



May 16, 2018

MEMORANDUM TO PROSPECTIVE BIDDERS

**Re: CITY OF BRISTOL, CONNECTICUT
\$11,800,000 General Obligation Bond Anticipation Notes**

**Dated: May 29, 2018 Date of Sale: Tuesday, May 22, 2018
Due: October 25, 2018 Time of Sale: 11:30 A.M. (Eastern Time)**

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

As per the Notice of Sale, proposals may be submitted by telephone on Tuesday, May 22, 2018. Please note that a representative of Phoenix Advisors, LLC will be available until 11:30 A.M. (Eastern Time) on the day of the sale to assist with telephone bids. We ask that you submit your final bid by telephone at **(860) 584-6127 no later than 11:30 A.M. on Tuesday, May 22, 2018.**

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, 2017. These excerpts are included in this package. Copies of the complete June 30, 2017 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 **Bond Anticipation Note Issue Summary** **\$11,800,000**

Date of Sale: Tuesday, May 22, 2018 at 11:30 A.M. (Eastern Time)

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

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

Issue: \$11,800,000 General Obligation Bond Anticipation Notes.

Dated Date: May 29, 2018.

Interest Due: At Maturity: October 25, 2018.

Principal Due: At Maturity: October 25, 2018.

Purpose and Authority: The Note proceeds will be used to refinance maturing Notes, as well as provide new money to fund various general purpose projects. The Notes are being issued pursuant to the City Charter and the Connecticut General Statutes, and resolutions adopted by the City's Board of Finance and Joint Board.

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

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

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

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

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

Tax Exemption: See "Opinion of Bond Counsel and Tax Exemption" herein.

Bank Qualification: The Notes shall NOT be designated by the Issuer as qualified tax-exempt obligations under the provision of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Notes.

Registrar, Transfer Agent, Certifying Agent, and Paying Agent: U.S. Bank National Association, Goodwin Square, 225 Asylum Street, 23rd 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 May 29, 2018, against payment in Federal Funds.

Issuer Official: Questions should be addressed to: Ms. Diane Waldron, Comptroller, City Hall, 111 North Main Street, Bristol, Connecticut 06010. Telephone (860) 584-6127.

NOTICE OF TELEPHONE SALE
\$11,800,000
City of Bristol, Connecticut
Bond Anticipation Notes
(BOOK-ENTRY)

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

MAY 22, 2018

for the purchase of \$11,800,000 Bond Anticipation Notes of the City of Bristol, dated May 29, 2018, maturing on October 25, 2018 (the "Notes").

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

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

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

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

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

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

Proposals. Proposals may be made for all or any part of the Notes. No proposal for less than the minimum denomination or for less than par and accrued interest will be entertained. Each proposal must state one rate of interest in a multiple of one-hundredth (1/100) of one-percent (1%) per annum for each part of the Notes bid for in the proposal, and may, at the option of the bidder, include a premium. For information purposes only, bidders are requested to state in their bids the net interest rate to the City, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

Telephone Proposals Bidding Procedure. Telephone bids for the purchase of the Notes will be received on behalf of the City by a representative of Phoenix Advisors, LLC, the City's municipal advisor (the "Municipal Advisor"), at (860) 584-6127 only until 11:30 A.M. on Tuesday, May 22, 2018.

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

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

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

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

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

Establishment of Issue Price. The winning bidder shall assist the City in establishing the issue price of the Notes and shall execute and deliver to the City at Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Notes, together with the supporting

pricing wires or equivalent communications, substantially in the applicable form set out in the Appendix hereto, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder and Bond Counsel. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Notes may be taken on behalf of the City by the City's Municipal Advisor identified herein and any notice or report to be provided to the City may be provided to the City's Municipal Advisor.

By submitting a bid for the Notes, a bidder, other than a bidder purchasing the Notes for its own account and not with a view to distribution or resale to the Public, represents that it has an established industry reputation for underwriting new issuances of municipal obligations.

If the winning bidder has purchased the Notes for its own account and not with a view to distribution or resale to the Public, then, whether or not the Competitive Sale Requirements, as herein defined, were met, the certificate will recite such facts and identify the price or prices at which the purchase of the Notes was made.

The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the "Competitive Sale Requirements") because:

- (1) the City shall disseminate this Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in the bid.

In the event that the Competitive Sale Requirements are not satisfied, the City shall so advise the winning bidder. The City shall treat the first price at which 10% of a maturity of the Notes (the "10% Test") is sold to the Public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the City if any maturity of the Notes satisfies the 10% Test as of the date and time of the award of the Notes. The City will not require bidders to comply with the "Hold-The-Offering-Price Rule", as described in Treasury Regulations Section 1.148-1(f)(2)(ii), and therefore does not intend to use the initial offering price to the Public as of the Sale Date of any maturity of the Notes as the issue price of that maturity. **Bids will not be subject to cancellation in the event that the Competitive Sale Requirements are not satisfied.**

If the Competitive Sale Requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Notes, the winning bidder agrees to promptly report to the City the prices at which the unsold Notes of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the earlier to occur of the satisfaction of the 10% Test as to the Notes of that maturity or the sale of all Notes of that maturity.

By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the Public the unsold Notes of each maturity allotted

to it until it is notified by the winning bidder that either the 10% Test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the Public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among Underwriters relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Notes to the Public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the Public the unsold Notes of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the Public, if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Notes to any person that is a Related Party to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) “Public” means any person other than an Underwriter or a Related Party,
- (ii) “Underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public),
- (iii) a purchaser of any of the Notes is a “Related Party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “Sale Date” means the date that the Notes are awarded by the City to the winning bidder.

Bond Counsel Opinion. The opinion of Bond Counsel will cover the following matters: (1) that the Notes will be valid general obligations of the City when duly certified; (2) that, assuming the accuracy of and compliance by the City with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, under existing statutes, interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Notes are not “private activity bonds” and interest on the Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, however, for tax years beginning prior to January 1, 2018, interest on the Notes is included in the calculation of a corporation’s adjusted current earnings for purposes of, and thus may be subject to, the Federal alternative minimum tax for certain corporations; 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. The Notes will *not* be “qualified tax-exempt obligations” for purposes of the deduction by financial institutions of interest expenses that is allocable to tax-exempt obligations.

Municipal Advisor. The City of Bristol has retained Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460, to serve as its municipal advisor (the “Municipal Advisor”) in connection with the issuance of the Notes.

The Municipal Advisor has not independently verified any of the information contained in the Notice of Sale and its appendices and makes no guarantee as to their completeness or accuracy.

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 May 29, 2018.

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 Ms. Diane M. Waldron, Comptroller, City of Bristol, City Hall, 111 North Main Street, Bristol, Connecticut 06010 (telephone: (860) 584-6127).

ELLEN ZOPPO-SASSU,
Mayor

CHERYL THIBEAULT,
Chairman and Agent of the Board of Finance

DIANE M. WALDRON,
Comptroller

May 16, 2018

[Remainder of page intentionally left blank]

**APPENDIX TO NOTICE OF SALE
FORM OF ISSUE PRICE CERTIFICATE**

Competitive Sale Requirements Satisfied

**CITY OF BRISTOL, CONNECTICUT
\$11,800,000 BOND ANTICIPATION NOTES, DATED MAY 29, 2018**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Name of the Underwriter ("Underwriter Short Name"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Notes").

1. ***Reasonably Expected Initial Offering Price.***

(a) As of the Sale Date, the reasonably expected initial offering prices of the Notes to the Public by Underwriter Short Name are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Notes used by Underwriter Short Name in formulating its bid to purchase the Notes. Attached as Schedule B is a true and correct copy of the bid provided by Underwriter Short Name to purchase the Notes.

(b) Underwriter Short Name was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by Underwriter Short Name constituted a firm offer to purchase the Notes.

2. ***Defined Terms.***

(a) *Maturity* means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Notes. The Sale Date of the Notes is May 22, 2018.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

(e) *Issuer* means the City of Bristol, Connecticut.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter Short Name's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Notes, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the

Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

Name of the Underwriter

By: _____

Name: _____

__/__/__

Attachments:

**SCHEDULE A
EXPECTED OFFERING PRICES**

**SCHEDULE B
COPY OF UNDERWRITER'S BID**

[Remainder of page intentionally left blank]

Competitive Sale Requirements Not Satisfied - 10% Test Applied

**CITY OF BRISTOL, CONNECTICUT
\$11,800,000 BOND ANTICIPATION NOTES, DATED MAY 29, 2018**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of *Name of the Underwriter* ("*Underwriter Short Name*"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Notes").

1. ***Sale of the Notes.*** As of the date of this certificate, for each Maturity of the Notes, the first price at which at least 10% of such Maturity of the Notes was sold to the Public is the respective price listed in Schedule A.

2. ***Defined Terms.***

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

(b) "*Maturity*" means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) "*Public*" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) "*Underwriter*" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents *Underwriter Short Name*'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Notes, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

Name of the Underwriter

By: _____

Name: _____

Dated: __/__/2018

Attachment:

**SCHEDULE A
SALE PRICES**

[Remainder of page intentionally left blank]

CITY OF BRISTOL, CONNECTICUT
\$11,800,000 BOND ANTICIPATION NOTES
DATED MAY 29, 2018; MATURING OCTOBER 25, 2018
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 \$11,800,000 Bond Anticipation Notes, dated as of May 29, 2018.

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.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met in order that interest on the Notes is excluded from gross income for Federal income tax purposes. The City officials authorized to issue the Notes have executed written representations and agreements on behalf of the City relating to compliance with such provisions of the Code to ensure that the interest on the Notes will be excluded from gross income for Federal income tax purposes.

Based on such representations and agreements and on the record of proceedings authorizing the Notes, and assuming the accuracy of such representations and compliance with such agreements, it is our opinion that, under existing statutes: (1) interest on the Notes is excluded from gross income for Federal income tax purposes pursuant

to Section 103 of the Code; and (2) the Notes are not “private activity bonds” and interest on the Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, however, for tax years beginning prior to January 1, 2018, interest on the Notes is included in the calculation of a corporation’s adjusted current earnings for purposes of, and thus may be subject to, the Federal alternative minimum tax for certain corporations.

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

FEDERAL INCOME TAX.

Interest Excluded From Gross Income. The Internal Revenue Code of 1986, as amended (the “Code”) establishes certain requirements that must be met in order that interest on the Notes is excluded from the gross income of the owners thereof for federal income tax purposes. Some of these requirements must be continuously met subsequent to delivery of the Notes. Failure to comply with any of these requirements may cause the interest on the Notes to be includable in gross income for federal income tax purposes retroactively to the date of their issuance irrespective of the date on which such noncompliance occurs.

The City officials authorized to issue the Notes will enter into a Tax Compliance Agreement in connection with the delivery of the Notes, which will contain certain representations and covenants on behalf of the City relating to compliance with such requirements of the Code to ensure that the interest on the Notes will be excluded from the gross income of the owners thereof for federal income tax purposes.

Alternative Minimum Tax. The Code imposes an alternative minimum tax on individuals and, for tax years beginning prior to January 1, 2018, an alternative minimum tax on corporations. The alternative minimum tax on corporations has been repealed for tax years beginning after December 31, 2017. The alternative minimum tax is imposed on alternative minimum taxable income, which includes preference items. The interest on certain tax-exempt “private activity bonds” is treated as a preference item. The City’s Tax Compliance Agreement will contain certain representations and covenants to ensure that the Notes are not “private activity bonds” so that interest on the Notes will not be treated as a preference item for individuals or corporations in calculating alternative minimum taxable income.

For tax years beginning prior to January 1, 2018, the Code provides, however, that for certain corporations a portion of the excess of adjusted current earnings (which includes certain tax-exempt interest) over other alternative minimum taxable income will be included in alternative minimum taxable income for purposes of calculating the corporation’s alternative minimum tax.

Financial Institutions. The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than “qualified tax-exempt obligations”. The Notes will *not* be “qualified tax-exempt obligations” for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Additional Federal Income Tax Matters. Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the “IRS”) is studying whether the amount of the payment at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes is (i) the stated interest payable at maturity

(“qualified stated interest”), or (ii) the difference between the issue price of the short-term debt obligations and the aggregate amount to be paid at maturity (“original issue discount”). For this purpose, the issue price of the short-term debt obligations is the first price at which a substantial amount of the short-term debt obligations is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Until the IRS provides further guidance with respect to short-term debt obligations, taxpayers holding such obligations may treat the stated interest payable at maturity either as qualified stated interest or as included in the stated redemption price at maturity of the obligation. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Prospective purchasers of the Notes should consult their own tax advisors with respect to the tax consequences of ownership of the Notes and the treatment elected.

In addition to the matters addressed above, prospective purchasers of the Notes should be aware that the ownership of tax-exempt obligations, such as the Notes, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, taxpayers otherwise eligible for the earned income credit, recipients of Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, certain insurance companies, certain S corporations and foreign corporations subject to the branch profits tax. Prospective purchasers of the Notes may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

STATE OF CONNECTICUT TAX ON INTEREST.

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Notes, 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.

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 the 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 may affect the net Connecticut minimum tax on such taxpayers who are also required to pay the federal alternative minimum tax.

ORIGINAL ISSUE PREMIUM.

The initial public offering price of certain of the Notes may be greater than the amount payable on the Notes at maturity. The excess of the initial public offering price at which a substantial amount of such Notes are sold over the amount payable thereon at maturity constitutes original issue premium. No representation is made by the City regarding the prices at which a substantial amount of the Notes ultimately will be sold to the public.

The discussion in this paragraph applies to those Notes having original issue premium. Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as having amortized with respect to any bond during each day it is owned by a taxpayer is subtracted from the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer’s yield to maturity on such bond using the taxpayer’s cost basis and a constant semiannual compounding method. As a consequence of the resulting cost basis reduction, under certain circumstances an owner of a bond acquired with original issue premium may realize a taxable gain upon disposition thereof even though it is sold or redeemed for an amount equal to or less than such owner’s original cost of acquiring the bond. Amortized original issue premium on a bond is not allowed as a deduction from gross income for federal income tax purposes. Amortized original issue premium on a bond also does not reduce Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and does not reduce 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. Owners of Notes having original issue premium, and especially

any owner who is not an original owner of a note who bought the note at its initial public offering price, should consult their tax advisors with respect to the federal and state income tax consequences of the disposition of such notes.

GENERAL.

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

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

CITY OF BRISTOL, CONNECTICUT

FINANCIAL INFORMATION

Excerpted from the
Annual Financial Report of
The City of Bristol, Connecticut
Year Ended June 30, 2017



Independent Auditor's Report

RSM US LLP

To the Members of the City Council and the Board of Finance
City of Bristol, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Bristol, Connecticut (the City) as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Bristol's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit as of and for the year ended June 30, 2017, was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bristol, Connecticut's basic financial statements. The introductory section, combining and individual fund financial statements and other schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Bristol, Connecticut, as of and for the year ended June 30, 2016 (not presented herein), and have issued our report thereon dated December 23, 2016, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information. The accompanying General Fund, Water, Enterprise Fund, Internal Sewer Fund and Pension Trust Funds schedules ("Schedules") as of June 30, 2016, 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 2016 financial statements. The accompanying Schedules have been subjected to the auditing procedures applied in the audit of the 2016 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2016.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2017 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bristol, Connecticut's internal control over financial reporting and compliance.

RSM US LLP

New Haven, Connecticut
December 27, 2017

This page intentionally left blank.

**CITY OF BRISTOL, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017. Please read this MD&A in conjunction with the transmittal letter beginning on page i and the City's financial statements, Exhibits I to IX.

FINANCIAL HIGHLIGHTS

- The City's total net position increased by \$1.3 million or 0.2%. Net position of business-type activities increased by \$1.1 million, or 3.9%, and net position of our governmental activities increased by \$239 thousand, or 0.1%.
- During the year, revenues generated in tax and other revenues for governmental programs and business activities exceeded expenses by \$1.3 million. This is primarily a result of successful efforts of the Tax Collector to collect on delinquent taxes as well as an unexpected increase in the supplement motor vehicle (SMV) billing. The SMV levy issued for a January 1, 2017 due date totaled \$2.2 million. At an 87% average collection rate approximately \$1.96 million was collected compared to \$900 thousand anticipated.
- In the City's business-type activities, revenues increased \$1.1 million or 15.5% while expenses decreased by 1.2%.
- Total cost of all of the City's programs was \$256.7 million with no new programs added this year. This represents an \$1.5 million increase compared to fiscal year 2016. The increase represents, in part, increased budgetary appropriations for city-wide operations primarily for education operations.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$27.8 million, or 12.7% of general fund expenditures and transfers out.
- The tax collection rate was 98.92% of the current levy and an increase to last year's rate of 98.68%.
- The City of Bristol's total bonded indebtedness including its Enterprise fund bonds increased by \$18.3 million to \$81.7 million or 28.8% after current year annual debt service payments. The City issued \$21.1 million in general obligation bonds to finance various ongoing capital projects as well as \$3.4 million in tax exempt bond anticipation notes. The City also "rolled over" (reissued) \$4.0 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 \$557 million to \$558 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.

