

TOWN OF BRISTOL, RHODE ISLAND
BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014



TOWN OF BRISTOL, RHODE ISLAND

YEAR ENDED JUNE 30, 2014

CONTENTS

	Page
Independent Auditors' Report	1-4
Management's Discussion and Analysis	5-12
Basic financial statements:	
Government-wide financial statements:	
Statement of net position	13
Statement of activities	14
Fund financial statements:	
Balance sheet – governmental funds	15
Reconciliation of governmental funds balance sheet to statement of net position	16
Statement of revenues, expenditures and changes in fund balances – governmental funds	17
Reconciliation of governmental funds statement of revenues, expenditures and changes in fund balances to statement of activities	18
Statement of net position – proprietary fund	19
Statement of revenues, expenses and changes in net position – proprietary fund	20
Statement of cash flows – proprietary fund	21-22
Statement of fiduciary net position – fiduciary funds	23
Statement of changes in net position – fiduciary funds	24
Notes to basic financial statements	25-68

TOWN OF BRISTOL, RHODE ISLAND

YEAR ENDED JUNE 30, 2014

CONTENTS (CONTINUED)

	Page
Required supplementary information to financial statements:	
Budgetary comparison schedule – general fund	69-70
Schedules of funding progress	71
Schedule of employer contributions	72
Notes to required supplementary information	73-74
Schedule of changes to Police Plan’s net pension liability and related ratios	75
Police Plan schedule of Town contributions	76-77
Schedule of investment return	78
Other supplementary information, tax collector’s annual report	79-80



Independent Auditors' Report

Members of the Town Council
Town of Bristol, Rhode Island
Bristol, Rhode Island

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Bristol, Rhode Island (the Town) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Town's discretely presented component unit, the Bristol Warren Regional School District (School), which represents 28 percent, 20 percent and 54 percent, respectively, of the assets, net position and revenues of the Town. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the School, is based on the report of the other auditors. 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.

Independent Auditors' Report (Continued)

Members of the Town Council
Town of Bristol, Rhode Island

Auditors' Responsibility (Continued)

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Bristol, Rhode Island as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1 to the financial statements, for the year ended June 30, 2014, the Town adopted new accounting guidance affecting the accounting for bond issuance costs and the reporting of deferred inflows and outflows of resources. Due to the adoption of this guidance, the Town restated its 2013 financial statements, resulting in a decrease in net position of \$563,395 at July 1, 2013. The Town also adopted new accounting guidance requiring additional disclosures regarding certain pension plans. Our opinion is not modified with respect to these matters.

Independent Auditors' Report (Continued)

Members of the Town Council
Town of Bristol, Rhode Island

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis presented on pages 4 through 12, and budgetary comparison schedule and historical pension and other postemployment benefit information on pages 69 through 78 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

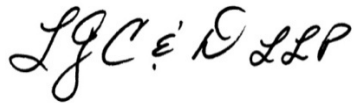
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bristol's basic financial statements. The supplementary tax collector's annual report is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary tax collector's annual report is the responsibility of management and was derived from and relates 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 supplementary tax collector's annual report is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Independent Auditors' Report (Continued)

Members of the Town Council
Town of Bristol, Rhode Island

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 8, 2015 on our consideration of the Town of Bristol's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control over financial reporting and compliance.

Handwritten signature in cursive script that reads "LJC & D LLP".

Providence, Rhode Island
January 8, 2015

TOWN OF BRISTOL, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014

As management of the Town of Bristol (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2014.

Financial Highlights

- The assets of the Town exceeded its liabilities as of June 30, 2014 by \$70,160,623 (*net position*). Of this amount, \$10,052,174 (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- As of June 30, 2014, the Town's governmental funds reported combined ending fund balances of \$17,672,203, a decrease of \$1,832,634 in comparison with the prior year, principally the result of the planned use of appropriated fund balance to balance the current year General Fund expenditures and large-scale capital projects taking place during the year for which the funding sources were recognized as revenues in a prior year.
- As of June 30, 2014, the unassigned fund balance for the General Fund was \$6,886,941, or approximately 16% of total General Fund expenditures.
- Effective for the fiscal year ended June 30, 2014, the Town adopted the provisions of Statement No. 65 of the Governmental Accounting Standards Board, *Items Previously Reported as Assets and Liabilities* (GASB 65). GASB 65 requires that certain items no longer be reported in statements of net position since they do not meet the definition of either assets, liabilities, deferred outflows of resources, or deferred inflows of resources. In addition, GASB 65 requires that certain items previously reported as assets or liabilities be reported as deferred inflows or outflows of resources. As required by GASB 65, effective July 1, 2013, financing costs are expensed as incurred; previously, financing costs were deferred and amortized using the straight-line method over the life of the related debt. Due to the adoption of GASB 65, the Town has restated its 2013 financial statements, resulting in a \$563,395 decrease in net position at July 1, 2013, as reported in the accompanying statement of activities. For 2014, the adoption of GASB 65 resulted in a decrease in net position of \$78,560.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

TOWN OF BRISTOL, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEAR ENDED JUNE 30, 2014

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, public works, community services and education. The Town's business-type activity is the sewer operation.

The government-wide financial statements include the activities of the Town and its component units, Bristol-Warren Regional School District and the Bristol Fourth of July Committee. The component units each issue separate financial statements, which can be obtained by sending a request to the Treasurer's Office, Town Hall, 10 Court Street, Bristol, RI 02809.

The government-wide financial statements can be found on pages 13 and 14 of this report.

Fund financial statements. A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental, proprietary and fiduciary.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

TOWN OF BRISTOL, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEAR ENDED JUNE 30, 2014

Overview of the Financial Statements (Continued)

Governmental funds (continued). Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains 76 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund and Capital Projects Fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single aggregated presentation.

The basic governmental fund financial statements can be found on pages 15 through 18 of this report.

Proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses an enterprise fund to account for its sewer operations.

The basic proprietary fund financial statements can be found on pages 19 through 22 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's programs. The fiduciary funds maintained by the Town include several private-purpose trusts, the Police Retirement Trust Fund, the OPEB Trust Fund and agency funds.

The basic fiduciary fund financial statements can be found on pages 23 and 24 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 25 of this report.

Other information. In addition to the basic financial statements and accompanying notes, *required supplementary information* presents a budgetary comparison schedule for the General Fund to demonstrate compliance with the budget, as well as certain information related to the Town's pension plans and its other postemployment benefits (OPEB) plan.

TOWN OF BRISTOL, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEAR ENDED JUNE 30, 2014

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. In the case of the Town, assets exceeded liabilities by \$70,160,623 at June 30, 2014.

Town of Bristol's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 21,527,803	\$ 23,508,143	\$ 2,733,010	\$ 2,880,038	\$ 24,260,813	\$ 26,388,181
Capital assets	60,535,879	56,439,595	42,541,464	41,596,311	103,077,343	98,035,906
Total assets	82,063,682	79,947,738	45,274,474	44,476,349	127,338,156	124,424,087
Long-term liabilities	30,953,435	32,278,877	19,977,443	21,158,429	50,930,878	53,437,306
Other liabilities	4,002,319	1,951,707	2,244,336	455,630	6,246,655	2,407,337
Total liabilities	34,955,754	34,230,584	22,221,779	21,614,059	57,177,533	55,844,643
Net position:						
Net investment in capital assets	31,760,378	28,710,424	21,264,513	20,802,966	53,024,891	49,513,390
Restricted	7,083,558	7,563,123			7,083,558	7,563,123
Unrestricted	8,263,992	9,466,255	1,788,182	2,105,222	10,052,174	11,571,477
Total net position	\$ 47,107,928	\$ 45,739,802	\$ 23,052,695	\$ 22,908,188	\$ 70,160,623	\$ 68,647,990

The general capital assets (e.g., land, buildings, machinery, and equipment) of the governmental activities of the Town less outstanding debt equals \$31,760,378. It should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A portion of the outstanding debt of the governmental activities was incurred for the installation of infrastructure.

TOWN OF BRISTOL, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2014

Government-wide Financial Analysis (Continued)

Town of Bristol's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 2,248,690	\$ 1,902,594	\$ 5,055,456	\$ 4,894,931	\$ 7,304,146	\$ 6,797,525
Operating grants and contributions	383,468	384,604			383,468	384,604
Capital grants and contributions	2,536,459	3,985,926			2,536,459	3,985,926
General revenues:						
Property taxes	36,839,635	35,724,155			36,839,635	35,724,155
Grants and contributions not restricted to specific programs	2,660,827	2,321,447	2,465	(2,700)	2,663,292	2,318,747
Investment earnings	946,741	764,482	32,080	35,312	978,821	799,794
Miscellaneous	685,315	596,401			685,315	596,401
Total revenues	<u>46,301,135</u>	<u>45,679,609</u>	<u>5,090,001</u>	<u>4,927,543</u>	<u>51,391,136</u>	<u>50,607,152</u>
Expenses:						
General government	2,815,384	2,664,354			2,815,384	2,664,354
Public safety	8,748,330	8,049,321			8,748,330	8,049,321
Public works	7,545,812	6,802,080			7,545,812	6,802,080
Community services	2,686,618	2,336,856			2,686,618	2,336,856
Education	22,039,592	21,222,081			22,039,592	21,222,081
Interest on long-term debt	1,172,273	1,128,406			1,172,273	1,128,406
Sewer			4,870,494	4,631,799	4,870,494	4,631,799
Total expenses	<u>45,008,009</u>	<u>42,203,098</u>	<u>4,870,494</u>	<u>4,631,799</u>	<u>49,878,503</u>	<u>46,834,897</u>
Increase in net position before transfers	1,293,126	3,476,511	219,507	295,744	1,512,633	3,772,255
Transfers	75,000	75,000	(75,000)	(75,000)	-	-
Increase in net position	<u>1,368,126</u>	<u>3,551,511</u>	<u>144,507</u>	<u>220,744</u>	<u>1,512,633</u>	<u>3,772,255</u>
Net position, beginning of year:					-	
As previously reported	45,739,802	42,468,423	22,908,188	22,989,950	68,647,990	65,458,373
Restatement		(280,132)		(302,506)	-	(582,638)
As restated	<u>45,739,802</u>	<u>42,188,291</u>	<u>22,908,188</u>	<u>22,687,444</u>	<u>68,647,990</u>	<u>64,875,735</u>
Net position, end of year	<u>\$ 47,107,928</u>	<u>\$ 45,739,802</u>	<u>\$ 23,052,695</u>	<u>\$ 22,908,188</u>	<u>\$ 70,160,623</u>	<u>\$ 68,647,990</u>

Governmental Activities

Governmental activities increased the Town's net position by \$1,368,126, accounting for 90% of the growth in the net position of the Town. Much of this increase in net position was attributed to 2014 grant revenues utilized to purchase capital assets.

TOWN OF BRISTOL, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEAR ENDED JUNE 30, 2014

Business-Type Activities

Business-type activities increased the Town's net position by \$144,507, after the transfer of \$75,000 to the General Fund.

Governmental funds. The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2014, the Town's governmental funds reported combined ending fund balances of \$17,672,203. Approximately 11%, or \$1,889,417, constitutes committed and assigned fund balances, which the Town Council has designated for specific purposes. Approximately 38%, or \$6,679,389, constitutes unassigned fund balance, which is available for spending at the Town's discretion. Approximately 36%, or \$6,404,856, is restricted by outside parties to be used for specific purposes. The remaining 15%, or \$2,698,541, is nonspendable, representing 1) amounts required to be maintained intact, 2) unexpendable inventory items, or 3) notes receivable that will not be collected in time to liquidate current obligations.

The General Fund is the chief operating fund of the Town. As of June 30, 2014, the total fund balance of the General Fund was \$10,641,183, of which \$6,886,941 was unassigned. Unassigned fund balance represents approximately 16% of total General Fund expenditures. Of the total fund balance, \$1,060,038 was assigned to meet fiscal year 2015 General Fund expenditures.

The fund balance of the General Fund decreased by \$1,013,357 in fiscal year 2014. The fiscal year 2014 annual budget for the Town's General Fund identified the appropriation of \$1,013,357 in fund balance to reduce the impact of taxes levied and to balance the budget. Actual expenditures for the year were \$618,311 more than budgeted and actual revenues exceeded budgeted revenues by \$722,776. Expenditures for education totaled \$22,039,592, accounting for roughly 50% of total General Fund expenditures.

Proprietary Fund. The Town's Sewer Enterprise Fund provides the same type of information found in the government-wide financial statements for business-type activities, but in more detail.

