Net change in plan fiduciary net position	19,162
Plan fiduciary net position - beginning	<u>202,155</u>
Plan fiduciary net position - ending	<u><u>221,317</u></u>
Net Pension Liability (Asset) - Ending	\$ <u><u>(28,913)</u></u>
Plan fiduciary net position as a percentage of the total pension liability/asset	115.03%
Covered-employee payroll	\$ 31,095,000
Net pension liability (asset) as a percentage of covered-employee payroll	-92.98%

## CITY OF BRISTOL, CONNECTICUT

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
FIREFIGHTERS' BENEFIT FUND**

**LAST FISCAL YEAR**

(In Thousands)

	<b><u>2014</u></b>
Total pension liability:	
Service cost	\$ 1,446
Interest	4,786
Benefit payments, including refunds of member contributions	<u>(3,776)</u>
Net change in total pension liability	2,456
Total pension liability - beginning	<u>64,217</u>
Total pension liability - ending	<u><u>66,673</u></u>
Plan fiduciary net position:	
Contributions - employer	
Contributions - member	257
Net investment income	25,240
Benefit payments, including refunds of member contributions	(3,776)
Administrative expense	(1,177)
Retiree health care payments	<u>(332)</u>
Net change in plan fiduciary net position	20,212
Plan fiduciary net position - beginning	<u>167,891</u>
Plan fiduciary net position - ending	<u><u>188,103</u></u>
Net Pension Liability (Asset) - Ending	\$ <u><u>(121,430)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	282.13%
Covered-employee payroll	\$ 5,582
Net pension liability as a percentage of covered-employee payroll	-2175.39%

## CITY OF BRISTOL, CONNECTICUT

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
POLICE BENEFIT FUND**

**LAST FISCAL YEAR**

(In Thousands)

	<b><u>2014</u></b>
Total pension liability:	
Service cost	\$ 2,037
Interest	7,971
Differences between expected and actual experience	<u>(5,226)</u>
Net change in total pension liability	4,782
Total pension liability - beginning	<u>106,815</u>
Total pension liability - ending	<u><u>111,597</u></u>
Plan fiduciary net position:	
Contributions - employer	
Contributions - member	414
Net investment income	27,527
Benefit payments, including refunds of member contributions	(5,226)
Administrative expense	(1,263)
Retiree health care payments	(188)
Other	<u>(16)</u>
Net change in plan fiduciary net position	21,248
Plan fiduciary net position - beginning	<u>183,102</u>
Plan fiduciary net position - ending	<u><u>204,350</u></u>
Net Pension Liability (Asset) - Ending	\$ <u><u>(92,753)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	183.11%
Covered-employee payroll	\$ 8,215
Net pension liability as a percentage of covered-employee payroll	-1129.07%

## CITY OF BRISTOL, CONNECTICUT

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
CITY OF BRISTOL RETIREMENT SYSTEM

## LAST TEN FISCAL YEARS

(In Thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Actuarially determined contribution	\$ 49	\$ 80	\$ 115	\$	\$	\$	\$	\$	\$	\$ 605
Contributions in relation to the actuarially determined contribution	49	49	115							228
Contribution Deficiency (Excess)	\$ -	\$ 31	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 377
Covered-employee payroll	\$ 2,519	\$ 26,022	\$ 26,901	\$ 29,345	\$ 30,309	\$ 31,268	\$ 30,783	\$ 30,610	\$ 31,280	\$ 31,095
Contributions as a percentage of covered-employee payroll	1.95%	0.19%	0.43%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.73%

## Notes to Schedule

Valuation date July 1, 2013

Measurement date June 30, 2014

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-years 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

## CITY OF BRISTOL, CONNECTICUT

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FIREFIGHTERS' BENEFIT FUND

## LAST TEN FISCAL YEARS

(In Thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Actuarially determined contribution	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Contributions in relation to the actuarially determined contribution										
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 4,750	\$ 4,668	\$ 4,696	\$ 5,184	\$ 5,219	\$ 5,298	\$ 5,275	\$ 5,454	\$ 5,521	\$ 5,582
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, 2013

Measurement date June 30, 2014

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-years 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, 1999 and June 30, 2003: 2.5% per year  
Post-June 30, 2003 retiree: 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

## CITY OF BRISTOL, CONNECTICUT

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POLICE BENEFIT FUND

## LAST TEN FISCAL YEARS

(In Thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Actuarially determined contribution	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Contributions in relation to the actuarially determined contribution										
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 6,339	\$ 6,718	\$ 6,768	\$ 7,502	\$ 7,421	\$ 8,245	\$ 8,377	\$ 8,295	\$ 7,838	\$ 8,215
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, 2013

Measurement date June 30, 2014

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-years 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

**CITY OF BRISTOL, CONNECTICUT**

**SCHEDULE OF INVESTMENT RETURNS**

**PENSION TRUST FUNDS**

**LAST FISCAL YEAR**

**2014**

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

15.44%