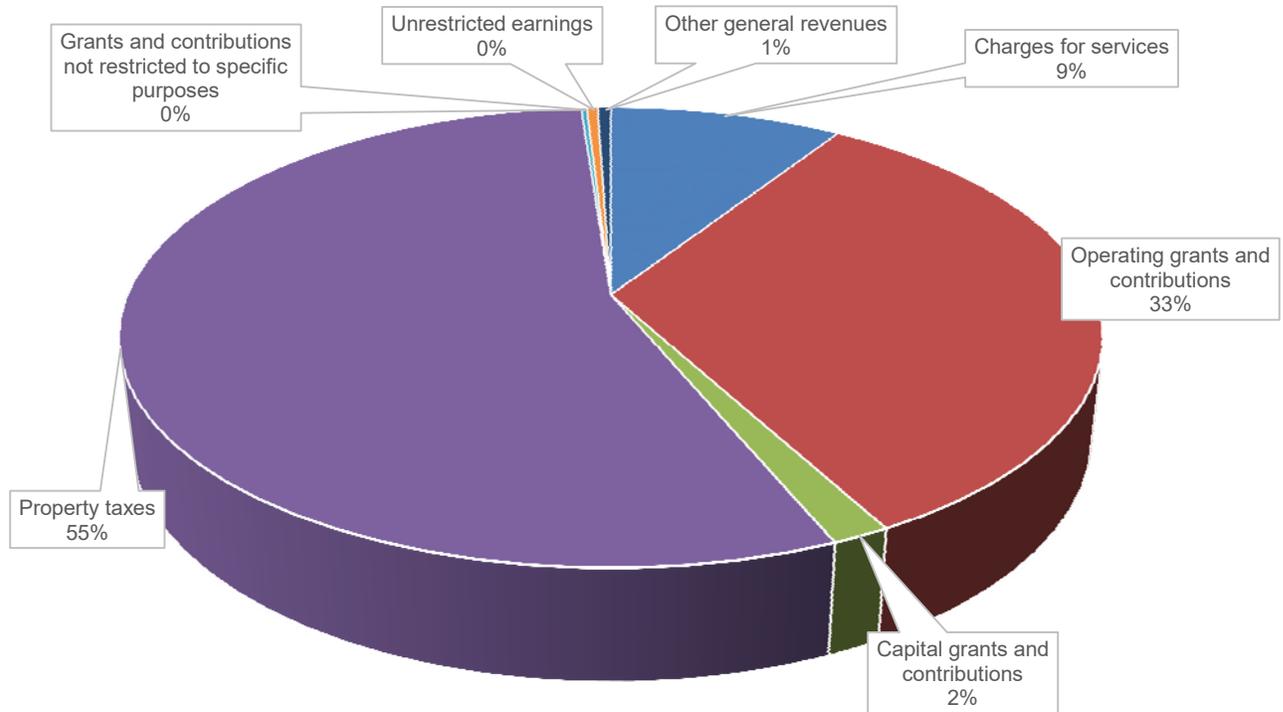
	Governmental Activities		Business-Type Activities		Total Government	
	2017	2016	2017	2016	2017	2016
Current assets	\$ 322,616,583	\$ 284,411,692	\$ 8,834,158	\$ 7,841,354	\$ 331,450,741	\$ 292,253,046
Capital assets, net of accumulated depreciation	<u>346,823,757</u>	334,974,822	<u>23,100,100</u>	23,501,963	<u>369,923,857</u>	358,476,785
Total assets	<u>669,440,340</u>	619,386,514	<u>31,934,258</u>	31,343,317	<u>701,374,598</u>	650,729,831
Deferred outflows of resources:						
Pension related items	43,754,228	74,312,519	-	-	43,754,228	74,312,519
Deferred amounts on refundings	<u>1,079,846</u>	1,275,857	<u>86,237</u>	102,526	<u>1,166,083</u>	1,378,383
	<u>44,834,074</u>	75,588,376	<u>86,237</u>	102,526	<u>44,920,311</u>	75,690,902
Long-term liabilities outstanding	145,720,485	125,709,234	3,209,548	3,720,228	148,930,033	129,429,462
Other liabilities	<u>32,299,282</u>	32,342,543	<u>727,264</u>	696,594	<u>33,026,546</u>	33,039,137
Total liabilities	<u>178,019,767</u>	158,051,777	<u>3,936,812</u>	4,416,822	<u>181,956,579</u>	162,468,599
Deferred inflows of resources:						
Pension related items	5,915,333	6,823,068	-	-	5,915,333	6,823,068
	<u>5,915,333</u>	6,823,068	-	-	<u>5,915,333</u>	6,823,068
Net position:						
Net investment in capital assets	257,933,889	268,588,824	20,317,443	20,196,326	278,251,332	288,785,150
Restricted	<u>198,936,006</u>	179,606,533	<u>-</u>	-	<u>198,936,006</u>	179,606,533
Unrestricted	<u>73,469,419</u>	81,904,688	<u>7,766,240</u>	6,832,695	<u>81,235,659</u>	88,737,383
Total net position	<u>\$ 530,339,314</u>	\$ 530,100,045	<u>\$ 28,083,683</u>	\$ 27,029,021	<u>\$ 558,422,997</u>	\$ 557,129,066

Net position of the City's governmental activities increased by 0.2% or \$1.3 million compared to a prior decrease of \$7.5 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 \$73.5 million at the end of this year. The net position of business-type activities increased by \$1.05 million in 2017 compared to 2016.

TABLE 2

	SUMMARY STATEMENT OF ACTIVITIES					
	Governmental Activities		Business-Type Activities		Total Government	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charge for services	\$ 15,774,805	\$ 14,572,186	\$ 7,820,045	\$ 7,431,065	\$ 23,594,850	\$ 22,003,251
Operating grants and contributions	84,993,707	79,078,101	-	-	84,993,707	79,078,101
Capital grants and contributions	4,213,374	7,648,148	-	-	4,213,374	7,648,148
General revenues:						
Property taxes	142,203,594	134,464,509	-	-	142,203,594	134,464,509
Grants and contributions not restricted to specific programs	565,492	600,091	-	-	565,492	600,091
Unrestricted investment earnings (loss)	583,170	444,898	527,135	(203,247)	1,110,305	241,651
Other general revenues	1,324,905	3,686,764	-	-	1,324,905	3,686,764
Total revenues	249,659,047	240,494,697	8,347,180	7,227,818	258,006,227	247,722,515
Program expenses:						
General government	21,518,842	20,970,806	-	-	21,518,842	20,970,806
Public safety	31,225,680	33,028,169	-	-	31,225,680	33,028,169
Public works	27,755,308	33,358,035	-	-	27,755,308	33,358,035
Health and welfare	8,472,561	8,749,471	-	-	8,472,561	8,749,471
Libraries	3,111,382	3,232,404	-	-	3,111,382	3,232,404
Parks and recreation	3,526,465	3,744,334	-	-	3,526,465	3,744,334
Education	152,095,342	142,696,114	-	-	152,095,342	142,696,114
Interest on long-term debt	1,714,198	2,093,677	-	-	1,714,198	2,093,677
Water	-	-	7,292,518	7,382,321	7,292,518	7,382,321
Total program expenses	249,419,778	247,873,010	7,292,518	7,382,321	256,712,296	255,255,331
(Decrease) increase in net position	239,269	(7,378,313)	1,054,662	(154,503)	1,293,931	(7,532,816)
Net position - beginning	530,100,045	537,478,358	27,029,021	27,183,524	557,129,066	564,661,882
Net position - ending	\$ 530,339,314	\$ 530,100,045	\$ 28,083,683	\$ 27,029,021	\$ 558,422,997	\$ 557,129,066

The City's total revenues were \$258 million. The total cost of all programs and services was \$256.7 million. The 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 \$1.3 million. The prior year decrease in net position was \$7.5 million. Key elements of this increase with offsetting decreases are as follows:

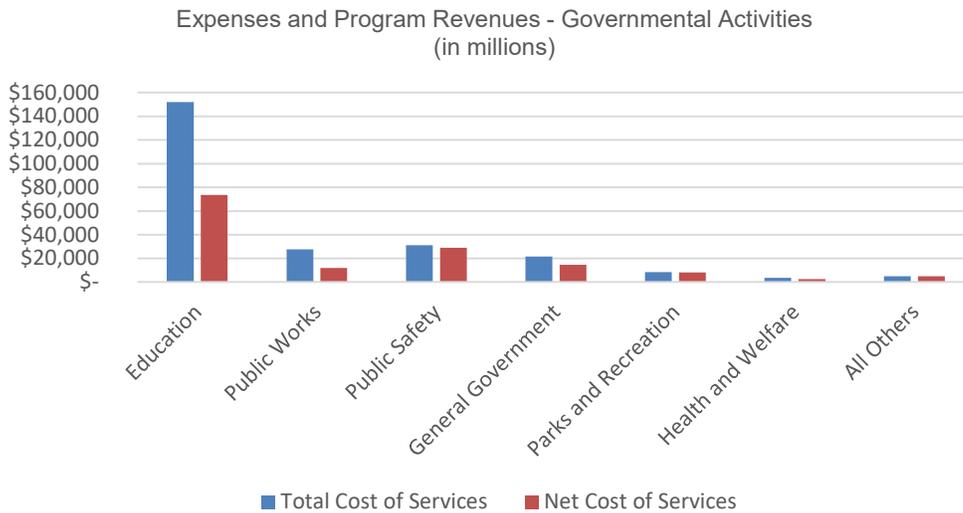
- Property tax collections increased \$7.7 million during the year. This is due to the following factors. The city increased the mill rate from 34.61 to 36.03, a 4.1% tax increase to balance increased budget appropriations, the supplemental motor vehicle tax levy for January 1, 2017 was significantly higher than anticipated and generated approximately an additional \$1 million in tax revenue and the Tax Office was highly successful with its collection efforts on delinquent taxes.
- Operating and capital grants and contributions for governmental activities increased by \$2.5 million.
- Charges for services increased \$1.6 million. This is a result of a combination of increased real estate transfer taxes, and public safety, public works, and building permit fees.
- Investment earnings increased \$869 thousand. Interest rates still remain quite low however the City has had success with its investments to maximize earnings while remaining within the parameters of its cash manage investment policy.
- Governmental activities expenses increased by \$1.5 million primarily as a result of increased appropriation expenses for the education department programs offset by reductions in other City department expenses.

- The State of Connecticut Teacher Retirement System is funded by the State. The funding levels had remained relatively flat in prior years, but due to revised actuarial assumptions the Teacher's Retirement System has seen significant increases in its liabilities and costs. This year the on-behalf state teacher's contribution was \$22 million, an increase of \$8.3 million from the previous year.

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

**TABLE 3
GOVERNMENTAL ACTIVITIES**

	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
Education	\$ 152,095,342	\$ 142,696,114	\$ (73,690,669)	\$ (69,209,005)
Public Works	27,755,308	33,358,035	(11,942,261)	(15,039,443)
Public Safety	31,225,680	33,028,169	(28,964,453)	(31,088,244)
General Government	21,518,842	20,970,806	(14,612,803)	(15,021,093)
Health and Welfare	8,472,561	8,749,471	(8,153,900)	(8,392,699)
Parks and Recreation	3,526,465	3,744,334	(2,300,798)	(2,554,253)
All other	4,825,580	5,326,081	(4,773,008)	(5,269,838)
Total	\$ 249,419,778	\$ 247,873,010	\$ (144,437,892)	\$ (146,574,575)



Business-Type Activities

Revenues of the City's business-type activities (see Table 2) were \$8.3 million in 2017 compared to \$7.4 million in 2016 and net expenses decreased by 3.9%. The factors influencing these results included:

- Revenues: Increases were experienced in charges for services due to an increase in water rates as well as an increase in non-operating income
- Expenses: Were relative stable compared to 2016.

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 \$59.2 million.

Approximately 39% of this total amount (\$23.3 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 \$27.8 million, while total fund balance reached \$38.8 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 12.7% of total general fund expenditures including the State Teacher's Retirement behalf payments, while total fund balance represents 17.8% of that same amount. This compares to 15.2% and 19.1%, respectively, to the prior year.

The Debt Service Fund has a total fund balance of \$919 thousand, all of which is restricted for the payment of debt service. Funding for debt service is represented by a transfer out of the General Fund to the Debt Service Fund.

Proprietary Funds

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

Unrestricted net position of the Water Department and Health Benefits and Workers' Compensation funds at the end of the year amounted to \$24.2 million, of that amount; the Health Benefits and Workers' Compensation fund has accumulated \$16.5 million of net position, which is equal to the funds unrestricted net position. This fund experienced a slight decrease in medical claims in the current year of \$525 thousand while there was an increase in City and employee contribution of \$3.1 million. Overall this fund experienced a \$3.6 million increase in net position.

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

General Fund Budgetary Highlights

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

Estimated Revenues:

- Current Property Tax Collections are estimated year to year at 98%. Actual current collections were 98.92%. Current tax collections increased \$7.1 million due to the increase in the mill rate to 36.03 from 34.61 to balance expenditure appropriations.
- 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, while others are formula driven, such as the PILOT grant. A municipal grant in aid was received in the amount of \$2.5 million as a one-time grant dispersed by the State of Connecticut. This grant was appropriated for road and infrastructure improvements.
- Building permit collections were \$63 thousand over original budgeted estimates. This revenue source increase was due to an increase in new residential and commercial development activity.

- State and Federal grant estimates and resulting variances for our larger state provided grants, such as the Educational Cost Sharing and Public (child) transportation and PILOT: manufacturing and equipment and sales tax grants, are subject to political debate and approval at the state level and are not of local control. Amounts are estimated based on the best information available at the time of budget adoption.
- Excess Student Cost Base Grant, like many education grants, is difficult to estimate and is usually based on data from a prior year which may not reflect current year data. For the 2017 budget the City allocated this grant directly to the Board of Education expenditures. In the prior year the City recorded \$1.5 million of these grant revenues.

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, at year end over expenditures are covered by either transfers within the department line items or transfers from other department's excess funds at year end.

Large transfer amounts usually signify unusual circumstances. For instance:

- The School Readiness grant is not budgeted until the grant amount is known, which is usually after budget adoption.
- Public Safety adjustments within the Police and Fire Department budgets were caused by costs of overtime for unplanned local emergencies and contractual replacement for sick or injured personnel within divisions.
- A \$29.3 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.
- Personnel and Corporation Counsel – These divisions experienced significant increased costs in contractual services for outside counsel primarily for labor and litigation issues.
- Public Works – Major Road Improvements – This division received a one-time State grant that was specifically for road improvements in addition to the original budget amount for road maintenance and improvements.
- Public Works – Snow Removal costs increased due to more snow and ice storm events over the prior year.
- Public Works – Streets – This division purchased an asphalt recycler to assist with street repair and maintenance.
- Retirement Benefits – The City approved an additional contribution to the Retirement Fund during the year of \$450 thousand. The City did not have a contribution the prior year. Per the actuarial valuation there was a required contribution for the 2017 fiscal year primarily a result of changes in actuarial assumptions.
- Other Post-Employment Benefits – the city increased its reserves for this benefit line item for future use.
- Education – Education required an additional appropriation of \$2.4 million due to increased Special Education costs not eligible for State reimbursement.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, the City had \$369.9 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines – Table 4. This amount represents a net increase (including additions and deductions) of \$11.4 million, or 3.2%, over last year.

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 18,643,403	\$ 18,446,473	\$ 2,752,140	\$ 2,752,140	\$ 21,395,543	\$ 21,198,613
Construction in progress	31,572,679	18,879,831	1,105,211	1,059,556	32,677,890	19,939,387
Buildings	162,233,452	162,883,774	16,433,907	16,970,605	178,667,359	179,854,379
Improvement other than buildings	3,323,542	5,259,066	-	-	3,323,542	5,259,066
Machinery and equipment	19,521,792	19,121,248	2,808,842	2,719,662	22,330,634	21,840,910
Infrastructure	111,528,889	110,384,430	-	-	111,528,889	110,384,430
	\$ 346,823,757	\$ 334,974,822	\$ 23,100,100	\$ 23,501,963	\$ 369,923,857	\$ 358,476,785

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

Land

- Governmental Activities: The City purchased eight parcels of property and sold three during the fiscal year.

Construction in progress

- Governmental Activities: Minor increase is due to projects started during the year and still in progress at year end including renovations to Firehouse 4; Bridge improvements, upgrade to Water Pollution Control Plant and Synthetic Field improvements.

Buildings

- Governmental Activities: The City demolished one building and sold one during the year.

Improvements other than buildings

- Governmental Activities: Decrease is solely the result of depreciation.

Machinery and Equipment

- Governmental Activities: Increase is the purchase of new vehicles and various equipment in the Police, Fire, Parks and Public Works Departments.
- Business Type Activities: Increase due to the purchase of new equipment during the year.

Infrastructure

- Increase is for road improvements.

Fiscal Year 2017 Capital Budget	
<u>Department</u>	
Board of Education	\$3,792,960
MIS	580,000
Fire Department	720,000
Parks Department	200,000
Public Works	4,752,000
Public Works - WPC	750,000
Memorial Boulevard Building Committee	5,000,000
Total All Departments	<u><u>\$15,794,960</u></u>
<u>Funding</u>	
Sale of Bonds	\$12,994,560
General Fund Cash	560,400
LOCIP	610,000
WPC CNR	750,000
Other Funds	880,000
Total All Funding	<u><u>\$15,794,960</u></u>

The City's fiscal year 2016-2017 capital budget called for it to spend \$15.79 million for capital projects. Some of the main highlights of these projects include:

- Improve various roads- cul-de-sacs, right of ways, storm drains and related pavement outlay
- Education department funding for underground storage tank replacements at Bristol Eastern High School and the BOE Administrative Building, roof replacement at Chippens Hill Middle School, tennis court replacements at both high schools and a citywide school district feasibility study
- MIS to continue telephone upgrades, MUNIS consolidation and purchase Tyler Content Management
- Parks Department to replace the HVAC system at the Dennis Malone Aquatic Center and renovate Page Park tennis courts
- Replacement of a fire engine and self-contained breathing apparatus
- Former Memorial Boulevard School restoration to reuse the structure as a multiuse facility and theatre

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

Long-term Debt

At June 30, 2017, the City had \$73.2 million in total bonded indebtedness versus \$63.4 million last year – an increase of 15.5% – as shown in Table 5. The increase is primarily due to May, 2017 \$21.1 bond issue for various capital projects.

TABLE 5
OUTSTANDING DEBT, AT YEAR-END

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds (backed by the City)	\$ 70,580,000	\$ 60,208,703	\$ 2,722,196	\$ 3,233,993	\$ 73,302,196	\$ 63,442,696

The City also “rolled over” for a fifth time (reissued) \$4.0 million in taxable general obligation notes. The City paid down \$3.41 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. In October 2016 Fitch upgraded the rating to AAA.