Unrestricted net position of the Sewer Enterprise Fund at the end of the fiscal year amounted to \$1,788,182. The financial statements for the fund can be found on pages 19 through 22 of this report.

TOWN OF BRISTOL, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEAR ENDED JUNE 30, 2014

General Fund Budgetary Highlights

Actual revenues exceeded budgeted revenues by \$722,776, primarily as a result of higher than anticipated payments in lieu of taxes and state aid. Actual expenditures for the year were \$618,311 more than budgeted due to a variety of factors including, but not limited to, utility costs, severance and insurance costs, and public works operations.

Town of Bristol's Capital Assets

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2014 amounts to \$103,077,343, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, vehicles, machinery and equipment, infrastructure and construction in progress.

Several major additions to the Town's capital assets related to its governmental activities were made during the year, including wastewater treatment plant upgrades, sewer repair, street paving and sidewalk repair programs, various drainage projects, and dock renovations.

At June 30, 2014, the Town is committed under construction contracts as follows:

<u>Project</u>	<u>Contract</u>	<u>Spent to date</u>	<u>Remaining commitment</u>
Headworks and Miscellaneous Improvements	\$ 3,439,700	\$ 47,754	\$ 3,391,946
Mt. Hope Pumping Station Improvements	1,378,210	291,807	1,086,403
Inflow Source Relocation and Associated Drainage System Improvements	709,670	531,397	178,273
Sewer System Rehabilitation	496,385	480,780	15,605
Animal Shelter Construction Project	2,126,247	1,696,102	430,145
Sewer Backflow Prevention Program	89,093	63,502	25,591
	<u>\$ 8,239,305</u>	<u>\$ 3,111,342</u>	<u>\$ 5,127,963</u>

TOWN OF BRISTOL, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEAR ENDED JUNE 30, 2014

Long-term debt. At June 30, 2014, the Town has total bonded debt, loans and capital leases outstanding of \$51,742,452, of which \$28,711,667 is backed by the full faith and credit of the Town.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3% of its total equalized valuation. The current debt limitation for the Town is \$85,842,777, which significantly exceeds the Town's current outstanding general obligation debt.

Additional information about the Town's long-term debt can be found in Note 8 to the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

- The current 2014 average unemployment rate for Bristol County, which includes the Town, is 7.5%. This compares with an unemployment rate of 8.3% for the State of Rhode Island and a national unemployment rate of 6.3%.
- \$1,000,000 of the General Fund fund balance was assigned to meet fiscal year 2015 General Fund expenditures.
- The Town's tax rate increased from \$12.80 to \$13.06 per thousand dollars of assessed value from the 2014 to the 2015 fiscal year. This was due primarily to increases in education aid and employee benefits.
- Student enrollments and state education aid losses increased for fiscal year 2015. As a result, the Town's contribution to the regional school district decreased by \$607,734, or 2.76%, to \$21,431,858 for fiscal year 2015.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Treasurer's Office, Town Hall, 10 Court Street, Bristol, RI 02809.

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF NET POSITION

JUNE 30, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Bristol Warren Regional School District	Bristol Fourth of July Committee (Unaudited)
ASSETS:					
Cash and cash equivalents	\$ 11,542,665	\$ 284,185	\$ 11,826,850	\$ 13,360,451	\$ 150,629
Investments	4,515,475		4,515,475		
Accounts receivable, less allowance for doubtful accounts of \$498,160:					
Property taxes	1,970,337		1,970,337		
Federal and state government	2,038,702		2,038,702	834,443	
Assessments and user fees		352,620	352,620		
Other	652,865	26,903	679,768		
Internal balances	(1,772,419)	1,772,419	-		
Inventory	8,494		8,494		
Pension and OPEB asset	540,803		540,803		
Noncurrent assessments and user fees		296,883	296,883		
Notes receivable:					
Mosaico	340,881		340,881		
Component unit	1,690,000		1,690,000		
Capital assets not being depreciated	16,270,817	810,278	17,081,095	264,853	
Capital assets being depreciated, net	44,265,062	41,731,186	85,996,248	33,880,898	
Total assets	82,063,682	45,274,474	127,338,156	48,340,645	150,629
DEFERRED OUTFLOWS OF RESOURCES,					
deferred charge on bond refunding, net				135,014	
LIABILITIES:					
Accounts payable and accrued expenses	1,554,058	567,114	2,121,172	1,965,207	-
Unearned revenue	41,711		41,711		
OPEB obligation, net				3,533,731	
Note payable, primary government:					
Due within one year				80,000	
Due in more than one year				1,610,000	
Long-term obligations:					
Due within one year	2,406,550	1,677,222	4,083,772	2,513,000	
Due in more than one year	30,953,435	19,977,443	50,930,878	21,687,423	
Total liabilities	34,955,754	22,221,779	57,177,533	31,389,361	-
Commitments and contingencies (Notes 11 and 12)					
NET POSITION:					
Net investment in capital assets	31,760,378	21,264,513	53,024,891	9,675,608	
Restricted for:					
Capital projects funded with bond proceeds	2,264,887		2,264,887		
Community development	219,607		219,607		
Other purposes:					
Expendable	3,480,644		3,480,644		
Nonexpendable	1,118,420		1,118,420		
Unrestricted	8,263,992	1,788,182	10,052,174	7,410,690	150,629
Total net position	\$ 47,107,928	\$ 23,052,695	\$ 70,160,623	\$ 17,086,298	\$ 150,629

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			Component Units
		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	\$ 2,815,384	\$ 729,696	\$ 92,925	\$ -	\$ (1,992,763)		\$ (1,992,763)	
Public safety	8,748,330	794,361	726	178,966	(7,774,277)		(7,774,277)	
Public works	7,545,812	577,189	307,714	503,643	(6,157,266)		(6,157,266)	
Community services	2,686,618	147,444	(17,897)	1,853,850	(703,221)		(703,221)	
Education	22,039,592	-	-	-	(22,039,592)		(22,039,592)	
Interest on long-term debt	1,172,273	-	-	-	(1,172,273)		(1,172,273)	
Total governmental activities	45,008,009	2,248,690	383,468	2,536,459	(39,839,392)		(39,839,392)	
Business-type activities:								
Sewer	4,870,494	5,055,456				\$ 184,962	184,962	
Total primary government	\$ 49,878,503	\$ 7,304,146	\$ 383,468	\$ 2,536,459	(39,839,392)	184,962	(39,654,430)	
Component units:								
Bristol Warren Regional School District	\$ 58,758,163	\$ 1,758,050	\$ 57,374,334					\$ 374,221
Bristol Fourth of July Committee (unaudited)	349,041	340,665	24,636					16,260
Total component units	\$ 59,107,204	\$ 2,098,715	\$ 57,398,970					390,481
General revenues:								
Property taxes					36,839,635		36,839,635	
Grants and contributions not restricted to specific programs					2,660,827	2,465	2,663,292	
Investment earnings					946,741	32,080	978,821	22,325
Miscellaneous					685,315		685,315	456,917
Transfers					75,000	(75,000)	-	
Total general revenues and transfers					41,207,518	(40,455)	41,167,063	479,242
Change in net position					1,368,126	144,507	1,512,633	869,723
Net position - beginning of year:								
As originally reported					45,997,286	23,214,099	69,211,385	16,367,204
Restatement - bond issuance costs (Note 1)					(257,484)	(305,911)	(563,395)	
As restated					45,739,802	22,908,188	68,647,990	
Net position, end of year					\$ 47,107,928	\$ 23,052,695	\$ 70,160,623	\$ 17,236,927

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND
BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2014

ASSETS	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 10,850,464	\$ 92,590	\$ 599,611	\$ 11,542,665
Investments	499,913		4,015,562	4,515,475
Receivables:				
Property taxes, less allowance for doubtful accounts of \$498,160	1,970,337			1,970,337
Intergovernmental	1,252,082	651,006	135,614	2,038,702
Other	587,374		65,491	652,865
Due from other funds	1,242,963	3,515,877	452,572	5,211,412
Inventory	8,494			8,494
Advance to other fund	238,200			238,200
Notes receivable:				
Mosaico	236,033		104,848	340,881
Component unit	<u>1,690,000</u>			<u>1,690,000</u>
 Total assets	 <u>\$ 18,575,860</u>	 <u>\$ 4,259,473</u>	 <u>\$ 5,373,698</u>	 <u>\$ 28,209,031</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	\$ 842,621	\$ 308,247	\$ 40,567	\$ 1,191,435
Due to other funds	5,738,462	936,944	308,425	6,983,831
Advance from General Fund			238,200	238,200
Unearned revenue		<u>27,916</u>	<u>7,000</u>	<u>34,916</u>
 Total liabilities	 <u>6,581,083</u>	 <u>1,273,107</u>	 <u>594,192</u>	 <u>8,448,382</u>
Deferred inflows of resources	<u>1,353,594</u>	<u>465,380</u>	<u>269,472</u>	<u>2,088,446</u>
Fund balances:				
Nonspendable:				
Legally			577,617	577,617
Form	2,120,924			2,120,924
Restricted		2,264,887	4,139,969	6,404,856
Committed	573,280			573,280
Assigned	1,060,038	256,099		1,316,137
Unassigned	<u>6,886,941</u>		<u>(207,552)</u>	<u>6,679,389</u>
 Total fund balances	 <u>10,641,183</u>	 <u>2,520,986</u>	 <u>4,510,034</u>	 <u>17,672,203</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 18,575,860</u>	 <u>\$ 4,259,473</u>	 <u>\$ 5,373,698</u>	 <u>\$ 28,209,031</u>

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION

JUNE 30, 2014

Total fund balances for governmental funds		\$ 17,672,203
Assets used in governmental activities which are not financial resources and therefore are not reported in the funds:		
Capital assets, net	\$ 60,535,879	
Pension and OPEB asset	<u>540,803</u>	61,076,682
Some taxes and grants will be collected after year-end but are not available soon enough to pay for the current period's expenditures; therefore, they are reported as deferred inflows in the funds.		2,081,651
Liabilities not due and payable in the current period and therefore not reported in the funds:		
Bonds and notes payable	29,900,018	
Capital leases	565,483	
Compensated absences payable	2,894,484	
Accrued interest	<u>362,623</u>	<u>(33,722,608)</u>
Net position of governmental activities		<u>\$ 47,107,928</u>

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

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

YEAR ENDED JUNE 30, 2014

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 36,743,504			\$ 36,743,504
Intergovernmental	2,147,659	\$ 546,143	\$ 400,780	3,094,582
Licenses, permits and fees	2,333,762			2,333,762
Investment earnings	479,934	920	465,887	946,741
Other revenues	866,547	55,919	253,605	1,176,071
	<u>42,571,406</u>	<u>602,982</u>	<u>1,120,272</u>	<u>44,294,660</u>
Total revenues				
Expenditures:				
Current:				
General government	1,655,417	5,010	23,317	1,683,744
Public safety	5,004,140	65,958	55,960	5,126,058
Public works	4,581,859	457,277	245,071	5,284,207
Community services	1,403,462	13,201	322,148	1,738,811
Education	22,039,592			22,039,592
Insurance, payroll taxes and benefits	5,745,846			5,745,846
Debt service:				
Principal	1,940,861			1,940,861
Interest	1,079,880			1,079,880
Bond issuance costs	93,818			93,818
Fees and charges	6,165			6,165
Capital outlay	131,551	4,148,972	102,122	4,382,645
	<u>43,682,591</u>	<u>4,690,418</u>	<u>748,618</u>	<u>49,121,627</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>(1,111,185)</u>	<u>(4,087,436)</u>	<u>371,654</u>	<u>(4,826,967)</u>
Other financing sources (uses):				
Bond proceeds	30,000	2,530,000		2,560,000
Bond premium	88,760			88,760
Transfers from other funds	155,019	143,600	32,351	330,970
Transfers to other funds	(175,951)		(80,019)	(255,970)
Other financing sources		270,573		270,573
	<u>97,828</u>	<u>2,944,173</u>	<u>(47,668)</u>	<u>2,994,333</u>
Total other financing sources (uses)				
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(1,013,357)	(1,143,263)	323,986	(1,832,634)
Fund balances, beginning of year	<u>11,654,540</u>	<u>3,664,249</u>	<u>4,186,048</u>	<u>19,504,837</u>
Fund balances, end of year	<u>\$ 10,641,183</u>	<u>\$ 2,520,986</u>	<u>\$ 4,510,034</u>	<u>\$ 17,672,203</u>