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 \$990 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 2017 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 decreased to 5.4% versus 6.98% a year ago. This compares with the State’s unemployment rate of 4.7% (not seasonally adjusted) and the national rate of 4.4%. (Source: CT Department of Labor, 2017 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 2017-18. Amounts appropriated in the 2017-2018 General Fund budget are \$191 million, an increase of \$2 million over the previous year’s budget of approximately \$189 million. The property tax rate remained at 36.03.

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

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

The City of Bristol did not use any of its \$27.8 million unassigned fund balance to balance its 2017-2018 operating budget.

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

Statement of Net Position
June 30, 2017

	Primary Government			Component Unit
	Governmental Type Activities	Business-Type Activities	Total	Bristol-Burlington Health District
Assets				
Cash and cash equivalents	\$ 103,404,787	\$ 2,221,729	\$ 105,626,516	\$ 2,565,072
Investments	9,902,954	5,024,647	14,927,601	-
Receivables, net	11,542,948	1,328,736	12,871,684	30,080
Due from fiduciary funds	-	-	-	-
Inventories	48,557	252,496	301,053	-
Other assets	-	6,550	6,550	3,115
Net pension asset	197,717,337	-	197,717,337	-
Capital assets:				
Assets not being depreciated	50,216,082	3,857,351	54,073,433	-
Assets being depreciated, net	296,607,675	19,242,749	315,850,424	49,825
Total assets	669,440,340	31,934,258	701,374,598	2,648,092
Deferred Outflows of Resources				
Pension related items	43,754,228	-	43,754,228	-
Deferred charge on refunding	1,079,846	86,237	1,166,083	-
Total deferred outflows of resources	44,834,074	86,237	44,920,311	-
Liabilities				
Accounts and other payables	12,191,734	647,080	12,838,814	35,419
Accrued liabilities	10,979,261	37,020	11,016,281	17,706
Accrued interest payable	821,833	-	821,833	-
Bond anticipation notes payable	7,400,000	-	7,400,000	-
Other current liabilities	46,531	43,164	89,695	-
Unearned revenue	859,923	-	859,923	-
Noncurrent liabilities:				
Due within one year	14,096,085	396,993	14,493,078	59,526
Due in more than one year	131,624,400	2,812,555	134,436,955	44,588
Total liabilities	178,019,767	3,936,812	181,956,579	157,239
Deferred Inflows of Resources				
Pension related items	5,915,333	-	5,915,333	-
Total deferred inflows of resources	5,915,333	-	5,915,333	-
Net Position				
Net investment in capital assets	257,933,889	20,317,443	278,251,332	49,825
Restricted for:				
Pensions	197,717,337	-	197,717,337	-
Trust purposes:				
Expendable	295,703	-	295,703	-
Nonexpendable	922,966	-	922,966	-
Unrestricted	73,469,419	7,766,240	81,235,659	2,441,028
Total net position	\$ 530,339,314	\$ 28,083,683	\$ 558,422,997	\$ 2,490,853

See notes to financial statements.

Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Bristol-Burlington Health District
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental activities:								
General government	\$ 21,518,842	\$ 1,335,428	\$ 5,570,611	\$ -	\$ (14,612,803)	\$ -	\$ (14,612,803)	\$ -
Public Safety	31,225,680	1,677,977	583,250	-	(28,964,453)	-	(28,964,453)	-
Public Works	27,755,308	10,809,801	789,872	4,213,374	(11,942,261)	-	(11,942,261)	-
Health and Welfare	8,472,561	-	318,661	-	(8,153,900)	-	(8,153,900)	-
Libraries	3,111,382	18,599	33,973	-	(3,058,810)	-	(3,058,810)	-
Parks and Recreation	3,526,465	734,354	491,313	-	(2,300,798)	-	(2,300,798)	-
Education	152,095,342	1,198,646	77,206,027	-	(73,690,669)	-	(73,690,669)	-
Interest and fiscal charges	1,714,198	-	-	-	(1,714,198)	-	(1,714,198)	-
Total governmental activities	249,419,778	15,774,805	84,993,707	4,213,374	(144,437,892)	-	(144,437,892)	-
Business-type activities:								
Water	7,292,518	7,820,045	-	-	-	527,527	527,527	-
Total business-type activities	7,292,518	7,820,045	-	-	-	527,527	527,527	-
Total primary government	\$ 256,712,296	\$ 23,594,850	\$ 84,993,707	\$ 4,213,374	(144,437,892)	527,527	(143,910,365)	-
Component Unit:								
Bristol-Burlington Health District	\$ 3,415,717	\$ 26,682	\$ 3,629,078	\$ -	-	-	-	240,043
General Revenues:								
Property taxes					142,203,594	-	142,203,594	-
Grants and contributions not restricted to specific programs					565,492	-	565,492	-
Unrestricted investment earnings					583,170	527,135	1,110,305	3,492
Miscellaneous					1,324,905	-	1,324,905	-
Total general revenues and transfers					144,677,161	527,135	145,204,296	3,492
Change in net position					239,269	1,054,662	1,293,931	243,535
Net Position - beginning					530,100,045	27,029,021	557,129,066	2,247,318
Net Position - ending					\$ 530,339,314	\$ 28,083,683	\$ 558,422,997	\$ 2,490,853

See notes to financial statements.

**Balance Sheet - Governmental Funds
June 30, 2017**

	General	Debt Service Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 42,825,448	\$ 940,777	\$ 9,495,418	\$ 22,297,415	\$ 75,559,058
Investments	9,028,232	-	-	874,722	9,902,954
Receivables, net	5,193,413	-	4,886,063	1,401,426	11,480,902
Due from other funds	712,303	-	-	83,329	795,632
Inventories	-	-	-	48,557	48,557
Total assets	\$ 57,759,396	\$ 940,777	\$ 14,381,481	\$ 24,705,449	\$ 97,787,103
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)					
Liabilities:					
Accounts and contracts payable	\$ 4,774,847	\$ 22,000	\$ 5,800,595	\$ 1,106,884	\$ 11,704,326
Accrued liabilities	9,890,244	-	-	1,089,017	10,979,261
Due to other funds	45,038	-	-	1,697,094	1,742,132
Due to other governments	-	-	37,905	8,626	46,531
Bond anticipation notes payable	-	-	7,400,000	-	7,400,000
Unearned revenue	-	-	-	777,134	777,134
Total liabilities	14,710,129	22,000	13,238,500	4,678,755	32,649,384
Deferred inflows of resources:					
Unavailable revenue - property taxes	4,275,850	-	-	-	4,275,850
Unavailable revenue - sewer use	-	-	-	33,413	33,413
Unavailable revenue - sewer assessments	-	-	-	561,598	561,598
Unavailable revenue - other	-	-	1,087,725	-	1,087,725
Total deferred inflows of resources	4,275,850	-	1,087,725	595,011	5,958,586
Fund balances (deficits):					
Nonspendable	-	-	-	971,523	971,523
Restricted	-	918,777	-	5,120,120	6,038,897
Committed	3,093,837	-	4,572,114	12,896,300	20,562,251
Assigned	7,884,336	-	-	444,120	8,328,456
Unassigned (deficits)	27,795,244	-	(4,516,858)	(380)	23,278,006
Total fund balances (deficits)	38,773,417	918,777	55,256	19,431,683	59,179,133
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 57,759,396	\$ 940,777	\$ 14,381,481	\$ 24,705,449	\$ 97,787,103

(Continued)

**Reconciliation of Governmental Funds Fund Balance to Net Position of Governmental Activities
June 30, 2017**

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

Fund balances - total governmental funds	\$ 59,179,133
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	\$ 686,870,042
Less accumulated depreciation	<u>(340,046,285)</u>
Net capital assets	346,823,757
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:	
Net pension asset	197,717,337
Property tax receivables greater than 60 days	3,135,730
Interest receivable on property taxes	1,140,120
Sewer assessments receivable	477,020
Sewer assessments interest receivable	84,578
Sewer usage receivable	33,413
Grants	1,087,725
Net deferred inflows/(outflows) due to pension related items	37,838,895
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.	
	16,451,479
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and notes payable	(79,002,963)
Unamortized premium on general obligation bonds	(3,566,751)
Interest payable on bonds and notes	(821,833)
Compensated absences	(8,118,379)
Landfill post closure care	(1,440,209)
Deferred charges on refunding	1,079,846
Net pension liability	(8,932,185)
Other post-employment benefit obligations	<u>(32,827,399)</u>
Net position of governmental activities (Exhibit I)	<u><u>\$ 530,339,314</u></u>

See notes to financial statements.

**Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) -
Governmental Funds
For the Year Ended June 30, 2017**

	General	Debt Service Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes and assessments	\$ 140,288,559	\$ -	\$ 17,786	\$ 12,823	\$ 140,319,168
Interest and lien fees on delinquent taxes and assessments	1,138,474	-	-	-	1,138,474
Licenses, permits and fees	1,453,645	-	-	2,061,328	3,514,973
Intergovernmental	73,042,538	-	5,043,872	12,039,142	90,125,552
Charges for services	3,955,334	-	-	8,194,883	12,150,217
Income on investments	458,100	2,916	14,944	1,164,454	1,640,414
Miscellaneous	736,891	-	66,550	198,966	1,002,407
Total revenues	221,073,541	2,916	5,143,152	23,671,596	249,891,205
Expenditures:					
Current:					
General government	6,066,312	-	-	2,372,869	8,439,181
Public Safety	23,310,723	-	-	529,945	23,840,668
Public Works	13,626,603	-	-	6,593,855	20,220,458
Health and Welfare	6,354,403	-	-	826,823	7,181,226
Libraries	2,025,219	-	-	78,348	2,103,567
Parks and Recreation	2,465,044	-	-	207,118	2,672,162
Education	115,560,011	-	-	13,396,247	128,956,258
Citywide:					
Employee benefits and pensions	4,283,364	-	-	-	4,283,364
Insurance	30,044,634	-	-	-	30,044,634
Miscellaneous	655,417	-	-	-	655,417
Capital outlay	-	-	23,510,905	-	23,510,905
Debt service:					
Principal retirement	-	6,164,000	324,840	-	6,488,840
Interest and fiscal charges	-	2,121,707	46,992	-	2,168,699
Total expenditures	204,391,730	8,285,707	23,882,737	24,005,205	260,565,379
Excess (deficiency) of revenues over expenditures	16,681,811	(8,282,791)	(18,739,585)	(333,609)	(10,674,174)
Other financing sources (uses):					
Issuance of bonds	-	-	25,283,007	-	25,283,007
Payment to escrow	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-
Bond premium	-	1,031,945	-	-	1,031,945
Transfers in	13,143	8,064,090	4,366,676	4,362,362	16,806,271
Transfers out	(14,078,369)	(537,905)	-	(2,189,997)	(16,806,271)
Total other financing sources (uses)	(14,065,226)	8,558,130	29,649,683	2,172,365	26,314,952
Net change in fund balances (deficits)	2,616,585	275,339	10,910,098	1,838,756	15,640,778
Fund balances (deficits), beginning of year	36,156,832	643,438	(10,854,842)	17,592,927	43,538,355
Fund balances (deficits), end of year	\$ 38,773,417	\$ 918,777	\$ 55,256	\$ 19,431,683	\$ 59,179,133

(Continued)

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds to the Statement of Activities (Continued)
For the Year Ended June 30, 2017**

Amounts reported for governmental activities in the statement of activities are different because of the following:	
Net change in fund balances - total governmental funds (Exhibit IV)	\$ 15,640,778
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	26,675,968
Depreciation expense	(14,480,365)
Loss on disposal	(346,668)
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	(623,431)
Property tax interest and lien revenue - accrual basis change	(135,344)
Sewer assessment receivable - accrual basis change	10,775
Sewer assessment interest receivable- accrual basis change	35,993
Sewer usage receivable- accrual basis change	(143,560)
Grants	1,087,725
Net pension asset	19,212,015
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:	
Bond principal and note payments	6,488,749
Bond and note proceeds	(25,283,009)
Amortization of deferred charge on refunding	(196,011)
Accrued interest	37,013
Bond premiums amortization	(613,599)
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	(30,411)
Other post-employment benefits	(1,598,577)
Net pension liability	496,152
Landfill post closure care	61,048
Deferred inflows/outflows related pension items	(29,650,556)
Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	3,594,584
Change in net position of Governmental Activities (Exhibit II)	<u>\$ 239,269</u>

See notes to financial statements.

**Statement of Net Position - Proprietary Funds
June 30, 2017**

	Business-Type Activities	Governmental Activities
	Water Enterprise Fund	Internal Service Fund
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,221,729	\$ 27,845,729
Investments	5,024,647	-
Receivables, net	1,328,736	62,046
Due from other funds	-	946,500
Inventories	252,496	-
Other assets	6,550	-
Total current assets	8,834,158	28,854,275
Noncurrent assets:		
Capital assets:		
Assets not being depreciated	3,857,351	-
Assets being depreciated, net	19,242,749	-
Total noncurrent assets	23,100,100	-
Total assets	31,934,258	28,854,275
Deferred Outflows of Resources		
Deferred charge on refunding	86,237	-
Liabilities		
Current liabilities:		
Accounts and other payables	647,080	487,408
Payroll liabilities	37,020	-
Customer deposits	43,164	-
Unearned revenues	-	82,789
Compensated absences - current	52,002	-
Bonds payable - current	308,473	-
Notes payable - current	36,518	-
Unpaid claims - current	-	6,241,568
Total current liabilities	1,124,257	6,811,765
Noncurrent liabilities:		
Compensated absences	288,652	-
Bonds payable	1,828,224	-
Notes payable	695,679	-
Unpaid claims	-	5,591,031
Total noncurrent liabilities	2,812,555	5,591,031
Total liabilities	3,936,812	12,402,796
Net Position		
Net investment in capital assets	20,317,443	-
Unrestricted	7,766,240	16,451,479
Total net position	\$ 28,083,683	\$ 16,451,479

See notes to financial statements.

**Statement of Revenues, Expenses and Changes in
Net Position - Proprietary Funds
For the Year Ended June 30, 2017
(In Thousands)**

	Business-Type Activities	Governmental Activities
	Water Enterprise Fund	Internal Service Fund
Operating revenues:		
Charges for services	\$ 7,400,437	\$ 39,522,759
Contributions	-	22,866
Miscellaneous	419,608	165,307
Total operating revenues	7,820,045	39,710,932
Operating expenses:		
Source of supply	191,346	-
Pumping	261,124	-
Purification	912,314	-
Transmission and distribution	2,138,031	-
Customer accounts, administrative and general	2,116,528	-
Depreciation	1,115,938	-
Taxes other than income taxes	466,978	-
Insurance claims, premiums and fees	-	36,163,680
Total operating expenses	7,202,259	36,163,680
Operating income	617,786	3,547,252
Nonoperating income (expense):		
Income on investments	527,135	47,332
Interest expense	(101,443)	-
Amortization of debt discount and expense	11,184	-
Total nonoperating income	436,876	47,332
Change in net position	1,054,662	3,594,584
Fund net position, beginning	27,029,021	12,856,895
Fund net position, ending	\$ 28,083,683	\$ 16,451,479

See notes to financial statements.

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

	Business-Type Activities	Governmental Activities
	Water Enterprise Fund	Internal Service Fund
Cash flows from operating activities:		
Cash received from charges for services and contributions	\$ 7,890,009	\$ 39,675,737
Cash received from other operating revenue	-	188,173
Cash paid to employees	(2,102,671)	-
Cash paid to suppliers	(3,880,659)	-
Cash payment for claims paid	-	(36,165,287)
Net cash provided by operating activities	1,906,679	3,698,623
Cash flows from capital financing activities:		
Purchase of capital assets/utility plant	(714,075)	-
Principal payments bonds/notes	(539,269)	-
Interest payments	(73,970)	-
Net cash used in capital and related financing activities	(1,327,314)	-
Cash flows from investing activities:		
Income on investments	5,105	47,332
Net increase in cash and cash equivalents	584,470	3,745,955
Cash and cash equivalents, beginning of year	1,637,259	24,099,774
Cash and cash equivalents, end of year	\$ 2,221,729	\$ 27,845,729
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 617,786	\$ 3,547,252
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,115,938	-
Decrease in receivables, net	123,039	(59,010)
(Increase) in inventories	(6,795)	-
(Increase) in other assets	(2,548)	-
Increase in accounts and other payables	95,929	478,022
Increase in unearned revenues	-	(11,233)
(Decrease) in accrued liabilities	(14,732)	-
Increase in accrued compensated absences	28,589	-
(Decrease) in unpaid claims	-	(468,396)
(Decrease) in customer deposits	(50,527)	-
(Decrease) in due to (from) other funds	-	211,988
Total adjustments	1,288,893	151,371
Net cash provided by operating activities	\$ 1,906,679	\$ 3,698,623

See notes to financial statements.

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2017

	Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 18,187,771	\$ 770,697
Investments, at fair value:		
Certificates of deposit	-	135,827
Corporate bonds	62,590,073	-
U.S. Treasury	29,548,804	-
U.S. government agencies	2,300,180	-
Government bonds	17,213,928	-
Alternative investments	181,000,088	-
Common stock	184,973,607	-
Mutual funds	123,692,666	-
Total investments	<u>601,319,346</u>	<u>135,827</u>
Total assets	<u>619,507,117</u>	<u>906,524</u>
Liabilities		
Accounts payable	21,279	1,141
Due to senior citizens	-	92,810
Due to student groups	-	812,573
Total liabilities	<u>21,279</u>	<u>906,524</u>
Net Position		
Restricted for pension benefits	608,364,860	-
Restricted for OPEB benefits	8,126,904	-
	<u>\$ 616,491,764</u>	<u>\$ -</u>

See notes to financial statements.

**Statement of Changes in Plan Net Position -
Fiduciary Funds
For the Year Ended June 30, 2017**

	Trust Funds
<hr/>	
Additions:	
Contributions:	
Employer	\$ 2,564,936
Plan members	2,708,908
Total contributions	<u>5,273,844</u>
Investment income:	
Net appreciation in fair value of investments	64,057,611
Interest and dividends	7,474,701
Total investment income	<u>71,532,312</u>
Less investment expense	(455,506)
Net investment income	<u>71,076,806</u>
Deductions:	
Benefits	23,261,690
Administration	3,683,408
Total deductions	<u>26,945,098</u>
Increase in net position	49,405,552
Net position restricted for benefits :	
Beginning of year	<u>567,086,212</u>
End of year	<u>\$ 616,491,764</u>

See notes to financial statements.

City of Bristol, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

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

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

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

Related organization:

Joint Venture: The City is a participant with fourteen other cities and towns in a joint venture, the Bristol Resource Recovery Facility (BRRFOC). BRRFOC was created pursuant to an Inter-Community Agreement to exercise certain rights on behalf of the 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). The governing board consists of City officials appointed by each of the participating municipalities, and assumes all the management decisions. Fund balance of the General Fund for fiscal year ended June 30, 2017 as reflected in BRRFOC's financial statements is \$1.8 million. A complete set of financial statements for BRRFOC can be obtained from the administrative office at 43 Enterprise Drive, Bristol, Connecticut 06010.

Accounting standards adopted in the current year and restatement of net position: GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans that administer benefits on behalf of governments. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The implementation of this statement resulted in additional disclosures (see Note 13). See Note 15 for the impact the adoption of GSAB 75 will have on the OPEB liability in the next fiscal year.

City of Bristol, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

GASB Statement No. 77, *Tax Abatement Disclosures*. This Statement establishes disclosure of information about nature and magnitude of tax abatements to allow users of the financial statements to understand 1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and 2) the impact those abatements have on a government's financial condition and economic condition. The implementation of this statement added additional financial statement disclosures.

GASB Statement No. 78, *Pensions Provided through Certain Multiple - Employer Defined Benefit Pension Plans*. This standard narrows the scope and applicability of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan meeting specific criteria and establishes new guidance for these employers, including separate requirements for recognition and measurement of pension expense or expenditures and liabilities, note disclosures and required supplementary information (RSI). The implementation of this statement had no impact on the City's financial statements.

GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The implementation of this statement had no impact on the City's financial statements.

Government-wide and fund financial statements: The government-wide financial statements report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary fund:

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

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

Additionally, the City reports the following fund types:

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

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

City of Bristol, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 are charges for sales and services and of the City's internal service funds are charges from participants and premiums from the City. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. For the internal service funds, expenses represent claims paid. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

Investments: Investments for the City and its component unit are stated at fair value.

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

City of Bristol, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

The three categories within the hierarchy are as follows:

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

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

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

See Note 3 for additional information regarding fair value.

City of Bristol, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

Allowance for doubtful accounts: Accounts receivables, property tax receivables and notes receivable for the primary government are reported net of allowance for doubtful accounts of approximately \$310,000. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon past collection history and an assessment of the creditor’s ability to pay.

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

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

Capital assets: Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition 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.

City of Bristol, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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:

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

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports a deferred inflow of resources related to pensions in the government-wide statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs.

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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

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

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Pension accounting:

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

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

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

City of Bristol, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Other post-employment obligations (OPEB) accounting:

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

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

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

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

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

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

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

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

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

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

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

City of Bristol, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

Note 2. Stewardship, Compliance and Accountability

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

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

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

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

The budget is prepared on the modified accrual basis, except for encumbrances, by function, activity and object. Expenditures may not legally exceed appropriations at the object level within a department. The Board of Finance has the power to approve budget revisions during the year up to \$5,000 (amount not rounded). Revisions in excess of \$5,000 require Joint Board approval. All budget revisions must be approved. Additional appropriations in the amount of approximately \$12,736,000 were approved during the fiscal year.

Encumbrances are recognized as a valid and proper charge in the year in which the purchase order, contract or other commitment is issued, and, accordingly, encumbrances outstanding at year end are reflected in budgetary reports as expenditures in the current year. Encumbrances outstanding at year-end are included in either restricted, committed or assigned fund balance depending on the level of restriction in accordance with GAAP since they do not constitute expenditures or liabilities.

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

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

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

City of Bristol, Connecticut

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments

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

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

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

Deposits:

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

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

Cash equivalents: Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. As of June 30, the cash equivalent amounted to \$5,205,817. 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.

	Standard & Poor’s
State of Connecticut Short-term Investment Fund (STIF)	AAAm

City of Bristol, Connecticut

Notes to Financial Statements

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

Cash, cash equivalents and investments of the City consist of the following at June 30, 2017:

Cash and cash equivalents:	
Deposits with financial institutions	\$ 105,626,516
Total cash and cash equivalents	<u>105,626,516</u>
Investments:	
General fund:	
Mutual funds	2,342,313
Certificates of deposit	5,097,603
U.S. government agencies	1,588,316
Total government investments	<u>9,028,232</u>
Water Department:	
Mutual funds	5,024,647
Total enterprise investments	<u>5,024,647</u>
Pension trust funds:	
Corporate bonds	61,632,343
U.S. Treasury	29,380,992
U.S. government agencies	1,883,290
Government bonds	17,098,981
Alternative investments	180,059,940
Common stock	184,973,607
Mutual funds	121,157,363
Total pension investments	<u>596,186,516</u>
OPEB trust fund:	
Corporate bonds	957,730 *
U.S. Treasury	167,812
U.S. government agencies	416,890
Government bonds	114,947
Mutual funds	2,535,303
Alternative investments	940,148
Total OPEB investments	<u>5,132,830</u>
Special Revenue Funds:	
Common stock	874,722
Total Special Revenue Fund investments	<u>874,722</u>
Agency Funds:	
Certificates of Deposits	135,827
Total Agency Fund investments	<u>135,827</u>
Total investments	<u>616,382,774</u>
Total cash, cash equivalents and investments	<u>\$ 722,009,290</u>

City of Bristol, Connecticut

Notes to Financial Statements

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

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

Statement of net position:		
Cash and cash equivalents		\$ 105,626,516
Investments		14,927,601
Total statement of net position		<u>120,554,117</u>
Fiduciary funds:		
Cash and cash equivalents		18,958,468
Investments		601,455,173
Total Fiduciary funds		<u>620,413,641</u>
Total cash, cash equivalents and investments		<u>\$ 740,967,758</u>

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

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1-10	More Than 10
Interest-bearing investments:					
U.S. treasury bonds	Aaa	\$ 29,548,804	\$ 3,274,046	\$ 23,382,668	\$ 2,892,090
U.S. government agencies	Aaa	3,888,496	932,578	2,702,779	253,139
Corporate bonds	Aaa	2,677,722	-	2,001,890	675,832
Corporate bonds	Aa1-Aa3	5,451,942	869,000	3,291,177	1,291,765
Corporate bonds	A1-A3	14,197,762	1,397,058	10,473,267	2,327,437
Corporate bonds	Baa1-Baa3	25,128,544	651,534	22,962,162	1,514,848
Corporate bonds	Ba1-Ba3	7,067,608	30,075	7,037,533	-
Corporate bonds	B1-B3	939,248	-	939,248	-
Corporate bonds	NR	7,127,247	3,030,970	3,551,893	544,384
Government bonds	Aaa	17,213,928	6	1,411,424	15,802,498
Certificates of deposit	*	5,233,430	-	5,233,430	-
Total		<u>118,474,731</u>	<u>\$ 10,185,267</u>	<u>\$ 82,987,471</u>	<u>\$ 25,301,993</u>

Other investments:	
Common stock	185,848,329
Alternative Investments	181,000,088
Mutual funds	131,059,626
Total investments	<u>\$ 616,382,774</u>

* Subject to coverage by federal depository insurance and collateralization.

City of Bristol, Connecticut

Notes to Financial Statements

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

Interest rate risk: This is the risk that changes in market interest rates which will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City nor the pension plans have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the City includes asset allocation percentage ranges for its pension plans to assist in limiting interest rate risk.

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

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

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

Rcit Large Cap Value E Equity Fund CI C	\$39,548,888
Omega Overseas Partners, Ltd.	43,654,050
Boyd Watterson GSA Fund LP	36,270,040

Custodial credit risk: Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the City or that sells investments to or buys them for the City), the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2017, \$110,834,599 of the City's bank balance of \$125,670,419 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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

City of Bristol, Connecticut

Notes to Financial Statements

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

Fair value: The City and the pension and OPEB plans categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The City and the pension and OPEB plans have the following recurring fair value measurements as of June 30:

	Fair Value Measurements Using			
	June 30, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Observable Inputs (Level 3)
Investments by fair value level:				
Stocks	\$ 185,848,329	\$ 185,848,329	\$ -	\$ -
Mutual funds	131,059,626	131,059,626	-	-
Certificate of deposits	5,233,430	5,233,430	-	-
Debt securities:				
U.S. Treasury	29,548,804	29,548,804	-	-
Corporate bonds	62,590,073	62,590,073	-	-
Government bonds	17,213,928	17,213,928	-	-
U.S. Government agencies	3,888,496	3,888,496	-	-
Total debt securities	435,382,686	435,382,686	-	-
Total investments by fair value level	435,382,686	\$ 435,382,686	\$ -	\$ -
Investments measured at the net asset level (NAV):				
Other	171,357,740			
Limited partnerships	4,654,886			
Real estate funds	4,987,462			
Total investments measured at the NAV	181,000,088			
Total investments measured at fair value	\$ 616,382,774			

Debt and equity securities: Debt and equity securities, classified in Level 1 of the fair value hierarchy, are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Commercial and residential mortgage-backed securities classified in Level 3 are valued using discounted cash flow techniques. Collateralized debt obligations classified in Level 3 are valued using consensus pricing.

City of Bristol, Connecticut

Notes to Financial Statements

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

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

Investments Measured at the NAV

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Investments Measured at the NAV:				
Other	\$ 171,357,740	\$ 72,685,740	Qtr./Annual	30-60 days
Limited partnerships	4,654,886	2,626,191	N/A	N/A
Real estate funds	4,987,462	1,603,281	N/A	N/A
Total Investments Measured at the NAV	<u>\$ 181,000,088</u>			

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

Private equity funds: This type includes limited partnership funds. These investments can never be redeemed with funds. Instead, the nature of the investments in this type is that distributions are received through liquidation of the underlying assets of the fund capital. As of June 30, 2017, it is probable that all of the investments in this type will be sold at an amount different from NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. Therefore, the fair values of the investments in this type have been determined using recent observation transaction information for similar investments and nonbinding bids received from potential buys of the investments.

Note 4. Receivables

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

	General	Capital Projects	Nonmajor and Other Funds	Total Governmental Funds
Receivables:				
Taxes	\$ 3,452,887	\$ -	\$ -	\$ 3,452,887
Interest	1,140,120	-	-	1,140,120
Accounts	572,126	4,236	339,310	915,672
Special assessments	-	-	561,598	561,598
Intergovernmental	338,280	4,881,827	600,518	5,820,625
Gross receivables	5,503,413	4,886,063	1,501,426	11,890,902
Less allowance for uncollectibles	310,000	-	100,000	410,000
Net total receivables	<u>\$ 5,193,413</u>	<u>\$ 4,886,063</u>	<u>\$ 1,401,426</u>	<u>\$ 11,480,902</u>

City of Bristol, Connecticut

Notes to Financial Statements

City of Bristol, Connecticut

Notes to Financial Statements

Note 4. Receivables (Continued)

Total allowance amounts are as follows:

General Fund:

Allowance related to taxes receivable	\$ 300,000
Allowance related to accounts receivable	10,000

Water Enterprise Fund:

Allowance related to accounts receivable	125,902
------------------------------------------	---------

Nonmajor and Other Funds:

Allowance related to sewer usage receivables	100,000
Total allowance of the current fiscal year	\$ 535,902

Note 5. Capital Assets

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

Primary government:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 18,446,473	\$ 311,280	\$ (114,350)	\$ -	\$ 18,643,403
Construction in progress	18,879,831	20,793,033	-	(8,100,185)	31,572,679
Total capital assets, not being depreciated	37,326,304	21,104,313	(114,350)	(8,100,185)	50,216,082
Capital assets, being depreciated:					
Buildings	283,438,283	118,404	(87,150)	5,723,754	289,193,291
Improvements other than buildings	15,604,110	269,750	-	32,971	15,906,831
Machinery and equipment	75,380,774	2,951,245	(952,982)	200,961	77,579,998
Infrastructure	250,263,783	2,232,256	(664,698)	2,142,499	253,973,840
Total capital assets being depreciated	624,686,950	5,571,655	(1,704,830)	8,100,185	636,653,960
Less accumulated depreciation for:					
Buildings	(120,554,509)	(6,461,163)	55,833	-	(126,959,839)
Improvements other than buildings	(10,345,044)	(2,238,245)	-	-	(12,583,289)
Machinery and equipment	(56,259,526)	(2,662,969)	864,289	-	(58,058,206)
Infrastructure	(139,879,353)	(3,117,988)	552,390	-	(142,444,951)
Total accumulated depreciation	(327,038,432)	(14,480,365)	1,472,512	-	(340,046,285)
Total capital assets, being depreciated, net	297,648,518	(8,908,710)	(232,318)	8,100,185	296,607,675
Governmental activities capital assets, net	<u>\$ 334,974,822</u>	<u>\$ 12,195,603</u>	<u>\$ (346,668)</u>	<u>\$ -</u>	<u>\$ 346,823,757</u>

City of Bristol, Connecticut

Notes to Financial Statements

Note 5. Capital Assets (Continued)

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 2,752,140	\$ -	\$ -	\$ 2,752,140
Construction in progress	1,059,556	45,655	-	1,105,211
Total capital assets, not being depreciated	3,811,696	45,655	-	3,857,351
Capital assets, being depreciated:				
Buildings and system	36,897,518	255,457	(15,155)	37,137,820
Machinery and equipment	6,570,758	422,092	-	6,992,850
Total capital assets, being depreciated	43,468,276	677,549	(15,155)	44,130,670
Less accumulated depreciation for:				
Buildings and system	(19,926,913)	(777,000)	-	(20,703,913)
Machinery and equipment	(3,851,096)	(338,938)	6,026	(4,184,008)
Total accumulated depreciation	(23,778,009)	(1,115,938)	6,026	(24,887,921)
Total capital assets, being depreciated, net	19,690,267	(438,389)	(9,129)	19,242,749
Business-type activities capital assets, net	\$ 23,501,963	\$ (392,734)	\$ (9,129)	\$ 23,100,100

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

Governmental activities:	
General government	\$ 414,386
Public Safety	1,083,116
Public Works	6,614,382
Health and Welfare	6,444
Libraries	528,497
Parks and Recreation	377,815
Education	5,455,725
Total depreciation expense-governmental activities	<u>\$ 14,480,365</u>
Business-type activities:	
Water	<u>\$ 1,115,938</u>

Construction commitments: The City has several active construction projects as of June 30, 2017. The following is a summary of capital projects (in thousands) as of June 30:

	Project Authorization	Cumulative Expenditures
Schools	\$ 99,278	\$ 98,274
Streets, bridges and building improvements	80,730	57,226
Capital and nonrecurring	60,001	51,911
Total	<u>\$ 240,009</u>	<u>\$ 207,411</u>

City of Bristol, Connecticut

Notes to Financial Statements

Note 5. Capital Assets (Continued)

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

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Furniture and equipment	\$ 281,786	\$ 22,205	\$ (48,788)	\$ 255,203
Less accumulated depreciation for:				
Furniture and equipment	(235,639)	(16,709)	46,970	(205,378)
District capital assets, net	<u>\$ 46,147</u>	<u>\$ 5,496</u>	<u>\$ (1,818)</u>	<u>\$ 49,825</u>

Note 6. Interfund Receivables, Payables and Transfers

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

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 712,303
Nonmajor Governmental Funds	General Fund	45,038
Internal Service Funds	Nonmajor Governmental Funds	946,500
Total		<u>\$ 1,703,841</u>

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

Interfund transfers:

	Transfers in				Total Transfers Out
	General Fund	Debt Service Fund	Capital Projects	Nonmajor Governmental	
Transfers out:					
General Fund	\$ -	\$ 7,948,815	\$ 1,767,206	\$ 4,362,348	\$ 14,078,369
Debt Service Fund	-	-	537,905	-	537,905
Nonmajor Governmental Funds	13,143	115,275	2,061,565	14	2,189,997
Total transfers in	<u>\$ 13,143</u>	<u>\$ 8,064,090</u>	<u>\$ 4,366,676</u>	<u>\$ 4,362,362</u>	<u>\$ 16,806,271</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.