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

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

YEAR ENDED JUNE 30, 2014

Net change in fund balances for governmental funds		\$ (1,832,634)
<p>Governmental funds report capital outlays as expenditures; however, in the statement of activities these costs are allocated over the life of the related asset and reported as depreciation expense.</p>		
Capital outlays, including amounts charged to current expenditures	\$ 6,254,330	
Gain on disposal of capital assets	(82,299)	
Depreciation expense	<u>(2,075,747)</u>	4,096,284
<p>Revenues in the statement of activities that do not provide current financial resources and therefore are not reported as revenues in the governmental funds.</p>		
		178,772
<p>Change in OPEB asset is recorded in the statement of activities, but not in the governmental funds</p>		
		2,812
<p>Change in pension asset is recorded in the statement of activities, but not in the governmental funds</p>		
		(3,021)
<p>The issuance of long-term debt (including premiums or discounts) provides current resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment and refunding of bonds and notes use current financial resources, but decrease long-term liabilities in the statement of net position. Bond premiums, discounts and refunding charges are deferred and amortized as part of future interest expense.</p>		
Principal repayment on general obligation bonds	1,863,610	
Issuance of general obligation bonds and loans payable	(2,560,000)	
Capital lease	(186,749)	
Premium on bond issuance	(88,760)	
Amortization of premiums, discounts and deferred charges on refunding	<u>569</u>	(971,330)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:</p>		
Accrued compensated absences	(109,778)	
Accrued interest	<u>7,021</u>	<u>(102,757)</u>
Change in net position of governmental activities		<u>\$ 1,368,126</u>

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF NET POSITION – PROPRIETARY FUND

JUNE 30, 2014

ASSETS:

Current assets:

Cash and cash equivalents	\$ 284,185
Accounts receivable:	
Assessments and user fees receivable	352,620
Other	26,903
Due from other funds	<u>1,772,419</u>
Total current assets	2,436,127

Noncurrent assets:

Assessments and user fees receivable, less current portion	296,883
Capital assets not being depreciated	810,278
Capital assets being depreciated, net	<u>41,731,186</u>
Total assets	<u>45,274,474</u>

LIABILITIES:

Current liabilities:

Accounts payable and accrued expenses	567,114
Current portion of long-term debt	<u>1,677,222</u>
Total current liabilities	2,244,336

Noncurrent liabilities, long-term debt, net of current portion

19,977,443

Total liabilities

22,221,779

NET POSITION:

Net investment in capital assets	21,264,513
Unrestricted	<u>1,788,182</u>
Total net position	<u>\$ 23,052,695</u>

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

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

YEAR ENDED JUNE 30, 2014

Operating revenues:	
User fees	\$ 4,876,171
Other revenues	<u>179,285</u>
Total operating revenues	<u>5,055,456</u>
Operating expenses:	
Salaries and benefits	1,710,422
Materials and supplies	246,790
Repairs and maintenance	241,277
Depreciation	1,575,615
Utilities	366,238
Administrative	15,932
Miscellaneous	<u>143,520</u>
Total operating expenses	<u>4,299,794</u>
Operating income	<u>755,662</u>
Nonoperating revenues (expenses):	
Interest revenue	32,080
Interest expense	(563,327)
Loss on disposal	<u>(7,373)</u>
Total nonoperating revenues (expenses)	<u>(538,620)</u>
Income before capital contributions and transfers	217,042
Capital contributions, sewer assessments	2,465
Transfers to other funds	<u>(75,000)</u>
Change in net position	<u>144,507</u>
Net position - beginning of year:	
As originally reported	23,214,099
Restatement - bond issuance costs (Note 1)	<u>(305,911)</u>
As restated	<u>22,908,188</u>
Net position, end of year	<u><u>\$ 23,052,695</u></u>

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF CASH FLOWS – PROPRIETARY FUND

YEAR ENDED JUNE 30, 2014

Cash flows from operating activities:	
Cash received from customers	\$ 4,854,134
Cash received from other sources	179,285
Cash paid to employees and for benefits	(1,701,049)
Cash paid to suppliers	<u>(986,491)</u>
Net cash provided by operating activities	<u>2,345,879</u>
Cash flows from noncapital financing activities:	
Transfers to other funds	(75,000)
Interfund borrowings	<u>(43,850)</u>
Cash used in noncapital financing activities	<u>(118,850)</u>
Cash flows from capital and related financing activities:	
Capital contributions	18,218
Acquisition and construction of fixed assets	(573,211)
Bonds issued	130,761
Loss on disposal	(7,373)
Principal paid on bonds and notes	(1,549,773)
Interest paid on bonds and notes	<u>(547,694)</u>
Net cash used in capital and related financing activities	<u>(2,529,072)</u>
Cash provided by investing activities, interest received	<u>32,080</u>
Net decrease in cash and cash equivalents	(269,963)
Cash and cash equivalents, beginning of year	<u>554,148</u>
Cash and cash equivalents, end of year	<u><u>\$ 284,185</u></u>

(continued)

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF CASH FLOWS – PROPRIETARY FUND (CONTINUED)

YEAR ENDED JUNE 30, 2014

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 755,662
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,575,615
Changes in assets and liabilities:	
Accounts receivable, user fees	(22,037)
Accrued compensated absences	12,624
Increase in accounts payable and accrued expenses	<u>24,015</u>
Net cash provided by operating activities	<u>\$ 2,345,879</u>
Supplemental disclosures, noncash capital and related financing activities:	
Acquisition and construction of fixed assets paid from loan proceeds held by State of Rhode Island	<u>\$ 1,903,576</u>
Capital contributions from new sewer construction assessments receivable over twenty years	<u>\$ (2,465)</u>

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF FIDUCIARY NET POSITION –
FIDUCIARY FUNDS

JUNE 30, 2014

	Police Retirement Trust Fund	OPEB Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS:				
Cash and cash equivalents	\$ 663,410		\$ 1,339,825	\$ 183,883
Investments:				
Mutual funds - bond	3,042,626	\$ 653,150	634,354	
Mutual funds - other	5,167,448	3,863,086	1,070,536	
U.S. Government securities	2,107,737		392,735	
Common stock	3,552,490		1,055,057	
Corporate bonds			313,813	
Foreign corporate bonds			20,709	
Government agency asset-backed trusts			13,030	
Cash surrender value of life insurance		855,324		
Receivables:				
Investment income			23,168	
Contributions, employer	23,410			
Other				68,002
Prepaid expenses	121,936			
Total assets	<u>14,679,057</u>	<u>5,371,560</u>	<u>4,863,227</u>	<u>\$ 251,885</u>
LIABILITIES:				
Accounts payable		55,000	4,000	
Deposits held in custody for others				\$ 251,885
Total liabilities		<u>55,000</u>	<u>4,000</u>	<u>\$ 251,885</u>
NET POSITION:				
Restricted for pension benefits	<u>\$ 14,679,057</u>			
Held in trust for other purposes		<u>\$ 5,316,560</u>	<u>\$ 4,859,227</u>	

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –
FIDUCIARY FUNDS

YEAR ENDED JUNE 30, 2014

	Police Retirement Trust Fund	OPEB Trust Fund	Private Purpose Trust Funds
	<u> </u>	<u> </u>	<u> </u>
Additions to net position:			
Contributions:			
Employer	\$ 1,288,194	\$ 1,155,021	
Plan members	32,449	67,664	
Life policies		50,000	
Donors			\$ 158,875
	<u>1,320,643</u>	<u>1,272,685</u>	<u>158,875</u>
Investment income, net:			
Interest income	407,042	84,985	83,695
Net appreciation in fair value of investments	1,373,487	697,675	308,376
	<u>1,780,529</u>	<u>782,660</u>	<u>392,071</u>
Total additions	<u>3,101,172</u>	<u>2,055,345</u>	<u>550,946</u>
Deductions from net position:			
Benefits	1,447,637	920,000	
Investment expenses	99,856		
Administrative expense	2,010		
Trust expenses			145,062
Total deductions	<u>1,549,503</u>	<u>920,000</u>	<u>145,062</u>
Change in net position	1,551,669	1,135,345	405,884
Net position, beginning of year	<u>13,127,388</u>	<u>4,181,215</u>	<u>4,453,343</u>
Net position, end of year	<u>\$ 14,679,057</u>	<u>\$ 5,316,560</u>	<u>\$ 4,859,227</u>

See notes to basic financial statements.

TOWN OF BRISTOL, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

1. Summary of significant accounting policies:

The basic financial statements of the Town of Bristol, Rhode Island (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental entities (U.S. GAAP). In certain instances, summaries of the Town's significant accounting policies have been presented throughout the notes to the basic financial statements in conjunction with other disclosures to which they relate.

Reporting entity:

The Town was founded in 1680 and is governed under the 1971 Bristol Home Rule Charter (the Charter), which provides for a Town Council/Town Administrator form of Government. Legislative authority is vested in a five-member Town Council elected to biennial terms. All legislative powers of the Town, except such powers as are reserved by state law, are vested in the Town Council by the Charter, including the ordering of any tax, making of appropriations and transacting of any other business pertaining to the financial affairs of the Town.

The biennially elected Town Administrator serves as chief executive officer over all municipal services, including public safety (police, fire, animal control, and harbor patrol); public works (sanitation, highways and streets, engineering, civic services and community development); community services; and general administrative services.

In 1991, the General Assembly authorized the Towns of Bristol and Warren to form a regional school district comprised of all public schools in the Towns of Bristol and Warren to include all grades and programs then provided and any other grades and programs specified by the regional school committee.

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting structure, the Town applied the criteria prescribed by GASB Statement No. 14, as amended by GASB Statement Nos. 39 and 61. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable or for which the nature and significance of its relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Through the application of GASB criteria, the Bristol Warren Regional School District (District) and the Bristol Fourth of July Committee (Committee) have been presented as component units of the Town in the accompanying government-wide financial statements.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

1. Summary of significant accounting policies (continued):

Reporting entity (continued):

The District operates the schools within the Towns of Bristol and Warren. The School Committee is elected by the citizens of Bristol and Warren. The District does not have the authority to levy taxes and submits budget requests to the Towns of Bristol and Warren. The Town provides 64% of the member Town contributions; as a result, the District is considered a component unit of the Town. Complete financial statements for the District can be obtained from the District's administrative office at 151 State Street, Bristol, Rhode Island 02809.

The Committee, a non-profit organization established in 1785, plans, organizes and implements all events associated with the annual Fourth of July celebration in Bristol, Rhode Island. The members of the Committee are appointed by the Town of Bristol Town Council. The Committee has a fiscal year-end of September 30.

Basis of presentation:

Government-wide financial statements:

The statement of net position and statement of activities display information about the Town as a whole and distinguish between governmental and business-type activities. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between expenses and program revenue for each function of the Town's governmental activities. Program revenues include a) fees, fines and charges paid by the recipients of goods or services offered by the programs and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Fund financial statements:

Fund financial statements of the Town are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- (a) Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- (b) Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Fund types used by the Town and a description of the funds comprising each are as follows:

Governmental funds:

Governmental funds are used to account for operations that supply basic government services. The Town uses the following governmental funds:

General Fund:

The General Fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Fund financial statements (continued):

Governmental funds (continued):

Special revenue funds:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Town's special revenue funds are all nonmajor funds.

Capital projects funds:

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays. The Town's only capital projects fund is a major fund.

Permanent funds:

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the Town's programs. The Town's permanent funds are all nonmajor funds.

Proprietary funds:

Proprietary funds are used to account for business-like activities provided to the general public (enterprise funds) or within the government (internal service funds). These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The Town's only enterprise fund, the Sewer Fund, is a major fund. The Town has no internal service funds.

Fiduciary funds:

Fiduciary funds are used to report assets held by the Town in a trustee or agency capacity and, therefore, cannot be used to support the Town's own programs.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Fund financial statements (continued):

Fiduciary funds (continued):

The following fiduciary funds are used by the Town:

Police Retirement Trust:

The Police Retirement Trust Fund accounts for contributions made by the Town and its participating employees to provide retirement benefits to participating employees.

Other Postemployment Benefits (OPEB) Trust:

The OPEB Trust Fund accounts for contributions made by the Town and its participating employees to provide postemployment benefits (health and life insurance) to participating employees.

Private purpose trusts:

Private-purpose trust funds are used to account for resources legally held in trust for use by parties outside of the Town in accordance with a donor's instructions, and cannot be used at the Town's discretion or to support the Town's general operations. These trusts are for the benefit of local educational organizations, social benefit groups, and other private parties. All resources of these funds, including any earnings on investments, may be used except for \$244,223 required to be preserved as capital.