City of Bristol, Connecticut

Notes to Financial Statements

Note 7. Leases

Operating leases: The City leases computers under noncancelable operating leases. Total costs for such leases were \$795,568 for the year ended June 30. The future minimum lease payments for these leases are as follows:

Years ending June 30:

2018	\$ 724,189
2019	483,840
2020	352,381
2021	205,660

Note 8. Long-Term Liabilities

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

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities					
Bonds and loans payable:					
General obligation bonds	\$ 55,614,000	\$ 21,130,000	\$ 6,164,000	\$ 70,580,000	\$ 6,119,000
Clean Water Fund Bonds	4,594,703	4,153,009	324,749	8,422,963	331,302
Premium on general obligation bonds	2,953,152	989,647	376,048	3,566,751	430,767
Total bonds payable	<u>63,161,855</u>	<u>26,272,656</u>	<u>6,864,797</u>	<u>82,569,714</u>	<u>6,549,767</u>
Compensated absences	8,087,968	921,093	890,682	8,118,379	1,241,750
Landfill post closure care	1,501,257	1,952	63,000	1,440,209	63,000
Net OPEB obligation	31,228,822	1,598,577	-	32,827,399	-
Net pension liability	9,428,337	-	496,152	8,932,185	-
Unpaid claims	12,300,995	31,180,470	31,648,866	11,832,599	6,241,568
Total governmental activities long-term liabilities	<u>\$ 125,709,234</u>	<u>\$ 59,974,748</u>	<u>\$ 39,963,497</u>	<u>\$ 145,720,485</u>	<u>\$ 14,096,085</u>
Business-type Activities					
Bonds and loans payable:					
General obligation bonds	\$ 2,466,000	\$ -	\$ 476,000	\$ 1,990,000	\$ 281,000
Premium on general obligation bonds	174,170	-	27,472	146,698	27,473
Notes payable	767,993	-	35,797	732,196	36,518
Total bonds payable and notes payable	<u>3,408,163</u>	<u>-</u>	<u>539,269</u>	<u>2,868,894</u>	<u>344,991</u>
Compensated absences	312,065	49,791	21,202	340,654	52,002
Total business-type activities	<u>\$ 3,720,228</u>	<u>\$ 49,791</u>	<u>\$ 560,471</u>	<u>\$ 3,209,548</u>	<u>\$ 396,993</u>
Component Unit					
Compensated absences	<u>\$ 85,879</u>	<u>\$ 23,102</u>	<u>\$ 4,867</u>	<u>\$ 104,114</u>	<u>\$ 59,526</u>

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

City of Bristol, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

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

Description	Issue Date	Maturity Date	Interest Rate %	Beginning Balance	Additions	Reductions	Ending Balance
Bond anticipation notes	04/21/16	01/20/17	1.00%	\$ 4,500,000	\$ -	\$ 4,500,000	\$ -
Bond anticipation notes	01/20/2017	10/19/2017	1.75%	-	4,000,000	-	4,000,000
Bond anticipation notes	05/30/2017	05/29/2018	2.25%	-	3,400,000	-	3,400,000
Total				<u>\$ 4,500,000</u>	<u>\$ 7,400,000</u>	<u>\$ 4,500,000</u>	<u>\$ 7,400,000</u>

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

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

Description	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Balance Outstanding June 30, 2017
General City bonds					
General improvement:					
2011 Issue	06/27/11	08/01/30	2.00-4.00	\$ 8,637,000	\$ 6,362,000
2012 Refunding	08/11/11	07/15/22	3.00-5.00	15,589,000	9,968,000
2015 Refunding	11/17/15	10/15/24	3.00-5.00	4,126,000	4,126,000
2017 Issue	05/30/17	05/15/35	2.00-5.00	17,739,000	17,739,000
Total general improvement bonds					<u>38,195,000</u>
School:					
2011 Issue	06/27/11	08/01/30	2.00-4.00	25,550,000	18,825,000
2012 Refunding	08/11/11	07/15/22	3.00-5.00	6,234,000	4,165,000
2015 Refunding	11/17/15	10/15/24	3.00-5.00	2,991,000	2,029,000
2017 Issue	05/30/17	05/15/35	2.00-5.00	3,391,000	3,391,000
Total school bonds					<u>28,410,000</u>
Sewers:					
2011 Issue	06/27/11	08/01/30	2.00-4.00	5,400,000	3,975,000
Capital projects funds:					
Clean water fund notes 498-D/C	06/30/02	06/30/21	2.00	1,483,000	342,675
Clean water fund notes 415-D/C	06/30/02	06/30/21	2.00	1,410,000	325,616
Clean water fund notes 504-C	12/31/03	12/31/22	2.00	1,488,000	465,756
Clean water fund notes 562-C	11/30/04	11/30/23	2.00	694,000	250,978
Clean water fund notes 464-C	05/31/06	03/31/26	2.00	470,000	229,744
Clean water fund notes 622-CSL	1/1/2016	1/31/2035	2.00	631,833	562,920
Interim Funding Obligation 640-DC	03/03/16	N/A	N/A	7,781,601	6,245,274
Total capital projects level debt					<u>8,422,963</u>
Total general city serial bonds and clean water fund loans					<u>79,002,963</u>
Water Department					
Enterprise Fund bonds:					
Water 2011 Issue	06/27/11	08/01/30	2.00-4.00	813,000	588,000
Water 2012 Refunding	08/11/11	07/15/22	3.00-5.00	2,112,000	1,402,000
Total water fund bonds					<u>1,990,000</u>
Water 2014 Notes	12/31/14	12/31/33	2.00	501,000	423,156
Water 2015 Notes	9/30/15	03/31/35	2.00	344,155	309,040
Total water fund notes					<u>732,196</u>
Total water department Enterprise Fund bonds and notes					<u>2,722,196</u>
Total indebtedness					<u>\$ 81,725,159</u>

City of Bristol, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

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

General Fund	Principal	Interest	Total
2018	\$ 5,836,000	\$ 2,251,205	\$ 8,087,205
2019	7,061,000	2,090,264	9,151,264
2020	6,151,000	1,832,549	7,983,549
2021	6,160,000	1,575,479	7,735,479
2022	6,165,000	1,327,104	7,492,104
2023-2027	18,115,000	4,241,642	22,356,642
2028-2032	13,397,000	1,669,772	15,066,772
2023-2035	3,720,000	223,200	3,943,200
Total	<u>\$ 66,605,000</u>	<u>\$ 15,211,215</u>	<u>\$ 81,816,215</u>

Sewer Operating and Assessment Fund	Principal	Interest	Total
2018	\$ 283,000	\$ 132,798	\$ 415,798
2019	283,000	125,723	408,723
2020	283,000	115,818	398,818
2021	283,000	105,913	388,913
2022	283,000	97,423	380,423
2023-2027	1,420,000	352,401	1,772,401
2028-2031	1,140,000	91,200	1,231,200
Total	<u>\$ 3,975,000</u>	<u>\$ 1,021,276</u>	<u>\$ 4,996,276</u>

Capital Projects Fund	Principal	Interest	Total
2018	\$ 331,302	\$ 40,528	\$ 371,830
2019	337,993	33,840	371,833
2020	344,814	27,018	371,832
2021	351,773	20,059	371,832
2022	183,286	14,562	197,848
2023-2027	361,356	39,887	401,243
2028-2032	171,571	18,423	189,994
2033-2036	95,594	2,570	98,164
Total*	<u>\$ 2,177,689</u>	<u>\$ 196,887</u>	<u>\$ 2,374,576</u>

* The City is using interim funding during the construction of the Clean Water Projects that will be converted from interim financing to long-term financing in the future. The amortization amounts of \$6,245,274 are unknown at this time and are excluded from the table.

City of Bristol, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

Water Enterprise Fund - Bonds	Principal	Interest	Total
2018	\$ 281,000	\$ 72,655	\$ 353,655
2019	281,000	62,045	343,045
2020	281,000	51,015	332,015
2021	282,000	38,765	320,765
2022	282,000	26,705	308,705
2023-2027	415,000	55,735	470,735
2028-2031	168,000	13,440	181,440
Total	<u>\$ 1,990,000</u>	<u>\$ 320,360</u>	<u>\$ 2,310,360</u>

Water Enterprise Fund - Notes	Principal	Interest	Total
2018	\$ 36,518	\$ 14,310	\$ 50,828
2019	37,256	13,573	50,829
2020	38,007	12,821	50,828
2021	38,776	12,054	50,830
2022	39,557	11,271	50,828
2023-2027	210,090	44,055	254,145
2028-2032	232,166	21,978	254,144
2033-2035	99,826	2,290	102,116
Total	<u>\$ 732,196</u>	<u>\$ 132,352</u>	<u>\$ 864,548</u>

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

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 318,219,750	\$ 70,886,897	\$ 247,332,853
Schools	636,439,500	34,859,515	601,579,985
Sewers	530,366,250	18,083,639	512,282,611
Urban renewal	459,650,750	-	459,650,750
Pension deficit	424,293,000	-	424,293,000

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$990,017,000.

City of Bristol, Connecticut

Notes to Financial Statements

Note 8. Long-Term Liabilities (Continued)

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

General purpose	\$ 26,865,762
Schools	84,076,015
Sewers	19,370,967
	<u>\$ 130,312,744</u>

Prior year defeasance: On November 17, 2015, the City issued \$7,310,000 of general obligation refunding bonds with an average interest rate of 4%, of which the proceeds were used to advance refund the outstanding principal amounts of the general obligation bond of the City dated 2005 and 2009 (the "Refunded Bonds"). At June 30, 2017, there was \$6,400,000 in escrow. The balance of the defeased bonds was approximately \$6,315,000 at June 30, 2017. As a result, the refunded bonds are considered defeased and the liability has been removed from the basic financial statements.

Note 9. Landfill Closure

The City entered into a landfill lease agreement with Ogden Martin Systems of Bristol, Inc. (the Company), now known as Covanta, Bristol, Inc. (Covanta), whereby the City leased to the Company a landfill adjacent to the facility site in the City. The City is currently collecting fees for the interim period until the official Certificate of Closure is issued. Further, the Company, pursuant to a service agreement with BRRFOC has passed all costs of properly closing the City's landfill site to the BRRFOC and the related contracting communities. Solid waste landfill closure and post closure care requirements have been established by the State of Connecticut Department of Energy and Environmental Protection Agency and the Federal Environmental Protection Agency. The costs associated with monitoring and maintaining the landfill area during the post closure period are the responsibility of the City. The projected costs of this post closure period is \$1,440,209 as of June 30, 2017. These projected costs could be impacted by future inflation and regulations. The landfill was closed prior to July 1, 2002. Between 1979 and 1983 one part of the site received metal hydroxide slurry from local metal plating companies. This area was closed in 1986 and covered with a membrane cap as required by the Resource Conservation and Recovery Act.

City of Bristol, Connecticut

Notes to Financial Statements

Note 10. Risk Management

The City is exposed to various risks of loss including torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City generally obtains commercial insurance for these risks but has chosen to retain the risks for employee health and medical claims. The City has also retained risk for workers' compensation claims for fiscal years July 1, 1985 through June 30, 1998 and July 1, 2004 through June 30, 2011. The Health Benefits and Worker's Compensation Internal Service Fund is utilized to report this self-insurance activity. CIGNA administers the medical, Medco administers the prescription and Anthem Blue Cross/Blue Shield administers the dental plan, for which the City pays a fee. All funds of the City contribute to the Internal Service Fund based upon actuarial and insurance carrier estimates. The claims liability of \$11,832,599 reported in the Internal Service Fund at June 30, 2017, is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability were as follows:

	Liability July 1,	Current Year Claims and Changes in Estimates	Claim Payment	Liability June 30,
2015-2016	\$ 13,538,929	\$ 31,661,961	\$ 32,899,895	\$ 12,300,995
2016-2017	12,300,995	31,180,470	31,648,866	11,832,599

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

City of Bristol, Connecticut

Notes to Financial Statements

Note 11. Fund Balance (Deficits)

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

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Fund balances (deficits):					
Nonspendable:					
Inventory	\$ -	\$ -	\$ -	\$ 48,557	\$ 48,557
Trust purpose	-	-	-	922,966	922,966
Total non-spendable	-	-	-	971,523	971,523
Restricted:					
Grants	-	-	-	5,120,120	5,120,120
Debt service	-	918,777	-	-	918,777
Total restricted	-	918,777	-	5,120,120	6,038,897
Committed:					
Landfill closure	593,837	-	1,888,243	-	2,482,080
Compensated absences	2,500,000	-	-	148,854	2,648,854
Capital and nonrecurring	-	-	852,108	-	852,108
Capital and nonrecurring WPCA	-	-	1,831,763	-	1,831,763
Equipment	-	-	-	4,333,175	4,333,175
Education	-	-	-	666,863	666,863
Manross Memorial Library	-	-	-	803,059	803,059
Sewer	-	-	-	5,100,347	5,100,347
Solid waste disposal	-	-	-	596,242	596,242
Pine Lake Challenge Course	-	-	-	131,045	131,045
Transfer station	-	-	-	375,049	375,049
Open space	-	-	-	4,035	4,035
Centre Mall	-	-	-	441,928	441,928
Trust purpose	-	-	-	295,703	295,703
Total committed	3,093,837	-	4,572,114	12,896,300	20,562,251
Assigned:					
General government- carryover	3,718,069	-	-	444,120	4,162,189
State Budget Reductions Offset	2,000,000	-	-	-	2,000,000
General government encumbrances- furniture	11,678	-	-	-	11,678
Public Safety encumbrances - uniforms	22,103	-	-	-	22,103
Public Works encumbrances- fleet	2,071,459	-	-	-	2,071,459
Libraries encumbrances- books & media	7,769	-	-	-	7,769
Parks and Recreation encumbrances	40,054	-	-	-	40,054
Miscellaneous encumbrances	13,204	-	-	-	13,204
Total assigned	7,884,336	-	-	444,120	8,328,456
Unassigned	27,795,244	-	(4,516,858)	(380)	23,278,006
Total unassigned	27,795,244	-	(4,516,858)	(380)	23,278,006
Total fund balances (deficits)	\$ 38,773,417	\$ 918,777	\$ 55,256	\$ 19,431,683	\$ 59,179,133

Significant encumbrances at June 30, 2017, are contained in the above table in the assigned category of the General Fund.

City of Bristol, Connecticut

Notes to Financial Statements

Note 12. Contingent Liabilities

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

The City participates in a number of State and Federal grant programs that are subject to program compliance audits by the grantor agencies. Such audits could lead to requests for reimbursement of expenditures disallowed under the terms of the grants. As of June 30, 2017, the City is of the opinion that such reimbursements in respect of disallowed expenditures, if any, will not be significant.

Note 13. Other Post-Employment Benefits

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

At July 1, 2016, plan membership consisted of the following:

	Retiree Healthcare Plan
Active plan members	1,445
Retired members	441
Total participants	<u>1,886</u>

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

City of Bristol, Connecticut

Notes to Financial Statements

Note 13. Other Post-Employment Benefits (Continued)

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

	Retiree Healthcare Plan
Annual required contribution	\$ 8,097,574
Interest on net OPEB obligation	1,561,441
Adjustment to annual required contribution	<u>(2,031,480)</u>
Annual OPEB cost	7,627,535
Contributions made	1,554,072
Benefit Payments	<u>4,474,886</u>
Increase in net OPEB obligation	1,598,577
Net OPEB obligation, beginning of year	<u>31,228,822</u>
Net OPEB obligation, end of year	<u><u>\$ 32,827,399</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:

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution & Benefit Payment	Percentage of AOC Contributed	Net OPEB Obligation
06/30/2015	\$ 6,622,558	\$ 3,936,887	59.4%	\$ 28,307,518
06/30/2016	6,882,510	3,961,206	57.6%	31,228,822
06/30/2017	7,627,535	6,028,958	79.0%	32,827,399

Schedule of funding progress:

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Percentage Funded (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
07/01/16	\$ 6,127,608	\$ 70,896,937	\$ (64,769,329)	8.6%	\$ 98,287,369	(65.9%)

City of Bristol, Connecticut

Notes to Financial Statements

Note 13. Other Post-Employment Benefits (Continued)

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

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

In the July 1, 2016, actuarial valuation, the projected unit credit actuarial cost method was used. The ARC reflects a closed 30-year, level amortization of the unfunded actuarial accrued liability (AAL). The actuarial assumptions include a 5% investment rate of return and inflation rate of 3%. The annual healthcare cost trend rate is 10% initially, grading down to 4.5% in year 2023 and thereafter.

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

GASB 74 Disclosures: The following disclosures are required under GASB 74 and report the net OPEB liability under implementation of GASB 75 effective July 1, 2012.

Investments:

Investment policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Investment Committee. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

Rate of return: For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was as follows. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

	<u>OPEB Plan</u>
Rate of return	7.30%

City of Bristol, Connecticut

Notes to Financial Statements

Note 13. Other Post-Employment Benefits (Continued)

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

Net OPEB Liability as of June 30, 2017	OPEB Plan
Total OPEB liability	\$ 63,442,321
Plan fiduciary net position	8,126,904
Net OPEB liability	<u>\$ 55,315,417</u>
Plan fiduciary net position as a percentage of total OPEB liability	<u>12.81%</u>

The \$55,315,417 will be recognized as a liability on July 1, 2017, when GASB 75 takes effect.

Assumed rate of return: The long-term expected rate of return on OPEB plan investments was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Best estimates of the real rates of returns for each major asset class are included in the OPEB plan's target asset allocation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of July 1, 2016, and the final vestment return assumption, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long- Term Expected Geometric Real Return
Intermediate Term Bonds	21.30%	2.16%	2.05%
High Yield Bonds	7.60%	5.20%	4.65%
Large Cap US Equities	30.00%	4.86%	3.61%
Mid Cap US Equities	2.50%	6.11%	4.10%
Small Cap US Equities	2.50%	5.41%	3.76%
Developed Foreign Equities	13.60%	5.88%	4.20%
Emerging Market Equities	7.50%	8.14%	4.79%
Private Equity	5.00%	8.96%	5.08%
Hedge Funds / Absolute Return	10.00%	1.97%	1.66%
	<u>100.00%</u>		
Assumed Inflation- mean		2.70%	2.70%
Assumed inflation- Standard Deviation		2.00%	2.00%
Portfolio Real Mean Return		4.66%	3.93%
Portfolio Nominal Mean Return		7.37%	6.72%
Portfolio Standard Deviation			11.96%
Long-term expected nominal return			7.30%

City of Bristol, Connecticut

Notes to Financial Statements

Note 13. Other Post-Employment Benefits (Continued)

Discount rate: The discount rate used to measure the total OPEB liability was 7.30%. 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. Also, based on the net position of the plans and contribution policies, it was assumed the plan's projected fiduciary net position would be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, the long-term expected rates of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates: The following presents the net OPEB liability of the Town, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

Net OPEB Liability	Healthcare Cost Trend Rates		
	1.0% Decrease (6.65% decreasing to 3.50%)	7.65% decreasing to 4.50%	1.0% Increase (8.65% increasing to 5.50%)
Net OPEB liability as of June 30, 2017	\$ 49,260,673	\$ 55,315,417	\$ 62,344,032

Sensitivity of estimates used in calculating the net OPEB liability: The following presents the net OPEB liability of the City, calculated using the discount rate of 7.30%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the rate utilized.

Net OPEB Liability	Current Discount Rate		
	1% Decrease 6.30%	7.30%	1% Increase 8.30%
OPEB Plan	\$ 60,960,952	\$ 55,315,417	\$ 50,315,417

Note 14. Employee Retirement Systems and Pension Plans

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

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

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

City of Bristol, Connecticut

Notes to Financial Statements

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

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

**Combining Statement of Net Position
June 30, 2017**

	Pension and OPEB Trust Funds				
	City of Bristol Retirement System	Firefighters' Benefits Fund	Police Benefit Fund	OPEB	Total
Assets					
Cash and cash equivalents	\$ 4,363,965	\$ 3,739,539	\$ 4,096,119	\$ 2,994,074	\$ 15,193,697
Investments	203,350,588	190,435,384	202,400,544	5,132,830	601,319,346
Total assets	207,714,553	194,174,923	206,496,663	8,126,904	616,513,043
Liabilities					
Accounts payable	-	11,192	10,087	-	21,279
Total liabilities	-	11,192	10,087	-	21,279
Net position:					
Restricted for pension and opeb benefits	207,714,553	194,163,731	206,486,576	8,126,904	616,491,764
Total net position	\$ 207,714,553	\$ 194,163,731	\$ 206,486,576	\$ 8,126,904	\$ 616,491,764

City of Bristol, Connecticut

Notes to Financial Statements

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

Combining Statement of Changes in Plan Net Position
Year Ended June 30, 2017

	Pension and OPEB Trust Funds				
	11.5				
	City of Bristol Retirement System	Firefighters' Benefits Fund	Police Benefit Fund	OPEB	Total
Additions:					
Contributions:					
Employer	\$ 1,064,936	\$ -	\$ -	\$ 1,500,000	\$ 2,564,936
Plan members	2,022,349	162,246	470,241	54,072	2,708,908
Total contributions	3,087,285	162,246	470,241	1,554,072	5,273,844
Investment income:					
Net appreciation in fair value of investments	22,122,162	20,074,526	21,509,787	351,136	64,057,611
Interest and dividends	2,558,502	2,315,009	2,480,160	121,030	7,474,701
Total investment income (loss)	24,680,664	22,389,535	23,989,947	472,166	71,532,312
Less investment expenses	(334,665)	(57,526)	(63,315)	-	(455,506)
Net investment income (loss)	24,345,999	22,332,009	23,926,632	472,166	71,076,806
Total additions	27,433,284	22,494,255	24,396,873	2,026,238	76,350,650
Deductions:					
Benefits	13,163,534	3,867,069	6,231,087	-	23,261,690
Administration	1,372,027	1,224,610	1,059,829	26,942	3,683,408
Total deductions	14,535,561	5,091,679	7,290,916	26,942	26,945,098
Change in net position	12,897,723	17,402,576	17,105,957	1,999,296	49,405,552
Net position - beginning of year	194,816,830	176,761,155	189,380,619	6,127,608	567,086,212
Net position - end of year	\$ 207,714,553	\$ 194,163,731	\$ 206,486,576	\$ 8,126,904	\$ 616,491,764

City of Bristol, Connecticut

Notes to Financial Statements

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

At July 1, 2016, PERS membership consisted of:

	City of Bristol Retirement System	Firefighters' Benefits Fund	Police Benefit Fund
Retirees, disabled and beneficiaries currently receiving benefits	552	95	125
Terminated employees entitled to benefits but not yet receiving them	91	-	3
Current employees	723	86	121
Total	1,366	181	249

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

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

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

City of Bristol, Connecticut

Notes to Financial Statements

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

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

Summary of significant accounting policies and plan asset matters:

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

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

The City is required to contribute the remaining amounts necessary to finance the benefits for its employees. For the year ended June 30, 2017, the City was required to make a contribution of \$756,393. Benefits and employee contributions are fixed by union contract and may be amended by union negotiations.

Fire employees are required to contribute 6% of their base pay to the PERS. After 25 years of service, employee contributions cease. The City is required to contribute the remaining amounts necessary to finance the benefits for its employees. For the year ended June 30, 2017, the City was not required to make a contribution. Benefits and employee contributions are fixed by union contract and may be amended by union negotiations.

Police employees are required to contribute 6% of their base pay to the PERS. After 25 years of service, employee contributions cease. The City is required to contribute the remaining amounts necessary to finance the benefits for its employees. For the year ended June 30, 2017, the City was not required to make a contribution. Benefits and employee contributions are fixed by union contract and may be amended by union negotiations.

City of Bristol, Connecticut

Notes to Financial Statements

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

Investments:

Investment policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board. It is the policy of the Retirement Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2017:

Asset Class	Target Allocation
US Interm Bonds	21.3%
US High Yield Bonds	7.6%
US Large Caps	30.0%
US Small Caps	2.5%
US Mid Caps	2.5%
Foreign Developed Equity	13.6%
Emerging Market Equities	7.5%
Private Equities	5.0%
Hedge FOF Diversified	10.0%
Total	100.0%

Rate of return: For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.06%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

	City of Bristol Retirement System	Firefighters' Benefit Fund	Police Benefit Fund
Total pension liability	\$ 216,646,738	\$ 74,254,214	\$ 128,678,756
Plan fiduciary net position	207,714,553	194,163,731	206,486,576
Net pension liability (asset)	\$ 8,932,185	\$ (119,909,517)	\$ (77,807,820)
Plan fiduciary net position as a percentage of the total pension liability (asset)	95.88%	261.49%	160.47%

City of Bristol, Connecticut

Notes to Financial Statements

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

Changes in the Net Pension Liability (Asset)

	City of Bristol Retirement System		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 6/30/16	\$ 204,245,167	\$ 194,816,830	\$ 9,428,337
Changes for the year:			
Service cost	5,162,121	-	5,162,121
Interest on total pension liability	15,220,838	-	15,220,838
Effect of economic/demographic gains or losses	2,172,066	-	2,172,066
Effect of assumptions changes or inputs	3,010,080	-	3,010,080
Benefit payments	(13,163,534)	(13,163,534)	-
Employer contributions	-	1,064,936	(1,064,936)
Member contributions	-	2,022,396	(2,022,396)
Net investment income	-	22,973,925	(22,973,925)
Net changes	12,401,571	12,897,723	(496,152)
Balances at 6/30/17	<u>\$ 216,646,738</u>	<u>\$ 207,714,553</u>	<u>\$ 8,932,185</u>

Changes in the Net Pension Asset

	Firefighters' Benefits Fund		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at 6/30/16	\$ 71,680,982	\$ 176,761,155	\$ (105,080,173)
Changes for the year:			
Service cost	1,616,586	-	1,616,586
Interest on total pension liability	5,354,925	-	5,354,925
Effect of economic/demographic gains or losses	16,086	-	16,086
Effect of assumptions changes or inputs	(547,296)	-	(547,296)
Benefit payments	(3,867,069)	(3,867,069)	-
Member contributions	-	162,246	(162,246)
Net investment income	-	21,107,399	(21,107,399)
Net changes	2,573,232	17,402,576	(14,829,344)
Balances at 6/30/17	<u>\$ 74,254,214</u>	<u>\$ 194,163,731</u>	<u>\$ (119,909,517)</u>

City of Bristol, Connecticut

Notes to Financial Statements

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

Changes in the Net Pension Asset

	Police Benefit Fund		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at 6/30/16	\$ 115,955,470	\$ 189,380,619	\$ (73,425,149)
Changes for the year:			
Service cost	2,398,768	-	2,398,768
Interest on total pension liability	8,656,314	-	8,656,314
Effect of economic/demographic gains or losses	3,383,532	-	3,383,532
Effect of assumptions changes or inputs	4,266,259	-	4,266,259
Benefit payments	(5,981,587)	(5,981,587)	-
Member contributions	-	470,241	(470,241)
Net investment income	-	22,617,303	(22,617,303)
Net changes	12,723,286	17,105,957	(4,382,671)
Balances at 6/30/17	\$ 128,678,756	\$ 206,486,576	\$ (77,807,820)

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

	City of Bristol Retirement System	Firefighters' Benefits Fund	Police Benefit Fund
Actuarial valuation date	July 1, 2016	July 1, 2016	July 1, 2016
Measurement date	June 30, 2017	June 30, 2017	June 30, 2017
Inflation	2.70%	2.70%	2.70%
Salary increases including inflation	Graded salary growth with an ultimate rate of 3.25%	Graded salary growth with an ultimate rate of 3.25%	Graded salary growth with an ultimate rate of 3.25%
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 to BB.

City of Bristol, Connecticut

Notes to Financial Statements

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011-June 30, 2015.

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, 2017 (see the discussion of the pension plan's investment policy), are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Arithmetic Real Rate of Return</u>	<u>Long-term Expected Geometric Real Rate of Return</u>
US Interm Bonds	2.16%	2.05%
US High Yield Bonds	5.20%	4.65%
US Large Caps	4.86%	3.61%
US Small Caps	6.11%	4.10%
US Mid Caps	5.41%	3.76%
Foreign Developed Equities	5.88%	4.20%
Emerging Market Equities	8.14%	4.79%
Private Equities	8.96%	5.08%
Hedge FOF Diversified	1.97%	1.66%
Assumed Inflation - Mean	2.70%	2.70%
Assumed Inflation - Standard Deviation	2.00%	2.00%
Portfolio Real Mean Return	4.66%	3.93%
Portfolio Nominal Mean Return	7.37%	6.72%
Portfolio Standard Deviation	0.00%	11.96%
Long-term expected rate of return		7.40%

Discount rate: The discount rate used to measure the total pension liability was 7.40%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Bristol, Connecticut

Notes to Financial Statements

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

Sensitivity of the net pension liability (asset) to changes in the discount rate: The following presents the net pension liability of the City's Pension Plans, calculated using the discount rate of 7.40%, 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 (6.40%) or 1 percentage point higher (8.40%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	6.40%	7.40%	8.40%
Net pension liability (asset)			
City of Bristol Retirement System	\$ 32,096,159	\$ 8,932,185	\$ (10,804,884)
Firefighters' Benefit Fund	(110,955,566)	(119,909,517)	(127,399,624)
Police Benefit Fund	(60,839,762)	(77,807,820)	(91,751,698)

For the fiscal year ended June 30, 2017, the recognized pension expense is \$11,007,325. As of June 30, 2017, deferred outflows of resources and deferred inflows of resources related to pensions are reported as follows:

	Deferred Outflows of Resources			
	City of Bristol Retirement System	Firefighters' Benefit Fund	Police Benefit Fund	Total
Net difference between projected and actual earnings on pension plan investments	\$ 11,450,327	\$ 9,637,029	\$ 10,395,255	\$ 31,482,611
Changes in assumptions	2,419,868	-	3,609,911	6,029,779
Differences between expected and actual experience	1,787,564	882,600	3,571,674	6,241,838
Total	\$ 15,657,759	\$ 10,519,629	\$ 17,576,840	\$ 43,754,228
	Deferred Inflows of Resources			
	City of Bristol Retirement System	Firefighters' Benefit Fund	Police Benefit Fund	Total
Differences between expected and actual experience	\$ (579,628)	\$ (1,547,647)	\$ (3,323,686)	\$ (5,450,961)
Changes in assumptions	-	(464,372)	-	(464,372)
Total	\$ (579,628)	\$ (2,012,019)	\$ (3,323,686)	\$ (5,915,333)
Net deferred outflows/(inflows) of resources	\$ 15,078,131	\$ 8,507,610	\$ 14,253,154	\$ 37,838,895

City of Bristol, Connecticut

Notes to Financial Statements

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

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

	City of Bristol Retirement System	Firefighters' Benefit Fund	Police Benefit Fund	Total
Year ending June 30:				
2018	\$ 6,458,794	\$ 4,572,127	\$ 5,583,245	\$ 16,614,166
2019	6,458,796	4,572,128	5,583,244	16,614,168
2020	2,886,164	1,525,339	2,284,028	6,695,531
2021	(827,234)	(1,831,342)	(1,104,436)	(3,763,012)
2022	101,611	(282,354)	1,318,628	1,137,885
Thereafter*	-	(48,288)	588,445	540,157
Total	<u>\$ 15,078,131</u>	<u>\$ 8,507,610</u>	<u>\$ 14,253,154</u>	<u>\$ 37,838,895</u>

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

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

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

Summary of significant accounting policies: For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

City of Bristol, Connecticut

Notes to Financial Statements

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

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

Normal benefit: A member at age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut is eligible for vested benefits of 2% of average annual salary times years of credited service (maximum benefit is 75% of average annual salary.)

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

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

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

Participants are required to contribute 7.25% of their annual salary rate to the System as required by CGS Section 10-183b (7). For the 2016/2017 school year, \$13,798,311 mandatory contributions were deducted from the salaries of teachers who were participants of the System during that school year. The estimated covered payroll for the City is \$58,300,000.

Actuarial assumptions: The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 – June 30, 2015. The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following key actuarial assumptions:

Inflation	2.75 Percent
Salary increases, including inflation	3.25-6.50 Percent
Long-term investment rate of return, net of pension investment expense, including inflation	8.00 Percent

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

City of Bristol, Connecticut

Notes to Financial Statements

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

The long-term expected rate of return on pension investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equities	21.00%	5.80%
Developed non-U.S. equities	18.00%	6.60%
Emerging Markets (non-U.S.)	9.00%	8.30%
Real Estate	7.00%	5.10%
Private Equity	11.00%	7.60%
Alternative Investments	8.00%	4.10%
Core Fixed Income	7.00%	1.30%
High Yield Bonds	5.00%	3.90%
Emerging Market Bond	5.00%	3.70%
Inflation Linked Bond Fund	3.00%	1.00%
Cash	6.00%	0.40%
	100.00%	

Discount rate: The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension liability (NPL) to changes in the discount rate: The following presents the State's proportionate share of the NPL of the System, calculated using the discount rate of 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate. The City has no obligation for the NPL.

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
State's share of NPL associated with the City	\$248,567,554	\$201,478,144	\$161,671,476

City of Bristol, Connecticut

Notes to Financial Statements

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

Pension liabilities, pension expense, and deferred inflows/outflows of resources: The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 68 and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the City. The portion of the net pension liability that was associated with the City was \$201,478,144 and 100% of the collective net pension liability is allocated to the State.

June 30, 2016, is the actuarial valuation date upon which the total pension liability is based.

Since the prior valuation, the State adopted new assumptions based on the 2015 Experience Study. The changes in assumptions are summarized below:

Economic assumptions:

1. Reduce the inflation assumption from 3.00% to 2.75%.
2. Reduce the real rate of return assumption from 5.50% to 5.25% which, when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.50% to 8.00%.
3. Reduce the annual rate of wage increase assumption from 0.75% to 0.50%.
4. Slightly modify the merit portion of the salary scale.
5. Reduce the payroll growth assumption from 3.75% to 3.25%.

Demographic assumptions:

6. Update mortality tables to projected versions of the RPH-2014 mortality tables.
7. Increase normal retirement rates for females at most ages and proratable retirement rates for males at most ages. Decrease early retirement rates for both males and females.
8. Increase rates of withdrawal.
9. Decrease rates of disability for males.

The City has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$21,971,916 payments made by the State of Connecticut on-behalf of the City. The City does not have any liability for teacher pensions.

Note 15. Governmental Accounting Standards Board (GASB) Statements

The GASB has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements, except for GASB 75, the estimated increase in liabilities is approximately \$22.5 million:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement 75 carries forward from Statement 45 the option to use a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through OPEB plans in which there are fewer than 100 plan members (active and inactive). This option was retained in order to reduce costs for smaller governments. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017.
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.
- GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. . A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.
- GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.
- GASB Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

City of Bristol, Connecticut

Notes to Financial Statements

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

- *GASB Statement No. 86, Certain Debt Extinguishment Issues.* The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.
- *GASB Statement No. 87, Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

Note 16. Subsequent Events

In October 2017, the City issued \$4,000,000 in federally taxable bond anticipation notes. The notes have an interest rate of 2.00% and mature on July 18, 2018.

In November 2017, the City issued \$25,435,000 in general obligation refunding bonds. The general obligation bonds were used to refund \$27,625,000 of bonds outstanding.

Note 17. Tax Abatements

The City adopted new accounting guidance, GASB Statement No. 77, *Tax Abatement Disclosures*, effective for the year ended June 30, 2017. The new disclosure is presented below:

As of June 30, 2017, the City provides tax abatements through the Connecticut Enterprise Zone Program and Urban Jobs Program, as well as a locally administered Enterprise Zone Program for projects that fall within the State-designated Enterprise Zone area but which do not qualify for the State-Sponsored Connecticut Enterprise Zone Program.

The State-Sponsored Connecticut Enterprise Zone (EZ) Program provides real property tax abatements to encourage economic development in designated areas within a Targeted Investment Community of which the City has been designated, under Connecticut General Statutes Section 32-71. Eligible businesses include manufacturers, warehouse distributors and certain designated service related business. The property tax abatement is for a full five-year period and takes effect with the start of the first full assessment year following issuance of a "Certificate of Eligibility". For the fiscal year ended June 30, 2017, taxes abated through this program totaled approximately \$125,000. There are no provisions to recapture abated taxes under this program. No other commitments have been made by the City to the abatement recipients under this program.

City of Bristol, Connecticut

Notes to Financial Statements

Note 17. Tax Abatements (Continued)

The City-Sponsored Enterprise Zone Program is for projects within the State-designated Enterprise Zone area in which the applicant need not be a manufacturer, warehouse distributor, or eligible service-related business. To be eligible, commercial property must be improved to the extent of \$175,000 or greater. Program benefits are structured as a seven-year abatement of qualifying real and personal property improvements according to the following schedule: 100% (Year 1), 100% (Year 2), 50% (Year 3), 40% (Year 4), 30% (Year 5), 20% (Year 6), and 10% (Year 7). For the fiscal year ended June 30, 2017, the City did not have taxes abated through this program.

The Urban Jobs Program is available outside the geographic boundaries of the Enterprise Zone to certain companies. The property tax abatement is for a full five-year period and takes affect with the start of the first full assessment year following issuance of a "Certificate of Eligibility". For the fiscal year ended June 30, 2017, taxes abated through this program totaled approximately \$103,000. There are no provisions to recapture abated taxes under this program. No other commitments have been made by the City to the abatement recipients under this program.