Agency:

Agency funds are established when the Town holds assets in custody for others in an agency capacity.

Measurement focus and basis of accounting:

The government-wide financial statements, including the component units, are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are susceptible to accrual. Susceptibility occurs when revenues are both measurable and available for liquidating liabilities of the current period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (sixty days). Revenues not considered to be available are recorded as deferred inflows. Expenditures, including capital outlays, are recognized when a liability has been incurred, except for those involving debt service and other long-term obligations that are recognized when paid.

Those revenues susceptible to accrual are property taxes, special assessments, payments in lieu of taxes, state aid, telephone, hotel and meals taxes collected by the State of Rhode Island (the State) on behalf of the Town, interest and charges for services. Fines, licenses and permit revenues are not susceptible to accrual because generally they are not measurable until received in cash; therefore, they are unearned when received.

Recognition of grant revenues is based on the susceptibility of accrual as determined by the legal and contractual requirements established by each grantor. For grants not restrictive as to specific purposes and revocable only for failure to comply with general prescribed requirements, revenues are recognized when received. Where expenditure is the prime factor in determining eligibility, grant revenue is recognized as allowable expenditures are made, provided the grants are collected during the year or within 60 days subsequent to year-end. Prior to expenditure, proceeds are recorded as unearned revenue.

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. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all 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 Sewer Fund are charges to customers for sales and services. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, and then unrestricted resources as they are needed.

Property taxes:

Property taxes are recognized as revenue in the year they are levied and become available. Taxes are levied in July on (a) eighty percent of the full and fair value of real and tangible personal property owned within the Town the previous December 31; and, (b) the value, as determined by the Rhode Island Vehicle Valuation Commission, of vehicles registered within the Town the previous calendar year, prorated for the actual number of days so registered, reduced by the amount exempt under the Motor Vehicle Phase-Out Program. Taxes levied in July are payable quarterly on August 15, November 15, February 15 and May 15. Taxes due and unpaid after the respective dues dates are subject to interest and penalties. Failure to make payments by the due dates will result in a lien on the taxpayer's property.

For 2014, Rhode Island general laws restrict the Town's ability to increase its total tax levy by more than 4.00% over that of the preceding fiscal year.

Intergovernmental revenues:

State aid is recognized as revenue in the year in which funds are appropriated by the Rhode Island General Assembly, provided they are collected during the fiscal year.

Deferred inflows and outflows of resources:

Deferred outflows of resources represent the consumption of net assets that is applicable to a future reporting period. Deferred inflows of resources represent the acquisition of net assets that is applicable to a future reporting period.

At June 30, 2014, the Town's deferred inflows, as appearing on the Balance Sheet – Governmental Funds, consist of the following:

Property tax receivable for payments not received within 60 days after year-end	\$ 1,353,594
Grants not received within 60 days after year-end	<u>734,852</u>
Total deferred inflows	<u>\$ 2,088,446</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

1. Summary of significant accounting policies (continued):

Use of estimates:

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements. Estimates also affect the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

Recent accounting pronouncements:

Effective for the fiscal year ended June 30, 2014, the Town adopted the provisions of Statement No. 65 of the Governmental Accounting Standards Board (GASB), *Items Previously Reported as Assets and Liabilities* (GASB 65). GASB 65 requires that certain items no longer be reported in statements of net position since they do not meet the definition of either assets, liabilities, deferred outflows of resources, or deferred inflows of resources. In addition, GASB 65 requires that certain items previously reported as assets and liabilities be reported as deferred inflows or outflows of resources. As required by GASB 65, effective July 1, 2013, financing costs are expensed as incurred. Previously, financing costs were deferred and amortized using the straight-line method over the life of the related debt. Due to the adoption of GASB 65, the Town restated its 2013 financial statements, resulting in a decrease in net position of \$257,484 for governmental activities and \$305,911 for business-type activities as of July 1, 2013. For 2014, the adoption of GASB 65 resulted in a decrease in net position of \$78,560.

Effective for the fiscal year ended June 30, 2014, the Town also adopted Statement No. 67 of the GASB, *Financial Reporting for Pension Plans* (GASB 67). This Statement replaces the requirements of Statement Nos. 25 and 50, as they relate to pension plans administered through trusts or equivalent arrangements. The Town has included enhanced note disclosures and schedules of required supplementary information, including information on changes in net pension liabilities from year to year, in accordance with GASB 67.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

1. Summary of significant accounting policies (continued):

Recent accounting pronouncements (continued):

Effective for the fiscal year ending June 30, 2015, the Town will adopt the provisions of Statement No. 68 of the GASB, *Accounting and Financial Reporting for Pensions* (GASB 68), which establishes standards for governmental employer recognition, measurement, and presentation of information about pension plans administered through trusts or equivalent arrangements. The Town has not yet determined the potential impact of GASB 68 on its financial statements.

Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand, time and demand deposits, and short-term investments maturing within three months from the date of acquisition.

Under Rhode Island general laws, depository institutions must insure deposits of municipalities or pledge eligible collateral equal to 100% of deposits maturing in greater than 60 days. Any institution not meeting certain federally prescribed minimum capital standards must insure deposits or provide collateral regardless of date of maturity. The Town complied with these requirements. The Town does not have a deposit policy for custodial credit risk or other risks.

Investments:

Investments, including those held in the Police Pension Trust, are reported at fair value, based on quotations from applicable national securities exchanges. Unrealized gains and losses from changes in fair value are recognized as investment income (loss). The State does not have pertinent laws regarding investments that apply to cities and towns. The Town has an investment policy for custodial credit risk or other risks relating to any investment of taxpayer dollars, except investments in the OPEB Trust. The investment policy applies to investments with a maturity of one year or less, with the primary objective being the preservation of capital. The investment policy authorizes investments in the following instruments: U.S. Treasury Bills, U.S. Treasury Notes or Bonds, U.S. Agency obligations, certificates of deposit, repurchase agreements, commercial paper, eurodollar time deposits, money market mutual funds and collective short-term funds.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

1. Summary of significant accounting policies (continued):

Interfund transactions:

Transactions between funds have been eliminated in the government-wide financial statements but are fully presented within the governmental fund financial statements with no elimination made between or within funds. Reimbursements are accounted for as expenditures in the reimbursing fund and reductions to expenditures in the reimbursed fund. All other interfund transactions in the governmental fund financial statements are operating transfers on the operating statements of the funds involved.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due from/to other funds" (current portion) or "advances from/to other funds" (noncurrent portion). All other outstanding balances between funds are reported as "due from/to other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Inventory:

The Town maintains an "inventory" of fuel for use in Town-owned vehicles in various departments. Inventory is maintained on a periodic system and is stated at cost (first-in, first-out method of inventory valuation). Inventories in the governmental funds are recorded as expenditures when consumed.

Capital assets:

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

Capitalizable fixed assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. 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. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

1. Summary of significant accounting policies (continued):

Capital assets (continued):

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The ranges of estimated useful lives by type of asset are as follows:

	<u>Years</u>
Land improvements	15-30
Buildings and improvements	25-50
Furniture and equipment	3-30
Motor vehicles and vessels	3-25
Sewer lines	50-100
Infrastructure	20-65

Capital assets of the District consist principally of buildings and improvements, and its capital asset policies are similar to those of the Town.

Capital assets acquired by governmental funds are accounted for as capital outlay expenditures.

Compensated absences:

The liability for compensated absences reported in the government-wide and proprietary fund financial statements consists of unpaid, accumulated annual vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Long-term obligations:

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations (including compensated absences) are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the term of the related debt using the effective interest method.

In the governmental fund financial statements, long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The face amount of debt issued is reported as an other financing source. Bond issuance costs are expensed as incurred. Bond premiums are reported as other financing sources while discounts are reported as other financing uses.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

1. Summary of significant accounting policies (continued):

Fund equity:

Government-wide and proprietary fund financial statements:

Net position:

The Town of Bristol's net position has been segregated into the following three components:

Net investment in capital assets – represents the net book value of all capital assets less the outstanding balances of bonds and other debt, and deferred inflows of resources, if any, used to acquire, construct or improve these assets, increased by deferred outflows of resources related to those assets, if any.

Restricted – assets that have been limited to uses specified either externally by creditors, contributors, laws, or regulations of other governments or internally by enabling legislation or law; reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted – a residual category for the balance of net position

Governmental fund financial statements:

Governmental fund equity is classified as fund balance. The Town's fund balance is reported in the following categories:

Nonspendable – amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted – amounts that have been restricted to specific purposes either by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The Town's restricted fund balance consists principally of bond funds restricted for capital projects, amounts in permanent funds restricted for specific uses, and grant funds restricted for specific grant expenditures.

Committed – amounts constrained to specific purposes by the Town, using its highest level of decision-making authority.

Commitments will only be used for specific purposes pursuant to a formal action of the Town Council. A majority vote is required to approve, modify, or rescind a fund balance commitment.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

1. Summary of significant accounting policies (continued):

Fund equity (continued):

Governmental fund financial statements (continued):

Assigned – amounts that are intended by the Town to be used for specific purposes, but are neither restricted nor committed.

The Town Council delegates to the Town Administrator the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

Unassigned – amounts available for any purpose

Expenditures may be incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Composition of the ending fund balance will be determined by applying the following: In those instances where both restricted and unrestricted amounts are available, restricted amounts will be considered to have been spent first (as allowed and in compliance with stated and specified terms or requirements), followed by committed amounts, followed by assigned amounts, and then unassigned amounts.

2. Fund balances:

Individual funds had the following deficit fund balances as of June 30, 2014. In most cases, deficit balances were a result of anticipated revenues not yet received at fiscal year-end and are therefore not recognized under the current financial resources measurement focus of the governmental funds.

Nonmajor governmental funds:

CDBG 2009	\$ 87,732
Backflow Valve Project	92,794
Recreation Tee Shirts	1,939
Planning Engineer	19,783
Silver Creek (Recreation)	5,304
	<hr/>
	\$ 207,552
	<hr/>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

3. Cash, cash equivalents and investments:

Cash and cash equivalents (deposits):

At June 30, 2014, the carrying amount of the Town's deposits, excluding component units and including \$5,223,496 of cash equivalents, was \$14,013,968 and the bank balance was \$14,233,951. The carrying amount includes \$2,187,118 in fiduciary funds.

At June 30, 2014, the Town's deposits, including \$2,187,118 held in fiduciary funds, are categorized as follows:

	Insured/ collateralized in Town's name	Uninsured	Maturities	Total bank balance	Carrying amount
Deposits:					
Demand deposits	\$ 3,030,053	\$ 5,773,365		\$ 8,803,418	\$ 8,583,435
Repurchase agreements	207,037		7/1/2014	207,037	207,037
Money market	502,817	4,720,679		5,223,496	5,223,496
	<u>\$ 3,739,907</u>	<u>\$ 10,494,044</u>		<u>\$ 14,233,951</u>	<u>\$ 14,013,968</u>

The uninsured bank balance includes \$8,259,836 that was collateralized with securities held by the pledging financial institution, but not in the Town's name and \$2,234,208 that was uncollateralized.

At June 30, 2014, the carrying amount of the District's deposits was \$13,360,451 and the bank balance was \$14,767,046, of which \$250,000 was insured. The uninsured balance was collateralized with securities held by the pledging financial institution.

At September 30, 2014, the Committee's fiscal year-end, the carrying amount of the Committee's deposits was \$150,629 and the bank balance was \$152,413, all of which was insured.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

3. Cash, cash equivalents and investments (continued):

Investments:

At June 30, 2014, the Town's investments (including \$21,886,771 held in fiduciary funds) are as follows:

Description	Fair value	Interest rate	Maturity	Rating
U.S. Government securities:				
United States Treasury Notes	\$ 2,032,907	.125-7.25%	5/15/16-1/15/29	Aaa
Federal Home Loan Mortgage Corp.	141,666	5.125%	11/17/2017	Aaa
Federal National Mortgage Assn	200,365	4.625-6.25%	10/15/14-5/15/29	Aaa
Gov't Agency asset-backed trusts:				
Federal Home Loan Mortgage Corp Poo	6,348	5-5.5%	7/1/19-1/1/23	Aaa
Federal National Mortgage Assn Pool	641,919	3.5-6%	6/1/36-1/1/44	Aaa
Municipal taxable bonds				
	27,240	4.820%	5/1/2023	Aa1
	79,732	5.422-6.25%	1/1/28-10/1/28	Aa3
	11,657	5.399%	12/1/2024	Aa2
Corporate bonds				
	56,353	5.5-5.65%	2/22/16-5/15/18	A1
	10,133	5.500%	10/1/2014	Aa2
	40,225	4.950%	8/15/2014	Aa3
	337,690	5.375-8.75%	1/15/16-11/30/39	Baa1
	190,309	5-8.125%	6/1/17-2/1/20	Baa2
	52,806	7.500%	5/15/2015	Baa3
	20,498	3.875%	3/10/2015	A2
Foreign corporate bonds				
	5,702	5.750%	1/23/2017	A3
	41,021	4.200%	2/27/2015	Aa2
Common stocks	5,932,864	N/A	N/A	N/A
Bond mutual funds	5,126,979	N/A	N/A	N/A
Other mutual funds	11,445,832	N/A	N/A	N/A
	<u>\$ 26,402,246</u>			

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

3. Cash, cash equivalents and investments (continued):

Investments (continued):

Interest rate risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market value interest rates.