**Required Supplementary
Information - Unaudited**

Required Supplementary Information - Unaudited
Schedule of General Fund Revenues and Other Financing Sources - Budget and Actual (in thousands)
For the Year Ended June 30, 2017
With Comparative Actual Amounts for 2016

	2017				Variance With Final Budget Positive (Negative)	2016 Actual
	Original Budget	Adjustments	Amended Budget	Actual		
Property Taxes						
Current levy	\$ 137,047	\$ 1,600	\$ 138,647	\$ 138,579	\$ (68)	\$ 131,438
Prior levy	1,150	781	1,931	1,820	(111)	1,489
60-Day GAAP	-	-	-	(110)	(110)	184
Interest and penalties	650	-	650	1,138	488	921
Total property taxes	138,847	2,381	141,228	141,427	199	134,032
Licenses, Permits and Fees						
Assessors' late filing fees	1	-	1	2	1	1
Circuit Court fines	2	-	2	7	5	11
Dog penalties	1	-	1	1	-	1
Merchandising licenses	2	-	2	4	2	4
Animal licenses	8	-	8	7	(1)	8
Marriage licenses	2	-	2	2	-	2
Fees	14	-	14	16	2	41
Notary services	4	-	4	4	-	3
Burial permits	2	-	2	3	1	2
Trade names	1	-	1	1	-	1
Vital statistics	118	-	118	137	19	132
Parking violations	50	-	50	58	8	53
Alarm fees	19	-	19	12	(7)	18
Police report fees	12	-	12	15	3	13
Building permits	1,000	-	1,000	1,063	63	941
PW excavating permits	9	-	9	8	(1)	10
Zoning Violations	2	-	2	-	(2)	-
Land use fees and permits	13	-	13	22	9	15
Drop box fee	2	-	2	2	-	5
Library fines	19	-	19	16	(3)	22
Total licenses, permits and fees	1,281	-	1,281	1,380	99	1,283
State and Federal Grants						
State grants-in-aid:						
Sales Tax Revenue Sharing	1,276	-	1,276	1,276	-	-
State Grant: Elderly Freeze	2	-	2	3	1	4
Tax Relief Elderly/Disabled Homeowner	345	-	345	334	(11)	352
Private Hospitals (PILOT)	392	-	392	392	-	404
Tax Relief Totally Disabled	12	-	12	14	2	14
Additional Tax Relief: Veterans	29	-	29	29	-	29
Enterprise Zone Reimbursement	120	-	120	125	5	174
Town Aid Road Transportation	664	-	664	664	-	664
Mashantucket Pequot Grant	565	-	565	565	-	600
Demand Response	-	57	57	57	-	57
Off-track Betting	70	-	70	52	(18)	64
Municipal Grant in Aid	-	2,487	2,487	2,487	-	2,487
Utilities Tax	100	-	100	126	26	118

(Continued)

Required Supplementary Information - Unaudited
Schedule of General Fund Revenues and Other Financing Sources - Budget and Actual (in thousands) (Continued)
For the Year Ended June 30, 2017
With Comparative Actual Amounts for 2016

	2017					2016 Actual
	Original Budget	Adjustments	Amended Budget	Actual	Variance With Final Budget Positive (Negative)	
State and Federal Grants (Continued)						
Youth Services Bureau	\$ 46	\$ -	\$ 46	\$ 41	\$ (5)	\$ 46
Youth Services Bureau - Enhancement	-	8	8	8	-	7
Juvenile Diversion Grant	-	36	36	36	-	30
E911 Subsidy Grant	135	-	135	135	-	135
Dispatch Training Grant	6	-	6	6	-	7
School Readiness Grant/Quality Enhancement	-	2,925	2,925	2,820	(105)	2,894
Education Cost Sharing	41,657	-	41,657	41,420	(237)	41,644
Transportation Child- Public	-	-	-	-	-	405
Medicaid Coordination	-	-	-	-	-	251
Excess Cost Student Based	-	-	-	-	-	1,471
Health Serv. PA 481/Private Sch Health Reimb.	250	-	250	220	(30)	237
Transportation School Child- Nonpublic	-	-	-	-	-	160
Miscellaneous State Grants	1	-	1	1	-	-
Federal grants:						
Housing Authority (FED-PILOT)	-	-	-	193	193	-
FEMA disaster grant	-	-	-	61	61	-
Civil Preparedness	10	-	10	6	(4)	19
Total state and federal grants	45,680	5,513	51,193	51,071	(122)	52,273
Charges for Services						
Copier charges	55	-	55	62	7	60
Water reimbursement fees	1	-	1	12	11	8
Foreclosure reimbursement fees	10	-	10	28	18	7
Recording fees	280	-	280	298	18	289
Real estate transfer tax	750	-	750	968	218	825
Department of Aging services	63	-	63	66	3	64
Public Safety charges for services	620	666	1,286	1,581	295	1,242
Animal Control charges	3	-	3	3	-	3
Miscellaneous charges for services	8	1	9	3	(6)	3
Public Works service and maps	339	56	395	409	14	335
Recycling permits	8	-	8	14	6	13
City building rentals	17	-	17	168	151	276
School tuition	-	-	-	-	-	70
Pool revenue	176	-	176	192	16	190
Park program	154	-	154	151	(3)	119
Total charges for services	2,484	723	3,207	3,955	748	3,504

(Continued)

Required Supplementary Information - Unaudited
Schedule of General Fund Revenues and Other Financing Sources - Budget and Actual (in thousands) (Continued)
For the Year Ended June 30, 2017
With Comparative Actual Amounts for 2016

	2017					Variance With Final Budget Positive (Negative)	2016 Actual
	Original Budget	Adjustments	Amended Budget	Actual			
Investment Earnings							
Interest - General Fund	\$ 250	\$ -	\$ 250	\$ 449	\$ 199	\$ 357	
Interest - Miscellaneous A/R	3	-	3	9	6	9	
Total investment earnings	<u>253</u>	<u>-</u>	<u>253</u>	<u>458</u>	<u>205</u>	<u>366</u>	
Sale of Property and Equipment	<u>75</u>	<u>-</u>	<u>75</u>	<u>70</u>	<u>(5)</u>	<u>420</u>	
Other Local Revenue							
Miscellaneous	27	74	101	133	32	1,140	
Contributions Interdistrict Cooperative	-	69	69	69	-	76	
Library trust funds	16	34	50	50	-	49	
Park trust funds and gifts	497	4	501	489	(12)	484	
Total other local revenue	<u>540</u>	<u>181</u>	<u>721</u>	<u>741</u>	<u>20</u>	<u>1,749</u>	
Transfers in	<u>3</u>	<u>2</u>	<u>5</u>	<u>13</u>	<u>8</u>	<u>74</u>	
Total revenues and other financing sources	<u>\$ 189,163</u>	<u>\$ 8,800</u>	<u>\$ 197,963</u>	199,115	<u>\$ 1,152</u>	193,701	

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teacher's Retirement System for City teachers are not budgeted	<u>21,972</u>	<u>13,692</u>
--------------------------------------------------------------------------------------------------------------------------------------	---------------	---------------

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

<u>\$ 221,087</u>	<u>\$ 207,393</u>
-------------------	-------------------

Required Supplementary Information - Unaudited
 Schedule of General Fund Expenditures and Other Financing Uses - Budgetary Basis - Budget and Actual (in thousands)
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for 2016

	2017				Variance With Final Budget Positive (Negative)	2016 Actual
	Original Budget	Adjustments	Amended Budget	Actual		
General Government						
City Council:						
Personnel services	\$ 58	\$ -	\$ 58	\$ 53	\$ (5)	\$ 58
Mayor's Office:						
Personnel services	163	7	170	163	(7)	159
Contractual services	78	(5)	73	68	(5)	60
Supplies	1	-	1	1	-	1
Capital outlay	-	-	-	-	-	1
Total mayor's office	242	2	244	232	(12)	221
Probate Court:						
Contractual services	35	1	36	33	(3)	32
Supplies	5	-	5	5	-	8
Total probate court	40	1	41	38	(3)	40
Registrar of Voters:						
Personnel services	204	(14)	190	187	(3)	193
Contractual services	30	2	32	27	(5)	29
Supplies	19	13	32	28	(4)	15
Capital Outlay	-	-	-	-	-	29
Total registrar of voters	253	1	254	242	(12)	266
Assessor:						
Personnel services	371	(9)	362	360	(2)	344
Contractual services	24	18	42	35	(7)	34
Supplies	2	-	2	1	(1)	2
Capital outlay	-	6	6	6	-	-
Total assessor	397	15	412	402	(10)	380
Board of Assessment Appeals:						
Personnel services	5	-	5	5	-	5
Tax Collector:						
Personnel services	293	4	297	290	(7)	287
Contractual services	75	-	75	57	(18)	45
Supplies	1	-	1	1	-	1
Total tax collector	369	4	373	348	(25)	333
Purchasing:						
Personnel services	185	3	188	187	(1)	174
Contractual services	9	-	9	8	(1)	8
Total purchasing	194	3	197	195	(2)	182

(Continued)

Required Supplementary Information - Unaudited
 Schedule of General Fund Expenditures and Other Financing Uses - Budgetary Basis - Budget and Actual (in thousands) (Continued)
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for 2016

	2017					2016 Actual
	Original Budget	Adjustments	Amended Budget	Actual	Variance With Final Budget Positive (Negative)	
General Government (Continued)						
Comptroller's Office:						
Personnel services	\$ 642	\$ -	\$ 642	\$ 623	\$ (19)	\$ 619
Contractual services	14	-	14	11	(3)	10
Supplies	1	-	1	1	-	1
Total comptroller's office	657	-	657	635	(22)	630
Treasurer:						
Personnel services	105	2	107	104	(3)	102
Contractual services	11	-	11	6	(5)	5
Supplies	-	-	-	-	-	1
Other/Misc.	30	-	30	5	(25)	6
Total treasurer	146	2	148	115	(33)	114
Information Systems:						
Personnel services	483	9	492	491	(1)	487
Contractual services	345	(17)	328	291	(37)	289
Supplies	10	-	10	10	-	9
Capital outlay	44	-	44	44	-	70
Total information systems	882	(8)	874	836	(38)	855
Personnel Department:						
Personnel services	471	-	471	471	-	463
Contractual services	106	47	153	152	(1)	119
Purch. professional services	6	3	9	9	-	8
Supplies	5	-	5	5	-	4
Capital outlay	-	-	-	-	-	-
Total personnel department	588	50	638	637	(1)	594
Corporation Counsel:						
Personnel services	397	11	408	405	(3)	400
Contractual services	202	38	240	234	(6)	140
Supplies	17	(3)	14	12	(2)	10
Total corporation counsel	616	46	662	651	(11)	550
City Clerk:						
Personnel services	340	5	345	337	(8)	324
Contractual services	77	-	77	66	(11)	68
Supplies	2	-	2	2	-	2
Total city clerk	419	5	424	405	(19)	394

(Continued)

Required Supplementary Information - Unaudited
 Schedule of General Fund Expenditures and Other Financing Uses - Budgetary Basis - Budget and Actual (in thousands) (Continued)
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for 2016

	2017					2016 Actual
	Original Budget	Adjustments	Amended Budget	Actual	Variance With Final Budget Positive (Negative)	
General Government (Continued)						
Board of Finance:						
Personnel services	\$ 1	\$ -	\$ 1	\$ 1	\$ -	\$ 2
Contractual services	65	-	65	64	(1)	61
Total board of finance	66	-	66	65	(1)	63
Aging Department:						
Personnel services	384	5	389	378	(11)	354
Contractual services	206	56	262	240	(22)	242
Supplies	61	-	61	49	(12)	43
Capital outlay	-	-	-	-	-	-
Total aging department	651	61	712	667	(45)	639
Downtown Corporation (BDDC):						
Contractual services	-	-	-	-	-	30
NVCOG:						
Contractual services	26	-	26	26	-	26
Youth Services:						
Personnel services	273	5	278	273	(5)	265
Contractual services	123	44	167	160	(7)	153
Supplies	10	-	10	9	(1)	8
Total youth services	406	49	455	442	(13)	426
Interdistrict COOP:						
Personnel services	-	29	29	29	-	2
Contractual services	-	2	2	2	-	1
Purchased other services	-	37	37	37	-	72
Supplies	-	1	1	1	-	1
Total interdistrict COOP	-	69	69	69	-	76
Community Promotions:						
Contractual services	5	-	5	4	(1)	34
Other	25	8	33	33	-	25
Total community promotions	30	8	38	37	(1)	59

(Continued)

Required Supplementary Information - Unaudited
 Schedule of General Fund Expenditures and Other Financing Uses - Budgetary Basis - Budget and Actual (in thousands) (Continued)
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for 2016

	2017					2016 Actual
	Original Budget	Adjustments	Amended Budget	Actual	Variance With Final Budget Positive (Negative)	
General Government (Continued)						
Boards and Commissions:						
Personnel services	\$ 7	\$ -	\$ 7	\$ 5	\$ (2)	\$ 5
Contractual services	1	-	1	-	(1)	-
Total boards and commissions	8	-	8	5	(3)	5
Total general government	6,053	308	6,361	6,105	(256)	5,946
Public Safety						
Police Department:						
Personnel services	13,650	1,218	14,868	14,243	(625)	13,682
Contractual services	702	(1)	701	684	(17)	548
Supplies	285	(14)	271	235	(36)	208
Capital outlay	32	22	54	54	-	14
Total police department	14,669	1,225	15,894	15,216	(678)	14,452
Fire Department:						
Personnel services	7,778	(1)	7,777	7,653	(124)	7,525
Contractual services	242	7	249	175	(74)	226
Supplies	173	7	180	170	(10)	160
Capital outlay	42	12	54	52	(2)	115
Total fire department	8,235	25	8,260	8,050	(210)	8,026
Animal Control:						
Personnel services	129	9	138	137	(1)	133
Contractual services	11	10	21	21	-	9
Supplies	5	-	5	5	-	4
Total animal control	145	19	164	163	(1)	146
Emergency Management:						
Personnel services	7	-	7	7	-	7
Contractual services	3	-	3	2	(1)	2
Supplies	7	-	7	2	(5)	5
Capital outlay	2	-	2	1	(1)	4
Total emergency management	19	-	19	12	(7)	18

(Continued)

Required Supplementary Information - Unaudited
 Schedule of General Fund Expenditures and Other Financing Uses - Budgetary Basis - Budget and Actual (in thousands) (Continued)
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for 2016

	2017					2016 Actual
	Original Budget	Adjustments	Amended Budget	Actual	Variance With Final Budget Positive (Negative)	
Public Safety (Continued)						
Building Inspection:						
Personnel services	\$ 518	\$ (6)	\$ 512	\$ 501	\$ (11)	\$ 501
Contractual services	9	4	13	11	(2)	7
Supplies	6	2	8	5	(3)	4
Total building inspection	533	-	533	517	(16)	512
Total public safety	23,601	1,269	24,870	23,958	(912)	23,154
Public Works						
Administration:						
Personnel services	340	(2)	338	336	(2)	335
Contractual services	9	13	22	19	(3)	10
Supplies	2	-	2	2	-	6
Total administration	351	11	362	357	(5)	351
Engineering:						
Personnel services	787	(61)	726	724	(2)	680
Contractual services	57	23	80	73	(7)	40
Supplies	4	6	10	7	(3)	3
Total engineering	848	(32)	816	804	(12)	723
Land Use:						
Personnel services	209	(6)	203	141	(62)	209
Contractual services	16	1	17	13	(4)	11
Supplies	1	-	1	-	(1)	1
Capital outlay	-	4	4	4	-	-
Total land use	226	(1)	225	158	(67)	221
Maintenance:						
Personnel services	527	79	606	606	-	569
Contractual services	420	87	507	507	-	477
Supplies	144	(21)	123	123	-	100
Total maintenance	1,091	145	1,236	1,236	-	1,146

(Continued)

Required Supplementary Information - Unaudited
 Schedule of General Fund Expenditures and Other Financing Uses - Budgetary Basis - Budget and Actual (in thousands) (Continued)
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for 2016

	2017					2016 Actual
	Original Budget	Adjustments	Amended Budget	Actual	Variance With Final Budget Positive (Negative)	
Public Works (Continued)						
Streets Division:						
Personnel services	\$ 1,684	\$ (102)	\$ 1,582	\$ 1,543	\$ (39)	\$ 1,500
Contractual services	41	(18)	23	14	(9)	32
Supplies	181	12	193	188	(5)	126
Capital Outlay	-	140	140	132	(8)	11
Total streets division	1,906	32	1,938	1,877	(61)	1,669
Solid Waste Division:						
Personnel services	989	(13)	976	957	(19)	934
Contractual services	792	-	792	749	(43)	57
Supplies	19	-	19	5	(14)	10
Capital Outlay	(714)	-	(714)	(714)	-	23
Total solid waste division	1,086	(13)	1,073	997	(76)	1,024
Fleet Maintenance:						
Personnel services	626	(52)	574	573	(1)	554
Contractual services	410	(18)	392	392	-	484
Supplies	821	115	936	936	-	893
Capital Outlay	-	-	-	-	-	16
Total fleet maintenance	1,857	45	1,902	1,901	(1)	1,947
Snow Removal:						
Personnel services	300	(53)	247	238	(9)	168
Contractual services	347	9	356	346	(10)	148
Supplies	519	17	536	524	(12)	486
Capital Outlay	-	7	7	-	(7)	-
Total snow removal	1,166	(20)	1,146	1,108	(38)	802
Major Road Improvements:						
Personnel services	10	24	34	34	-	10
Contractual services	2,627	2,295	4,922	4,921	(1)	2,559
Total major road improvements	2,637	2,319	4,956	4,955	(1)	2,569
Railroad Maintenance:						
Contractual services	44	(28)	16	16	-	24

(Continued)

Required Supplementary Information - Unaudited
 Schedule of General Fund Expenditures and Other Financing Uses - Budgetary Basis - Budget and Actual (in thousands) (Continued)
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for 2016