The majority of the Town's investments are held in stocks and mutual funds. These investments do not specify an interest rate; rather, the rate of return is dependent on operating results and economic conditions. The remaining investments are in long-term corporate and government bonds which have interest rates that are fixed for long-term periods and are subject to more variability in their fair value as a result of future changes in interest rates.

Credit risk:

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization to debt securities. At June 30, 2014, 34% of the Town's investments subject to credit risk were rated AAA, 9% were rated less than AAA, and 57% were not rated.

Concentration of credit risk:

Concentration of credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer. At June 30, 2014, the Town had a diversified portfolio and the only single issuer of more than 5% of the Town's investments was the United States of America. Although approximately 85% of the investments were held in stocks and mutual funds, these investments were in a wide range of companies and various industries, enabling the Town to minimize its risk.

Custodial credit risk:

Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. The Town does not believe that it has significant custodial risk with regard to investments as substantially all investments are registered and held in the name of the Town.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

4. Interfund transactions:

Interfund receivables and payables at June 30, 2014 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due to/from:		
Governmental funds: General Fund	Governmental funds: Capital Projects Fund Nonmajor funds	\$ 936,944 306,019
		<u>1,242,963</u>
Capital Projects Fund	General Fund	<u>3,515,877</u>
Nonmajor funds	Governmental funds: General Fund Nonmajor funds	450,166 2,406
		<u>452,572</u>
Enterprise funds: Sewer	Governmental funds: General Fund	<u>1,772,419</u>
		<u>\$ 6,983,831</u>

Advances to/from:

Governmental funds: General Fund	Governmental funds: Nonmajor funds	\$ 238,200
-------------------------------------	---------------------------------------	------------

Operating transfers between funds for the year ended June 30, 2014 were as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Governmental funds: General Fund	Governmental funds: Nonmajor funds	\$ 80,019
	Enterprise funds: Sewer	<u>75,000</u>
		155,019
Governmental funds: Capital Projects Fund	Governmental funds: General Fund	143,600
Governmental funds: Nonmajor funds	Governmental funds: General Fund	<u>32,351</u>
		<u>\$ 330,970</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

5. Notes receivable:

Component unit:

In May 2008, the Town entered into a nonrecourse loan of \$2,050,000 with the District, a component unit of the Town, for capital improvements at the Colt School. The interest rate is an adjustable annual rate equal to the rate paid by the Town on its 2/18/09 general obligation bond payable. Principal will be repaid in twenty annual payments through February 15, 2029; interest is payable semi-annually. In conjunction with the loan, the District has committed to deposit the State housing aid it will receive for eight years related to the Colt School project into a Town fiduciary fund, which will make the debt service payment to the Town on the District's behalf. Funds held by the fiduciary fund collateralize the loan.

Mosaico Business & Community Development Corporation (Mosaico):

In October 2010, the Town entered into a promissory note with Mosaico in the amount of \$236,033 with interest at 3.25%. Unpaid principal and accrued interest are due on October 19, 2015 if not sooner paid. The note is secured by a first priority mortgage at 500 Wood Street, Bristol, RI (the mortgaged premises).

In February 2013, the Town entered into a second noninterest-bearing promissory note with Mosaico in the maximum amount of \$224,750. Unpaid principal is due on February 26, 2028 if not sooner paid. The note is secured by a first priority mortgage of the mortgaged premises. The source of funds for this note was the Town's Community Development Block Grant program income restricted for a revolving loan program. Eligible expenses are for fire and safety, and building code compliance improvements at the mortgaged premises. Mosaico draws on the note as eligible expenses are made. At June 30, 2014, \$104,848 was outstanding on the note.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

6. Capital assets:

	Beginning balances	Increases	Decreases	Ending balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 13,502,859	\$ 455,866		\$ 13,958,725
Construction in progress (see Note 12)	4,326,757	2,030,787	\$ 4,045,452	2,312,092
Total capital assets not being depreciated	<u>17,829,616</u>	<u>2,486,653</u>	<u>4,045,452</u>	<u>16,270,817</u>
Capital assets being depreciated:				
Buildings and improvements	24,166,569	2,085,034	65,500	26,186,103
Vehicles	6,628,116	557,074	533,678	6,651,512
Machinery and equipment	4,125,453	79,549	81,318	4,123,684
Infrastructure	25,713,452	5,091,472	75,635	30,729,289
Total capital assets being depreciated	<u>60,633,590</u>	<u>7,813,129</u>	<u>756,131</u>	<u>67,690,588</u>
Less accumulated depreciation for:				
Buildings and improvements	6,395,363	642,823	20,077	7,018,109
Vehicles	4,863,630	429,171	516,420	4,776,381
Machinery and equipment	1,762,042	256,200	64,963	1,953,279
Infrastructure	9,002,576	747,553	72,372	9,677,757
Total accumulated depreciation	<u>22,023,611</u>	<u>2,075,747</u>	<u>673,832</u>	<u>23,425,526</u>
Total capital assets being depreciated, net	<u>38,609,979</u>	<u>5,737,382</u>	<u>82,299</u>	<u>44,265,062</u>
Governmental activities capital assets, net	<u>\$ 56,439,595</u>	<u>\$ 8,224,035</u>	<u>\$ 4,127,751</u>	<u>\$ 60,535,879</u>
Business-type activities – Sewer Fund:				
Capital assets not being depreciated:				
Land	\$ 810,278	\$ -	\$ -	\$ 810,278
Construction in progress	-			-
Total capital assets not being depreciated	<u>810,278</u>	<u>-</u>	<u>-</u>	<u>810,278</u>
Capital assets being depreciated:				
Sewer lines	49,064,204	1,606,978		50,671,182
Building and improvements	7,377,635	921,163		8,298,798
Equipment	1,744,428	-	54,885	1,689,543
Total capital assets being depreciated	<u>58,186,267</u>	<u>2,528,141</u>	<u>54,885</u>	<u>60,659,523</u>
Less accumulated depreciation for:				
Sewer lines	15,673,170	1,029,868		16,703,038
Building and improvements	768,069	408,391		1,176,460
Equipment	958,995	137,356	47,512	1,048,839
Total accumulated depreciation	<u>17,400,234</u>	<u>1,575,615</u>	<u>47,512</u>	<u>18,928,337</u>
Total capital assets being depreciated, net	<u>40,786,033</u>	<u>952,526</u>	<u>7,373</u>	<u>41,731,186</u>
Business-type activities capital assets, net	<u>\$ 41,596,311</u>	<u>\$ 952,526</u>	<u>\$ 7,373</u>	<u>\$ 42,541,464</u>

TOWN OF BRISTOL, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2014

6. Capital assets (continued):

Component unit:	<u>Beginning balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balances</u>
Capital assets not being depreciated, construction in progress	\$ 264,853	\$ -	\$ -	\$ 264,853
Capital assets being depreciated:				
Buildings and improvements	63,490,348	1,734,853	-	65,225,201
Equipment	850,913	505,593	-	1,356,506
Vehicles	244,079	56,880	-	300,959
Furniture	532,085	14,552	-	546,637
Infrastructure	-	-	-	-
Total capital assets being depreciated	<u>65,117,425</u>	<u>2,311,878</u>	<u>-</u>	<u>67,429,303</u>
Less accumulated depreciation for:				
Buildings and improvements	29,655,462	2,480,663	-	32,136,125
Equipment	949,204	34,987	-	984,191
Vehicles	177,584	26,546	-	204,130
Furniture	194,766	29,193	-	223,959
Infrastructure	-	-	-	-
Total accumulated depreciation	<u>30,977,016</u>	<u>2,571,389</u>	<u>-</u>	<u>33,548,405</u>
Total capital assets being depreciated, net	<u>34,140,409</u>	<u>(259,511)</u>	<u>-</u>	<u>33,880,898</u>
Component unit capital assets, net	<u>\$ 34,405,262</u>	<u>\$ (259,511)</u>	<u>\$ -</u>	<u>\$ 34,145,751</u>

Depreciation was charged to functions as follows:

Governmental activities:

General government	\$ 132,175
Public safety	799,319
Public works	692,803
Community services	451,450

\$ 2,075,747

Business-type activities:

Sewer Fund	<u>\$ 1,575,615</u>
------------	---------------------

Component unit:

Education	<u>\$ 2,571,389</u>
-----------	---------------------

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

7. Accounts payable and accrued expenses:

	<u>Vendors</u>	<u>Other governments</u>	<u>Employees</u>	<u>Accrued interest</u>	<u>Total</u>
Governmental activities:					
General Fund	\$ 641,444	\$ 44,028	\$ 157,149	\$ -	\$ 842,621
Capital Projects Fund	308,247				308,247
Nonmajor funds	40,567				40,567
Reconciliation of balances in fund financial statements to government- wide financial statements				362,623	362,623
	990,258	44,028	157,149	362,623	1,554,058
Business-type activities:					
Sewer	351,583	3,735	18,745	193,051	567,114
Total primary government	<u>\$ 1,341,841</u>	<u>\$ 47,763</u>	<u>\$ 175,894</u>	<u>\$ 555,674</u>	<u>\$ 2,121,172</u>
Component unit:					
Bristol Warren Regional School District	<u>\$ 580,438</u>	<u>\$ -</u>	<u>\$ 1,100,290</u>	<u>\$ 284,479</u>	<u>\$ 1,965,207</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

8. Long-term obligations:

Changes in long-term obligations during the year ended June 30, 2014 were as follows:

	Balance, June 30, 2013	Additions	Retirements	Balance, June 30, 2014	Due within one year
Governmental activities:					
Bonds and loan payable:					
Bonds and loan	\$ 29,027,294	\$ 2,560,000	\$ 1,863,610	\$ 29,723,684	\$ 1,889,417
Deferred issuance premiums	88,143	88,760	569	176,334	(3,141)
Total bonds and loan payable	29,115,437	2,648,760	1,864,179	29,900,018	1,886,276
Capital leases	378,734	264,000	77,251	565,483	102,065
Accrued compensated absences	2,784,706	109,778		2,894,484	418,209
Total long-term obligations	<u>\$ 32,278,877</u>	<u>\$ 3,022,538</u>	<u>\$ 1,941,430</u>	<u>\$ 33,359,985</u>	<u>\$ 2,406,550</u>
Business-type activities:					
Bonds and loans payable:					
Bonds and loans	\$ 26,928,745	\$ 2,000,000	\$ 1,549,773	\$ 27,378,972	\$ 1,605,047
Less undrawn loan proceeds held by the State	(6,135,403)	(2,000,000)	(2,033,382)	(6,102,021)	
Total bonds and loans payable	20,793,342	-	(483,609)	21,276,951	1,605,047
Accrued compensated absences	365,087	12,627	-	377,714	72,175
Total long-term obligations	<u>\$ 21,158,429</u>	<u>\$ 12,627</u>	<u>\$ (483,609)</u>	<u>\$ 21,654,665</u>	<u>\$ 1,677,222</u>
Component unit:					
General obligation debt	\$ 24,535,000	\$ -	\$ 2,040,000	\$ 22,495,000	\$ 2,095,000
Deferred amounts for issuance premiums	38,520		6,420	32,100	
Due to primary government	1,765,000		75,000	1,690,000	80,000
Accrued compensated absences	1,654,140	291,330	272,147	1,673,323	418,000
Total long-term obligations	<u>\$ 27,992,660</u>	<u>\$ 291,330</u>	<u>\$ 2,393,567</u>	<u>\$ 25,890,423</u>	<u>\$ 2,593,000</u>

TOWN OF BRISTOL, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2014

8. Long-term obligations (continued):

General obligation bonds, loans payable, and capital leases outstanding at June 30, 2014 are as follows:

Purpose	Authorized and issued	Date of issue	Interest rate	Date of maturity	Balance, June 30, 2013	New issues	Maturities	Balance, June 30, 2014
Governmental activities:								
General obligation bonds payable:								
Refunding bond	\$ 1,813,350	8/15/02	3.1-3.85%	10/1/2013	\$ 22,050		\$ 22,050	\$ -
Road, sidewalks and capital improvements	2,500,000	5/1/05	3.5-5%	5/1/2025	1,500,000		125,000	1,375,000
Road and sidewalks	1,000,000	5/1/06	4-5.5%	5/1/2026	650,000		50,000	600,000
Sidewalks, fire/rescue building, open space, drainage	7,125,000	2/15/07	3.75-5%	2/15/2027	5,225,000		370,000	4,855,000
Library, Colt School, burial ground, roads, public safety, open space	12,210,000	2/18/09	2-4.375%	2/15/2029	10,550,000		460,000	10,090,000
Roads, open space, drainage	1,750,000	2/15/10	3-4%	2/15/2030	1,525,000		75,000	1,450,000
Refunding bond	1,700,000	2/15/10	1.7-2.9%	8/15/2019	1,025,000		210,000	815,000
Roads, public safety, open space, drainage	5,720,000	2/17/11	3-4.2%	2/15/2031	5,410,000		310,000	5,100,000
Animal Shelter	2,000,000	6/6/12	3.41000%	12/15/2027	2,000,000		133,335	1,866,665
Roads, public buildings, open space, recreation	2,560,000	11/20/13	3-4.0%	11/15/2033	-	\$ 2,560,000	-	2,560,000
Loans payable:								
RI Clean Water Finance Agency:								
Landfill	1,200,000	9/1/97	2.71700%	9/1/2017	378,906		70,797	308,109
Water pollution control Series 09A	1,000,000	10/9/09	.36-2.04%	9/1/2029	741,338		37,428	703,910
Capital leases:								
Rescue truck	329,921	4/20/11	3.89%	4/20/2018	244,621		45,200	199,421
Recycling truck	170,202	5/6/13	2.97%	5/6/2017	134,113		32,051	102,062
Heavy rescue truck	264,000	7/29/13	3.67%	7/29/2023	-	264,000		264,000
	<u>\$ 41,342,473</u>				<u>\$ 29,406,028</u>	<u>\$ 2,824,000</u>	<u>\$ 1,940,861</u>	<u>\$ 30,289,167</u>

(continued)

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

8. Long-term obligations (continued):

Purpose	Authorized and issued	Date of issue	Interest rate	Date of maturity	Balance, June 30, 2013	New issues	Maturities	Balance, June 30, 2014
Business-type activities:								
Enterprise Fund, Sewer:								
General obligation bonds payable:								
Refunding bond	\$ 6,821,650	8/15/02	2.75-3.85%	10/1/2013	\$ 82,950		\$ 82,950	\$ -
Loans payable:								
RI Clean Water Finance Agency:								
Water pollution control	3,700,000	8/25/99	2.82800%	9/1/2019	1,595,282		209,280	1,386,002
Water pollution control	4,695,000	4/25/02	1.25450%	9/1/2022	2,690,236		234,575	2,455,661
Water pollution control	1,000,000	12/30/04	.95-1.525%	9/1/2024	640,000		48,000	592,000
Water pollution control	3,655,000	12/15/05	1.15-1.555%	9/1/2025	2,525,000		173,000	2,352,000
Water pollution control	3,700,000	12/21/06	1.205-1.385%	9/1/2027	2,892,000		170,000	2,722,000
Water pollution control	3,245,000	12/12/07	1.175-1.630%	9/1/2028	2,688,000		145,000	2,543,000
Water pollution control	2,600,000	10/9/09	.36-2.04%	9/1/2029	2,059,277		103,968	1,955,309
Water pollution control	3,970,000	6/24/10	.61-3.25%	9/1/2031	3,813,000		159,000	3,654,000
Water pollution control	3,070,000	3/29/11	.42-3.33%	9/1/2031	2,948,000		123,000	2,825,000
Water pollution control	2,395,000	6/28/12	.21-2.71%	9/1/2032	2,395,000		101,000	2,294,000
Water pollution control	2,600,000	6/6/13	.19-2.51%	9/1/2033	2,600,000			2,600,000
Water pollution control	2,000,000	4/21/14	.17-2.65%	9/1/2034		\$ 2,000,000		2,000,000
	<u>\$ 43,451,650</u>				26,928,745	2,000,000	1,549,773	27,378,972
Less undrawn loan proceeds held by the State, available for sewer projects					(6,135,403)	(2,000,000)	(2,033,382)	(6,102,021)
					<u>\$ 20,793,342</u>	<u>\$ -</u>	<u>\$ (483,609)</u>	<u>\$ 21,276,951</u>
Component unit:								
General obligation bonds payable:								
Schools	\$ 3,865,000	3/15/04	1.5-3.5%	9/1/2015	\$ 900,000	\$ -	\$ 305,000	\$ 595,000
Schools	1,700,000	6/27/06	4.0-5.0%	5/15/2026	1,260,000		75,000	1,185,000
Schools	8,900,000	5/16/07	4.0-5.0%	6/30/2027	6,990,000		365,000	6,625,000
Schools	12,200,000	5/14/08	2.5-5.0%	4/1/2028	10,085,000		480,000	9,605,000
Schools	8,430,000	3/28/09	2.0-5.0%	7/15/2018	5,300,000		815,000	4,485,000
	<u>\$ 35,095,000</u>				<u>\$ 24,535,000</u>	<u>\$ -</u>	<u>\$ 2,040,000</u>	<u>\$ 22,495,000</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

8. Long-term obligations (continued):

General obligation bonds and loans payable:

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities; as well as to refund previously outstanding general obligation bonds. General obligation bonds pledge the full faith and credit of the Town.

Rhode Island general laws cap the amount of each municipality's general obligation bonds that may be outstanding to 3% of its assessed property values. Exceptions apply to bonds financed from non-tax revenues and special exemptions are granted for other purposes as well. The assessed value of the Town's properties at December 31, 2013 was \$2,861,425,904, limiting the amount of non-exempted general obligation bonds outstanding to \$85,842,777. At June 30, 2014, bonds outstanding, excluding component units, totaled \$28,711,665.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

8. Long-term obligations (continued):

At June 30, 2014, scheduled annual debt service requirements for the bonds payable, loans payable and capital leases (excluding interest adjustments for the undrawn balance and amounts due to the primary government from the component unit) are as follows:

Year ending June 30,	Principal	Interest	Total
Governmental activities:			
2015	\$ 1,991,483	\$ 1,162,800	\$ 3,154,283
2016	2,018,499	1,058,493	3,076,992
2017	2,040,591	995,410	3,036,001
2018	2,036,861	929,431	2,966,292
2019	1,889,756	861,342	2,751,098
2020-2024	9,742,773	3,240,181	12,982,954
2025-2029	8,950,428	1,338,353	10,288,781
2030-2034	1,618,776	132,304	1,751,080
	<u>\$ 30,289,167</u>	<u>\$ 9,718,314</u>	<u>\$ 40,007,481</u>
Business-type activities:			
2015	\$ 1,605,047	\$ 587,469	\$ 2,192,516
2016	1,719,388	598,977	2,318,365
2017	1,753,008	570,959	2,323,967
2018	1,791,142	536,042	2,327,184
2019	1,828,579	498,879	2,327,458
2020-2024	8,417,833	1,932,156	10,349,989
2025-2029	6,715,487	1,020,667	7,736,154
2030-2034	3,421,488	241,253	3,662,741
2035	127,000	2,000	129,000
	<u>\$ 27,378,972</u>	<u>\$ 5,988,402</u>	<u>\$ 33,367,374</u>
Component unit:			
2015	\$ 2,095,000	\$ 942,054	\$ 3,037,054
2016	2,165,000	865,548	3,030,548
2017	1,945,000	787,469	2,732,469
2018	2,030,000	710,525	2,740,525
2019	2,120,000	625,393	2,745,393
2020-2024	6,625,000	2,202,370	8,827,370
2025-2029	5,515,000	590,542	6,105,542
	<u>\$ 22,495,000</u>	<u>\$ 6,723,901</u>	<u>\$ 29,218,901</u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

9. Postemployment benefits:

Plan description:

The Town established the Postemployment Benefits (OPEB) Plan (the Plan) and Trust (the Trust) on December 31, 2006. The Plan, a single-employer defined benefit plan, provides postemployment health care benefits to all Town employees who meet years of service and age requirements and, in some cases, to their surviving spouses, who are eligible under the terms of collective bargaining agreements or personal contracts. The Plan does not issue a stand-alone financial report. The Trust's assets and liabilities at June 30, 2014 and its activity for the year then ended are included in the statements of fiduciary net position and changes in fiduciary net position.

Benefits and employee contributions:

The Trust paid 100% of the amount incurred by eligible retirees for medical and dental costs, which totaled \$750,315 for the year ended June 30, 2014. Employees hired after July 1, 1997 are offered \$50,000 whole life insurance. The Town, through the Trust, pays 100% of the cost of the insurance policies, which amounted to \$127,770 for the year ended June 30, 2014. Death benefits are split between the Trust and the employee's estate, with \$15,000 going to the employee's estate if the employee dies in active service; \$10,000 if the employee has retired. The balance is retained by the Trust.

Employees are required under terms of collective bargaining agreements or personal contracts to contribute to the Trust. The contribution, which ranges from 1% to 1.5% of set salary amounts, is made in the form of payroll deductions. The Town has obtained an Internal Revenue Service private letter ruling that allows the employee contributions and any premium payments for medical coverage to be exempt from taxation.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

9. Postemployment benefits (continued):

Benefits and employee contributions (continued):

Employee contributions are recognized in the Trust when withheld from the employees' pay. Employer contributions are recognized in the period to which the contribution relates. Benefit payments are charged to expense in the period paid.

Covered participants:

As of July 1, 2012, the date of the latest available actuarial valuation, membership census is as follows:

Active employees	138
Retirees	77
Spouses of retirees	<u>42</u>
Total	<u><u>257</u></u>

Annual OPEB cost and net OPEB obligation:

The Town's annual OPEB cost is calculated based on the annual required contribution (ARC) of the Town. The Town has engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a closed period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost, the amount actually contributed to the Plan for the year ended June 30, 2014, and the Town's net OPEB asset as of June 30, 2014.

Annual required contribution	\$ 1,153,000
Interest on net OPEB asset	(22,762)
Adjustment to annual required contribution	<u>21,971</u>
Annual OPEB cost	1,152,209
Contributions made during the year	<u>1,155,021</u>
Increase in net OPEB asset	2,812
Net OPEB asset at beginning of year	<u>337,216</u>
Net OPEB asset at end of year	<u><u>\$ 340,028</u></u>

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

9. Postemployment benefits (continued):

Annual OPEB cost and net OPEB obligation (continued):

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan for the past three years, and the net OPEB asset as of June 30, 2012, 2013 and 2014 are as follows:

<u>Year ended June 30,</u>	<u>OPEB cost</u>	<u>Percentage of annual OPEB cost contributed</u>	<u>Net OPEB asset</u>
2012	\$ 940,209	101.11%	\$ 372,349
2013	\$ 992,797	96.46%	\$ 337,216
2014	\$ 1,152,209	100.24%	\$ 340,028

Funded status and funding progress:

As of July 1, 2012, the funded status and funding progress were as follows:

Funded ratio	20.51%
Actuarial accrued liability for benefits	\$ 16,712,000
Actuarial value of assets	\$ 3,428,000
Unfunded actuarial accrued liability (UAAL)	\$ 13,284,000
Covered payroll	\$ 6,279,300
UAAL to covered payroll	211.55%

The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial values of OPEB Plan assets are increasing or decreasing over time relative to accrued actuarial liabilities for benefits.