	2017					2016 Actual
	Original Budget	Adjustments	Amended Budget	Actual	Variance With Final Budget Positive (Negative)	
Public Works (Continued)						
Other City Buildings:						
Contractual services	\$ 104	\$ (2)	\$ 102	\$ 101	\$ (1)	\$ 180
Supplies	73	2	75	75	-	51
Total other city buildings	177	-	177	176	(1)	231
Perm Patch Utility Trenches:						
Contractual services	-	57	57	55	(2)	-
Public Works Fleet:						
Capital outlay	1,125	(44)	1,081	1,009	(72)	812
Public Works Line Painting:						
Personnel services	1	-	1	-	(1)	-
Contractual services	140	-	140	140	-	158
Total public works line painting	141	-	141	140	(1)	158
Storm Water Maintenance:						
Personnel services	-	2	2	2	-	3
Contractual services	-	-	-	-	-	-
Total storm water maintenance	-	2	2	2	-	3
Street Lighting:						
Contractual services	550	13	563	562	(1)	541
Total public works	13,205	2,486	15,691	15,353	(338)	12,221
Health and Welfare:						
Community Services:						
Personnel services	46	-	46	46	-	44
Contractual services	14	-	14	11	(3)	12
Other/miscellaneous	69	-	69	28	(41)	52
Total community services	129	-	129	85	(44)	108

(Continued)

Required Supplementary Information - Unaudited
 Schedule of General Fund Expenditures and Other Financing Uses - Budgetary Basis - Budget and Actual (in thousands) (Continued)
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for 2016

	2017				Variance With Final Budget Positive (Negative)	2016 Actual
	Original Budget	Adjustments	Amended Budget	Actual		
Health and Welfare (Continued)						
Bristol-Burlington Health						
Contractual services	\$ 3,228	\$ -	\$ 3,228	\$ 3,228	\$ -	\$ 3,265
Health/SS Outside Agencies:						
Contractual services	84	26	110	109	(1)	80
Other/miscellaneous	-	18	18	18	-	-
Total health/SS outside agencies	84	44	128	127	(1)	80
Bristol Preschool:						
Contractual services	5	-	5	5	-	-
Cemetery Upkeep:						
Purch. prof. services	79	-	79	79	-	79
School Readiness Program:						
Personnel services	-	74	74	74	-	72
Contractual services	8	2,853	2,861	2,755	(106)	2,863
Total school readiness program	8	2,927	2,935	2,829	(106)	2,935
Total health and welfare	3,533	2,971	6,504	6,353	(151)	6,467
Libraries						
Library:						
Personnel services	1,518	8	1,526	1,468	(58)	1,479
Contractual services	310	(14)	296	282	(14)	288
Supplies	295	(12)	283	275	(8)	293
Capital outlay	-	-	-	-	-	2
Total library	2,123	(18)	2,105	2,025	(80)	2,062
Parks and Recreation						
Parks and Recreation:						
Personnel services	1,804	(84)	1,720	1,719	(1)	1,703
Contractual services	298	75	373	348	(25)	398
Supplies	250	(7)	243	231	(12)	243
Capital outlay	72	91	163	162	(1)	41
Other/miscellaneous	6	-	6	1	(5)	3
General insurance	43	-	43	40	(3)	40
Total parks and recreation	2,473	75	2,548	2,501	(47)	2,428

(Continued)

Required Supplementary Information - Unaudited
 Schedule of General Fund Expenditures and Other Financing Uses - Budgetary Basis - Budget and Actual (in thousands) (Continued)
 For the Year Ended June 30, 2017
 With Comparative Actual Amounts for 2016

	2017					2016 Actual
	Original Budget	Adjustments	Amended Budget	Actual	Variance With Final Budget Positive (Negative)	
Employee Benefits and Pension						
Employee Benefits and Pension:						
Retirement benefits	\$ 141	\$ 309	\$ 450	\$ 450	\$ -	\$ -
Employee benefits	1,567	589	2,156	2,136	(20)	1,779
Transfer to internal service	-	-	-	-	-	-
Other post-employment benefits	1,000	-	1,000	1,000	-	1,200
Total employee benefits and pension	2,708	898	3,606	3,586	(20)	2,979
General Insurance						
General Insurance	799	25	824	785	(39)	741
Miscellaneous						
Miscellaneous:						
All other costs and fees	3,479	(780)	2,699	851	(1,848)	752
Total miscellaneous	3,479	(780)	2,699	851	(1,848)	752
Education						
Board of Education:						
General control	2,543	(127)	2,416	2,409	(7)	2,385
Instruction	44,389	2,867	47,256	47,256	-	45,815
Transportation	3,579	473	4,052	4,052	-	3,914
Operation of plant	6,424	128	6,552	6,552	-	6,463
Maintenance of plant	2,336	(283)	2,053	2,053	-	2,261
Benefits and fixed	18,955	(16,284)	2,671	2,671	-	2,215
Athletics and student	2,033	(176)	1,857	1,857	-	1,911
Capital outlay	1,896	(36)	1,860	1,860	-	1,823
Special Education	24,177	(157)	24,020	24,020	-	24,623
Tuition	815	43	858	858	-	828
Total board of education	107,147	(13,552)	93,595	93,588	(7)	92,238

(Continued)

Required Supplementary Information - Unaudited
Schedule of General Fund Expenditures and Other Financing Uses - Budgetary Basis - Budget and Actual (in thousands) (Continued)
For the Year Ended June 30, 2017
With Comparative Actual Amounts for 2016

	2017				Variance With Final Budget Positive (Negative)	2016 Actual
	Original Budget	Adjustments	Amended Budget	Actual		
Transfer to Other Funds:						
Special revenue	\$ 1,528	\$ 2,189	\$ 3,717	\$ 3,717	\$ -	\$ 4,234
Debt service	7,949	-	7,949	7,949	-	8,000
Capital projects	835	932	1,767	1,767	-	1,009
Sinking fund	403	-	403	403	-	350
Internal service	13,327	15,933	29,260	29,260	-	26,535
Total transfers to other funds	24,042	19,054	43,096	43,096	-	40,128
Total	\$ 189,163	\$ 12,736	\$ 201,899	198,201	\$ (3,698)	189,116
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						
				21,972		13,692
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						
				(1,744)		145
Total expenditures and other financing uses as reported on the statement of revenues, expenditures, and changes in fund balance - Governmental Funds - Exhibit IV						
				<u>\$ 218,429</u>		<u>\$ 202,953</u>

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

Schedule of Funding Progress - OPEB

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit Cost Method (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
July 1, 2008	\$ -	\$ 72,080	\$ (72,080)	0.0%	\$ 70,000,000	-0.1%
July 1, 2010	-	64,510,000	(64,510,000)	0.0%	91,807,000	-70.3%
July 1, 2012	1,847,000	75,052,000	(73,205,000)	2.5%	88,563,000	-82.7%
July 1, 2014	4,439,558	60,732,614	(56,293,056)	7.3%	96,520,538	-58.3%
July 1, 2016	6,127,608	70,896,937	(64,769,329)	8.6%	98,287,369	-65.9%

Schedule of Employer Contributions - OPEB

Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
2017	\$ 8,097,574	\$ 6,028,958	74.5%
2016	7,308,579	3,961,206	54.2%
2015	8,768,000	3,156,480	36.0%
2014	9,322,000	4,446,594	47.7%
2013	7,528,000	4,456,576	59.2%
2012	7,883,000	4,756,449	60.3%
2011	8,279,000	5,166,096	62.4%

Required Supplementary Information - unaudited
Schedule of Contributions - OPEB Plan
Last Ten Fiscal Years

	Schedule of Contributions - OPEB Plan									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 7,256,765	\$ 7,308,579	\$ 7,008,204	\$ 9,322,000	\$ 7,528,000	\$ 7,883,000	\$ 8,279,000	N/A	N/A	N/A
Contributions in relation to the actuarially determined contribution	6,583,891	3,961,206	3,156,480	4,446,594	4,456,576	4,756,449	5,166,096	N/A	N/A	N/A
Contribution deficiency (excess)	\$ 672,874	\$ 3,347,373	\$ 3,851,724	\$ 4,875,406	\$ 3,071,424	\$ 3,126,551	\$ 3,112,904	N/A	N/A	N/A
Covered-employee payroll	\$ 98,287,369	\$ 96,520,538	\$ 96,520,538	\$ 88,563,000	\$ 88,563,000	\$ 91,807,000	\$ 91,807,000	\$ 70,000,000	\$ 70,000,000	N/A
Contributions as a percentage of covered-employee payroll	6.70%	4.10%	3.27%	5.02%	5.03%	5.18%	5.63%	0.00%	0.00%	0.00%

Required Supplementary Information - unaudited
Schedule of Changes in the City's OPEB Liability and Related Ratios
Last Fiscal Year*

Changes in Net OPEB Liability	2017
Total pension liability:	
Service cost	\$ 1,821,714
Interest	4,434,274
Differences between expected and actual experience	851,289
Changes in assumptions	-
Benefit payments, including refunds of member contributions	(5,083,891)
Net change in total OPEB liability	2,023,386
Total pension liability, beginning	61,418,935
Total OPEB liability, ending (a)	63,442,321
Fiduciary net position:	
Employer contributions	6,583,891
Member contributions	54,072
Net investment income	445,223
Benefit payments, including refunds of member contributions	(5,083,891)
Administrative expenses	-
Net change in plan fiduciary net position	1,999,295
Fiduciary net position, beginning	6,127,609
Fiduciary net position, ending (b)	8,126,904
Net OPEB liability, ending = (a) - (b)	\$ 55,315,417
Fiduciary net position as a % of total OPEB liability	12.81%
Covered payroll	\$ 98,287,369
Net OPEB liability as a % of covered payroll	56.28%

NOTE: As 2017 is the implementation year, only 2017 information is available.

City of Bristol, Connecticut

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

RSI-6

Changes in Net Pension Liability (Asset)	2017	2016	2015	2014
Total pension liability:				
Service cost	\$ 5,162,121	\$ 4,362,700	\$ 4,414,159	\$ 4,481,000
Interest	15,220,838	14,701,745	14,311,139	13,837,000
Effect of economic/demographic gains or losses	2,172,066	(901,644)	87,383	-
Effect of assumption changes or inputs	3,010,080	-	-	-
Benefit payments, including refunds of member contributions	(13,163,534)	(12,729,562)	(12,404,563)	(11,635,000)
Net change in total pension liability	12,401,571	5,433,239	6,408,118	6,683,000
Total pension liability, beginning	204,245,167	198,811,928	192,403,810	185,721,000
Total pension liability, ending (a)	216,646,738	204,245,167	198,811,928	192,404,000
Plan fiduciary net position:				
Employer contributions	1,064,936	44,000	127,325	228,000
Member contributions	2,022,396	1,916,440	1,722,864	1,816,000
Investment income (loss) net of investment expenses	22,973,925	(3,546,929)	(1,630,002)	28,753,000
Benefit payments	(13,163,534)	(12,729,562)	(12,404,563)	(11,635,000)
Net change in plan fiduciary net position	12,897,723	(14,316,051)	(12,184,376)	19,162,000
Plan fiduciary net position, beginning	194,816,830	209,132,881	221,317,257	202,155,000
Plan fiduciary net position, ending (b)	207,714,553	194,816,830	209,132,881	221,317,000
Net pension liability (asset), ending = (a) - (b)	\$ 8,932,185	\$ 9,428,337	\$ (10,320,953)	\$ (28,913,000)
Plan fiduciary net position as a % of total pension liability (asset)	95.88%	95.38%	105.19%	115.03%
Covered-employee payroll	\$ 30,263,226	\$ 30,661,306	\$ 30,661,306	\$ 31,095,000
Net pension liability (asset) as a % of covered-employee payroll	29.51%	-30.75%	-33.66%	-92.98%

NOTE: As 2014 is the implementation year, only 2014, 2015, 2016, and 2017 information is available.

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

Changes in Net Pension Liability (Asset)	2017	2016	2015	2014
Total pension liability:				
Service cost	\$ 1,616,586	\$ 1,561,703	\$ 1,498,526	\$ 1,446,000
Interest	5,354,925	5,137,347	5,090,471	4,786,000
Effect of economic/demographic gains or losses	16,086	(2,220,537)	1,554,964	-
Effect of assumption changes or inputs	(547,296)	-	-	-
Benefit payments, including refunds of member contributions	(3,867,069)	(3,839,239)	(3,775,198)	(3,776,000)
Net change in total pension liability	2,573,232	639,274	4,368,763	2,456,000
Total pension liability, beginning	71,680,982	71,041,708	66,672,945	64,217,000
Total pension liability, ending (a)	74,254,214	71,680,982	71,041,708	66,673,000
Plan fiduciary net position:				
Member contributions	162,246	214,752	252,503	257,000
Net investment income (loss)	21,107,399	(2,938,858)	(1,255,916)	24,064,000
Benefit payments	(3,867,069)	(3,839,239)	(3,775,198)	(4,108,000)
Net change in plan fiduciary net position	17,402,576	(6,563,345)	(4,778,611)	20,213,000
Plan fiduciary net position, beginning	176,761,155	183,324,500	188,103,111	167,891,000
Plan fiduciary net position, ending (b)	194,163,731	176,761,155	183,324,500	188,104,000
Net pension liability (asset), ending = (a) - (b)	\$ (119,909,517)	\$ (105,080,173)	\$ (112,282,792)	\$ (121,431,000)
Plan Fiduciary Net Position as a % of Total Pension Liability (Asset)	261.49%	246.59%	258.05%	282.13%
Covered-employee payroll	\$ 5,542,914	\$ 5,556,190	\$ 5,556,190	\$ 5,582,000
Net pension liability as a % of covered-employee payroll	-2163.29%	-1891.23%	-2020.86%	-2175.40%

NOTE: As 2014 is the implementation year, only 2014, 2015, 2016, and 2017 information is available.

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

Changes in Net Pension Liability (Asset)	2017	2016	2015	2014
Total pension liability:				
Service cost	\$ 2,398,768	\$ 2,353,115	\$ 2,121,862	\$ 2,037,000
Interest	8,656,314	8,296,970	7,880,029	7,971,000
Effect of economic/demographic gains or losses	3,383,532	992,159	(5,947,648)	-
Effect of assumption changes or inputs	4,266,259	-	-	-
Benefit payments, including refunds of member contributions	(5,981,587)	(5,830,138)	(5,507,865)	(5,226,000)
Net change in total pension liability	12,723,286	5,812,106	(1,453,622)	4,782,000
Total pension liability, beginning	115,955,470	110,143,364	111,596,986	106,815,000
Total pension liability, ending (a)	128,678,756	115,955,470	110,143,364	111,597,000
Plan fiduciary net position:				
Member contributions	470,241	451,452	443,730	414,000
Net investment income (loss)	22,617,303	(3,170,295)	(1,356,308)	26,248,000
Benefit payments	(5,981,587)	(5,830,138)	(5,507,865)	(5,414,000)
Net change in plan fiduciary net position	17,105,957	(8,548,981)	(6,420,443)	21,248,000
Plan fiduciary net position, beginning	189,380,619	197,929,600	204,350,043	183,102,000
Plan fiduciary net position, ending (b)	206,486,576	189,380,619	197,929,600	204,350,000
Net pension liability (asset), ending = (a) - (b)	\$ (77,807,820)	\$ (73,425,149)	\$ (87,786,236)	\$ (92,753,000)
Plan fiduciary net position as a % of total pension liability (asset)	160.47%	163.32%	179.70%	183.11%
Covered-employee payroll	\$ 9,139,541	\$ 9,139,541	\$ 8,498,327	\$ 8,215,000
Net pension liability as a % of covered-employee payroll	-851.33%	-803.38%	-1032.98%	-1129.07%

NOTE: As 2014 is the implementation year, only 2014, 2015, 2016, and 2017 information is available.

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 756,393	\$ 352,543	\$ 507,245	\$ 605,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	1,064,936	44,000	127,325	228,000	-	-	-	-	-	-
Contribution deficiency (excess)	\$ (308,543)	\$ 308,543	\$ 379,920	\$ 377,000	\$ -					
Covered-employee payroll	\$ 30,263,226	\$ 30,661,306	\$ 30,661,306	\$ 31,095,000	\$ 31,280,000	\$ 30,610,000	\$ 31,783,000	\$ 31,268,000	\$ 30,309,000	\$ 29,345,000
Contributions as a percentage of covered-employee payroll	3.52%	0.14%	0.42%	0.73%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to Schedule

Valuation date July 1, 2016
 Measurement date June 30, 2017
 Valuation timing Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates

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

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -									
Covered-employee payroll	\$ 5,542,914	\$ 5,556,190	\$ 5,556,190	\$ 5,582,000	\$ 5,521,000	\$ 5,454,000	\$ 5,275,000	\$ 5,298,000	\$ 5,219,000	\$ 5,184,000
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, 2016
 Measurement date June 30, 2017
 Valuation timing Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates

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

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -									
Covered-employee payroll	\$ 9,139,541	\$ 9,139,541	\$ 8,498,327	\$ 8,215,000	\$ 7,838,000	\$ 8,295,000	\$ 8,377,000	\$ 8,245,000	\$ 7,421,000	\$ 7,502,000
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, 2016
 Measurement date June 30, 2017
 Valuation timing Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates

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

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

	2014	2015	2016	2017
Annual money-weighted rate of return, net of investment expense, for:				
City of Bristol Retirement System	15.44%	0.52%	-2.47%	12.06%
Firefighters' Benefit Fund	15.44%	0.52%	-2.47%	12.06%
Police Benefit Fund	15.44%	0.52%	-2.47%	12.06%

* NOTE: As 2014 is the implementation year, only 2014, 2015, 2016 and 2017 information is available.

**Required Supplementary Information - Unaudited
 Schedule of the City's Proportionate Share of the Net Pension Liability - Teachers' Retirement System
 Last Three Fiscal Years***

	2017	2016	2015
City's proportion of the net pension liability	0%	0%	0%
City's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the City	\$ 201,478,144	\$ 152,907,734	\$ 141,332,557
City's covered-employee payroll	\$ 58,343,820	\$ 56,044,000	\$ 54,605,000
City's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%
System fiduciary net position as a percentage of the total pension liability	52.26%	59.50%	61.51%

* NOTE: As 2015 is the implementation year, only 2015, 2016 and 2017 information is available.