Actuarial methods and assumptions:

The projection of future benefit payments for an ongoing plan involves 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 annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

9. Postemployment benefits (continued):

Actuarial methods and assumptions (continued):

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Some key assumptions are as follows:

- Measurement date – July 1, 2012
- Funding method – Projected Unit Credit Cost Method
- Investment rate of return – 6.75%
- Discount rate – 6.75%, reflecting an established OPEB trust
- Participation – All eligible retirees are assumed to elect medical and dental coverage
- Health Care Cost Trend Rates – Medical 7.10% per year, decreasing to an ultimate rate of 4.80% per year over 49 years

Component Unit:

As of December 31, 1994, the District pays a percentage of the costs of health insurance benefits for all eligible retirees until age 65 or until Medicare-eligible. Employees are required to contribute a co-pay amount. For certain eligible employees with retirement prior to December 31, 1994, the District is required to pay 100% of the cost of health, dental and life insurance benefits for life. These benefits are provided under various employee contracts with the District. The District funds these benefits on a pay-as-you-go basis. During the year ended June 30, 2014, 259 retirees received benefits under this plan.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

9. Postemployment benefits (continued):

Component Unit (continued):

The following table shows the components of the District's annual OPEB cost, the amount contributed to the plan for the year ended June 30, 2014 and the District's net OPEB obligation to the plan as of June 30, 2014.

Normal cost	\$ 2,160,629
Amortization of UAAL	(283,063)
Interest	<u>153,389</u>
Annual required contribution	2,030,955
Contributions made during the year	<u>(1,564,996)</u>
Increase in net OPEB obligation	465,959
Net OPEB obligation at beginning of year	<u>3,067,772</u>
Net OPEB obligation at end of year	<u><u>\$ 3,533,731</u></u>

District contributions to the plan for the year ended June 30, 2014 represented 44% of annual OPEB expense.

Additional information regarding the District's OPEB plan and its funded status and funding progress can be obtained from the separate financial statements issued by the District.

10. Pension plans:

All eligible employees of the Town, exclusive of the District, are covered by one of two pension plans: the Municipal Employees' Retirement System of the State of Rhode Island (Municipal Plan), or the Town of Bristol, Rhode Island Police Retirement Plan (Police Plan). The Police Plan covers full-time employees of the Police Department hired prior to March 22, 1998. The Municipal Plan covers all other eligible employees. Total covered payroll under both plans during 2014 was \$7,067,916. Total Town payroll was \$9,519,313 for the same period.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

10. Pension plans (continued):

Municipal Plan

Plan description:

The Municipal Plan is an agent multiple-employer public employee retirement system administered by the State. Financial statements for the Municipal Plan are issued separately and can be obtained at www.ersri.org. For the year ended June 30, 2014, covered payroll under the Municipal Plan totaled \$6,818,308 (including \$2,135,729 for police). As of June 30, 2014, 133 active employees (including 34 police and one firefighter) were participants in the Municipal Plan.

The Municipal Plan provides retirement, death and disability benefits and an optional cost of living adjustment (COLA) as outlined in Chapters 45-21 and 45-21.2 of the Rhode Island General Laws (RIGL). The benefits may be amended by the Rhode Island General Assembly.

Retirement eligibility and plan benefits:

General employees unit – Service credits accrued at June 30, 2012 are protected under the Rhode Island Retirement Security Act (RIRSA). Beginning July 1, 2012, members receive a benefit accrual of 1.0% per year. Effective July 1, 2012, the retirement age mirrors the Social Security Normal Retirement Age, not to exceed age 67. Benefits are based on the five-year average compensation multiplied by the accumulated service credit percentage. Joint and survivor retirement benefit options are available.

Police and fire units – Effective July 1, 2012, the benefit accrual for all plans is 2.0% per year based on the five-year average compensation, exclusive of overtime. Retirement age is 55 years old with 25 years of total service or for members with five years of service but less than 25 years of service. The new retirement age will mirror the Social Security Normal Retirement Age, not to exceed 67. Police officers or firefighters who were at least 45 years old, had 10 or more years of contributing service and were eligible to retire prior to age 52 under the law in effect on June 30, 2012 may retire at age 52. Police and fire employees may retire with a reduced pension benefit if they have 20 years of service and are within five years of their retirement eligibility. The actuarially reduced benefit is calculated based on how close the member is to the eligibility date that is prescribed in RIRSA. Joint and survivor retirement benefit options are available.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

10. Pension plans (continued):

Municipal Plan (continued):

Cost of Living Adjustments:

Pursuant to RIRSA, the Cost of Living Adjustment (COLA) has been suspended for any unit whose funding level is less than 80%. The COLA provision can be reviewed in a five-year interval. When the funding level of a plan exceeds 80%, eligible retirees may receive a COLA annually effective on their date of retirement plus one month. The COLA will be calculated as the five-year smoothed investment rate of return less 5.50%, with a 0.00% floor and a 4.00% cap. COLA will be delayed until the later of age 55 or three years after retirement. The COLA will be applied to the first \$25,000 of benefits indexed annually.

Disability retirement provisions:

The plan also provides nonservice-connected disability benefits after 5 years of service; service-connected disability pensions with no minimum service requirement.

Funding Policy:

The funding policy is outlined in RIGL sections 45-21-41, 45-21-42, and 45-21-52 (which can be amended by the Rhode Island General Assembly).

Active nonpolice and fire members contributed 15.27% of their compensation for the year ended June 30, 2014. Active police and fire members contributed 3.93% and 15.66% of their compensation, respectively. The Town is required to contribute at an actuarially determined rate expressed as a percentage of total compensation paid to the active membership. The Town contributed 2%, 8% and 7% of compensation for nonpolice and fire, police and fire members, respectively, for the year ended June 30, 2014.

Annual pension cost:

The following table summarizes annual pension costs and actual contributions for the Municipal Plan for the past three years. There was no net pension obligation during the three-year period.

	2014	2013	2012
Annual pension cost	\$ 1,068,646	\$ 943,716	\$ 1,323,640
Actual contributions:			
Municipal:			
Employee	\$ 91,732	\$ 89,409	\$ 311,537
Employer	\$ 700,378	\$ 645,535	\$ 641,765
Police:			
Employee	\$ 170,858	\$ 167,828	\$ 169,539
Employer	\$ 83,934	\$ 33,775	\$ 196,853

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

10. Pension plans (continued):

Municipal Plan (continued):

Annual pension cost (continued):

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Fire:			
Employee	\$ 6,717	\$ 3,539	\$ 3,946
Employer	\$ 15,026	\$ 3,630	\$ -
% of annual pension costs contributed	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Funded status and funding progress:

As of June 30, 2013, the date of the most recent actuarial valuation available, the funded status and funding progress were as follows:

	<u>General Employees Unit</u>	<u>Police Unit</u>	<u>Fire Unit</u>
Funded ratio	73.4%	120.7%	76.2%
Actuarial accrued liability for benefits	\$ 21,184,138	\$ 4,001,300	\$ 318,302
Actuarial value of assets	\$ 15,547,343	\$ 4,828,703	\$ 242,702
Unfunded actuarial accrued liability (UAAL)	\$ 5,636,795	\$ (827,403)	\$ 75,600
Covered payroll	\$ 4,518,106	\$ 2,142,439	\$ 50,562
UAAL to covered payroll	124.8%	(38.6%)	149.5%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial values of Municipal Plan assets are increasing or decreasing over time relative to accrued actuarial liabilities for benefits.

Actuarial methods and significant assumptions:

The State uses the entry age normal method to determine both the actuarial accrued liabilities and annual required contributions of the Municipal Plan. Pension assets are valued at their fair value as established by quotations from applicable national securities exchanges. Valuations of accrued liabilities, pension assets, and annual required contributions for the Municipal Plan are performed annually as of June 30.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

10. Pension plans (continued):

Municipal Plan (continued):

Actuarial methods and significant assumptions (continued):

The required contribution for fiscal 2014 was determined as part of the actuarial valuation performed as of June 30, 2012. The most recent valuation of the Municipal Plan was performed as of June 30, 2013. The actuarial methods and assumptions used in those valuations are summarized in the following table.

Asset appreciation:	7.50% annually
Salary increases:	4.00% annually (4.25% police & fire) and a service-related component
Cost-of-living adjustments:	0.00-4.00%, noncompounded
Payroll growth:	3.75% annually
Retirement probability:	100% at age 75 or upon eligibility (100% at age 65 or upon eligibility – police)
Mortality:	Healthy members – 115% (for Male Employees) and 95% (for Female Employees) of the RP-2000 Combined Healthy with White Collar adjustments, projected with Scale AA Disabled members – 60% of the PBGC Table Va (VIa for females)
Disability:	Probabilities per 1,000 ranging from .08% at age 25 to 9.87% at age 60 (0.43% at age 25 to 12.10% at age 50 for police and fire)

Defined Contribution Plan:

Plan description:

Employees participating in the Municipal Plan, as described above, also participate in a defined contribution plan of the Employees' Retirement System of Rhode Island (the System) as authorized by General Law Chapter 36-10.3. The defined contribution plan is established under Internal Revenue Service (IRS) section 401(a) and is administered by TIAA-CREF and the System. Employees may choose among various investment options available to plan participants.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

10. Pension plans (continued):

Municipal Plan (continued):

Defined Contribution Plan (continued):

Plan description (continued):

Employee contributions are immediately vested while employer contributions are vested after three years of contributory service. Contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

Amounts in the defined contribution plan are available to participants in accordance with IRS guidelines for such plans.

Funding Policy:

The funding policy is outlined in RIGL chapter 36-10.3 (which can be amended by the Rhode Island General Assembly). Active non-police and fire members must contribute 5% of their compensation and the Town is required to contribute 1%. The plan members and Town contributed \$229,343 and \$45,867, respectively, during the fiscal year ended June 30, 2014.

Police and fire employees must contribute 3% of their compensation/covered salary; the Town must also contribute 3%. The plan members and Town each contributed \$64,089 during the fiscal year ended June 30, 2014.

The System issues an annual financial report that includes financial statements and required supplementary information for all of the plans it administers. The reports can be obtained at www.ersri.org.

Component Unit:

All District certified school personnel participate in the System, a cost-sharing multiple-employer public employee retirement system. District non-certified employees participate in the Municipal Plan. In addition, beginning July 2, 2012, a defined contribution pension plan was made available to District employees. Detailed information regarding the District's participation in the System, Municipal Plan and defined contribution plan is presented in the Bristol Warren Regional School District's annual financial report as of and for the year ended June 30, 2014, which may be obtained from the administrative offices at 151 State Street, Bristol, Rhode Island.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

10. Pension plans (continued):

Police Plan:

Plan description:

The Town administers and contributes to the Police Plan, a single-employer public employee retirement plan. The assets of the Police Plan are held in a Trust which is reported as a fiduciary fund in the Town's annual financial statements. The Police Plan was established by the Town in accordance with the Town Charter. The Town's payroll for employees covered by the Police Plan for the year ended June 30, 2014 was \$249,608.

Plan membership:

As of July 1, 2013, the date of the most recent actuarial valuation available, employee membership data related to the Police Plan is as follows:

Inactive plan members or beneficiaries currently receiving benefits	45
Active plan members	<u>4</u>
Total	<u><u>49</u></u>

Benefits provided:

All full-time employees of the Police Department hired prior to March 22, 1998 are eligible to participate in the Police Plan. The Police Plan provides retirement benefits as well as death and disability benefits. Participants in the Police Plan are eligible for retirement at the completion of 20 or more years of service. The normal retirement benefit is 60% of average monthly salary for the two consecutive years which results in the highest salary, and 1% of average monthly salary for each completed year of service in excess of 20 years to the maximum of ten additional years. Average monthly salary is base pay plus longevity and holiday pay. The retirement benefit for late retirement is the same as above, except that salary and years of service are recognized to late retirement date (maximum of 30 years).

Participants are eligible for disability benefits after ten years of service or immediately if the disability results from performance of duties. The benefit is 75% of average monthly salary and will be adjusted annually on July 1 each year by a 3% cost-of-living adjustment. Upon reaching normal retirement date, the disability benefit will stop and the retirement benefit based on the accrued benefit at the time of disability will begin.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

10. Pension plans (continued):

Police Plan (continued):

Benefits provided (continued):

Eligibility for preretirement survivor's benefits is death as a result of performance of duties or completion of at least five years of service. The spouse is entitled to 67.5% of the accrued benefit; children are entitled to 22.5% until the earliest of the child's 22nd birthday, unless disabled, or marriage of the child. If the spouse is more than three years younger than the participant, the survivor's benefit is reduced to the actuarial equivalent of a survivor's benefit where the spouse is precisely three years younger. A maximum of three children is eligible to receive benefits for each death claim.

Eligibility for post-retirement survivor's benefits is if death occurs after retirement. The spouse is entitled to 67.5% of the normal retirement benefit; children are entitled to 22.5% (i.e., one-third of 67.5%) until the earliest of the child's 22nd birthday, discontinuance of school attendance, unless disabled, or marriage. If the spouse is more than three years younger than the participant, the survivor's benefit is reduced to the actuarial equivalent of a survivor's benefit where the spouse is precisely three years younger. A maximum of three children is eligible to receive benefits for each death claim.

An additional death benefit is given if death occurs after the participant's actual retirement date.

A participant is eligible for severance benefits for less than ten years of service. The benefit is the greater of the participant's accumulations or two weeks pay for each year of service.

Participants are eligible for vested severance benefits after ten years of service. The benefit is the greater of the normal retirement benefit reduced by the ratio of actual years of service at date of termination over total years of service the participant would have worked had they continued working to their normal retirement date, or the greater of three weeks pay for each year of service or the total of their contributions to the fund with interest at 3%.

All participants retiring on and after April 1, 1998 will be eligible for annuity payments with an annual 3% cost-of-living adjustment. The cost-of-living increase is payable on July 1 of each year.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

10. Pension plans (continued):

Police Plan (continued):

Contributions:

Total contributions to the Police Plan during the year ended June 30, 2014 amounted to \$1,320,643, of which \$1,288,194 and \$32,449 were made by the Town and its employees, respectively. Contributions made by the Town and employees represented 516% and 13%, respectively, of covered payroll for the year. Administrative costs are included in the actuarial valuation as part of the normal cost and are financed through contributions.

Investments:

Rate of return:

For the year ended June 30, 2014, the annual money-weighted rate of return on Police Plan investments, net of investment expense, was 12.88%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Receivables:

Employer and Employee contributions for the month of June in the current fiscal year are made in July of the following fiscal year and are included in plan assets.

Net pension liability:

The components of the net pension liability at June 30, 2014 were as follows:

Total pension liability	\$ 27,703,704	
Plan fiduciary net position	<u>(14,679,057)</u>	
Town's net pension liability	<u>\$ 13,024,647</u>	
Plan fiduciary net position as a percentage of the total pension liability		52.99%

Actuarial assumptions:

The Town's contribution to the Police Plan was determined as part of the July 1, 2013 actuarial valuation using the entry age normal actuarial cost method. Normal cost is funded on a current basis. The unfunded actuarial accrued liability is funded over a decreasing 20-year period. The amortization period remaining on the unfunded actuarial accrued liability at July 1, 2013 was 16 years. Periodic contributions for both normal cost and the amortization of the unfunded actuarial accrued liability are based on the level percentage of payroll method. The actuarial assumptions included (a) 6.75% interest compounded annually, (b) projected salary increases of 3% compounded annually and (c) inflation of 2.50%.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

10. Pension plans (continued):

Police Plan (continued):

Actuarial assumptions (continued):

The assumptions did not include postretirement health insurance benefit increases, which are funded by the Town on a pay-as-you-go basis. The asset valuation method used is designed to stabilize the investment yield credited for actuarial valuation purposes. The method does not distinguish investment yield by source such as interest, dividends or realized or unrealized capital gains. Investment yield variances from the expected yield, the valuation interest rate applied to market value, are spread over five years. Assets used for valuation purposes are equal to the market value. The most recent valuation was performed on July 1, 2014.

Mortality rates were based on the RP-2000 Combined Generational Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on Police Plan investments was determined using a building-block method on 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 and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the Police Plan's target allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
Cash	0.50%
Short-term bonds	1.05%
Intermediate-term bonds	1.62%
High yield bonds	4.49%
Large Cap US Equities	5.86%
Mid Cap US Equities	6.63%
Developed Foreign Equities	6.29%
Emerging Market Equities	8.94%
Real Estate (REITS)	5.59%

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

10. Pension plans (continued):

Police Plan (continued):

Discount rate:

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed the Town contributions will continue to follow the current funding policy. 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 period of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 %) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability	\$ 17,098,515	\$ 13,024,647	\$ 9,744,556

The schedules of changes in the Town's net pension liability and related ratios, employer contributions, and investment returns are presented as required supplementary information following the notes to the basic financial statements.

Annual pension cost and net pension asset:

The actuarially determined employer contribution requirement of \$1,288,194 was determined as described above and was based on an actuarial valuation as of July 1, 2012. The contribution consists of normal cost plus past service costs and one year of interest at 6.75%.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

10. Pension plans (continued):

Police Plan (continued):

A summary of annual pension cost, contributions and net pension asset for the preceding three years is as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Normal cost, net of employee contributions	\$ 118,962	\$ 86,101	\$ 82,080
Amortization of UAAL	1,087,777	746,732	685,374
Interest	81,455	66,627	61,396
Adjustment to annual required contribution	<u>3,021</u>	<u>1,460</u>	<u>321</u>
Annual pension cost	1,291,215	900,920	829,171
Actual contributions	<u>1,288,194</u>	<u>899,474</u>	<u>958,333</u>
Change in net pension asset	(3,021)	(1,446)	129,162
Net pension asset, beginning of year	<u>203,796</u>	<u>205,242</u>	<u>76,080</u>
Net pension asset, end of year	<u>\$ 200,775</u>	<u>\$ 203,796</u>	<u>\$ 205,242</u>
% of annual pension cost contributed	<u>99.77%</u>	<u>99.84%</u>	<u>115.62%</u>

Funded status and funding progress:

As of July 1, 2013, the latest actuarial valuation available, the Police Plan was 47.26% funded. The actuarial accrued liability for benefits was \$27,204,260 and the actuarial value of assets was \$12,857,275, resulting in an unfunded actuarial accrued liability (UAAL) of \$14,346,985. The covered payroll (annual payroll of active participants) was \$300,035 and the ratio of the UAAL to the covered payroll was 4781.77%.

The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial values of Police Plan assets are increasing or decreasing over time relative to accrued actuarial liabilities for benefits.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

11. Risk management:

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; and natural disasters. As a result, the Town participates in a non-profit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) (the Trust) which provides coverage for property/liability and workers' compensation claims. Upon joining the Trust, the Town signed a participation agreement which outlines the rights and responsibilities of both the Trust and the Town. The agreement states that for premiums paid by the Town, the Trust will assume financial responsibility for the Town's losses up to the maximum amount of insurance purchased, minus the Town's deductible amounts. The Trust provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust retains internally for payment from the pooled contributions of its members. Under the participation agreement, the Town is insured for a maximum of \$3,000,000 per occurrence (\$5,000,000 for workers' compensation claims). Settled claims resulting from these risks have not exceeded the Trust coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage during the year ended June 30, 2014.

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

12. Commitments and contingencies:

The Town also participates in the Health Pool (the Pool), a non-profit, public entity risk pool which provides programs of liability, workers' compensation, and health insurance coverage to Rhode Island cities, towns and other governmental units. Upon joining the Pool, members execute a member agreement. That document, pursuant to which the Pool was established and operates, outlines the rights and responsibilities of both the members and the Pool. Members of the Pool participate in the Pool's health insurance plan administered through the Trust and Blue Cross Blue Shield of Rhode Island (BCBSRI). Using the rate calculations prepared by BCBSRI, the Pool sets annual contribution rates for the subscribers of each member for each program offered. The Pool agreement requires that those contribution rates be set at a level sufficient, in the aggregate, to satisfy the funding requirements of the Pool. The contributions of each member are deposited into the General Fund and are used to pay for claims, reinsurance and all administrative expenses.

Under the terms of federal and state grants, periodic compliance audits by the grantors or their representatives are required; consequently, certain costs may be questioned as not being appropriate and may result in reimbursement to the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. Town officials believe that such disallowances, if any, would not be material.

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

The Town is committed under construction contracts at June 30, 2014 as follows:

Project	Contract	Spent to date	Remaining commitment
Headworks and Miscellaneous Improvements	\$ 3,439,700	\$ 47,754	\$ 3,391,946
Mt. Hope Pumping Station Improvements	1,378,210	291,807	1,086,403
Inflow Source Relocation and Associated Drainage System Improvements	709,670	531,397	178,273
Sewer System Rehabilitation	496,385	480,780	15,605
Animal Shelter Construction Project	2,126,247	1,696,102	430,145
Sewer Backflow Prevention Program	89,093	63,502	25,591
	<u>\$ 8,239,305</u>	<u>\$ 3,111,342</u>	<u>\$ 5,127,963</u>

TOWN OF BRISTOL, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED JUNE 30, 2014

	Original Budget	Adjustments, carryforwards, and transfers	Final Budget	Actual	Variance with Final Budget
Revenues:					
Property taxes	\$ 36,393,796	\$ -	\$ 36,393,796	\$ 36,743,504	\$ 349,708
Intergovernmental	1,566,683		1,566,683	2,170,064	603,381
Licenses, permits and fees	2,327,863		2,327,863	2,333,762	5,899
Investment earnings	375,000		375,000	457,529	82,529
Other revenues	1,185,288		1,185,288	866,547	(318,741)
Total revenues	41,848,630	-	41,848,630	42,571,406	722,776
Expenditures:					
Current:					
General government	1,492,827	10,350	1,503,177	1,655,417	(152,240)
Public safety	5,076,496		5,076,496	5,004,140	72,356
Public works	4,170,113	54,300	4,224,413	4,581,859	(357,446)
Community services	1,321,837		1,321,837	1,403,462	(81,625)
Education	22,039,592		22,039,592	22,039,592	-
Payroll taxes and benefits	5,668,944		5,668,944	5,745,846	(76,902)
Debt service:					
Principal	1,810,270		1,810,270	1,908,809	(98,539)
Interest	1,089,551		1,089,551	1,075,843	13,708
Bond issuance costs	25,000		25,000	93,818	(68,818)
Fees and charges	5,000		5,000	6,165	(1,165)
Capital outlay	300,000		300,000	167,640	132,360
Total expenditures	42,999,630	64,650	43,064,280	43,682,591	(618,311)
Excess of expenditures over revenues, budgetary basis	(1,151,000)	(64,650)	(1,215,650)	(1,111,185)	104,465
Other financing sources (uses):					
Reappropriated fund balances:					
Capital project and operating carryforward		64,650	64,650	64,650	-
Unrestricted	1,050,000		1,050,000	948,707	101,293
Bond premium				88,760	(88,760)
Bond proceeds	-			30,000	(30,000)
Capital lease acquisitions					-
Proceeds on sale of capital assets					-
Transfers from other funds	129,000		129,000	155,019	(26,019)
Transfers to other funds	(28,000)		(28,000)	(175,951)	147,951
Total other financing sources (uses)	1,151,000	64,650	1,215,650	1,111,185	104,465
Excess of revenues and other financing sources over expenditures and other financing uses, budgetary basis	\$ -	\$ -	\$ -	-	\$ -
Adjustments of budgetary basis to U.S. GAAP basis				(1,013,357)	
Excess of expenditures and other financing uses over revenues and other financing sources, U.S. GAAP basis				(1,013,357)	
Fund balance, beginning of year				11,654,540	
Fund balance, end of year				<u>\$ 10,641,183</u>	

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY COMPARISON

YEAR ENDED JUNE 30, 2014

Budget preparation and budgetary basis of accounting:

In accordance with the Town's Charter, the Town has formally established budgetary accounting control for its General Fund. The General Fund is subject to an annual operating budget legally adopted by the Town Council. The annual operating budget's appropriation amounts are supported by revenue estimates and take into account the elimination of accumulated deficits and the reappropriation of accumulated surpluses to the extent necessary. The General Fund operating budget is in conformity with the legally enacted budgetary basis, which is not in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) in that budgetary other financing sources include reappropriations from fund equity previously recognized under U.S. GAAP.

Adjustments from the budgetary basis to the U.S. GAAP basis of accounting are as follows:

Reappropriated fund equity:	
Restricted	\$ 64,650
Unrestricted	<u>948,707</u>
 Total adjustments	 <u>\$ 1,013,357</u>

Reappropriated fund equity excludes carry-forward amounts for capital expenditures that, effective July 1, 2014, are being recorded in the Capital Projects Fund.

Budget compliance:

Appropriations in addition to those contained in the annual operating budget require Town Council approval. Amendments to the operating budget that do not result in additional appropriations may be made within departments by means of transfer. Transfers made within and outside the departmental level require Town Council approval. The level at which the General Fund budgeted expenditures may not legally exceed appropriations is at the department level. Unexpended appropriations lapse at fiscal year-end, but unexpended capital and special appropriations have historically been carried forward.

The following General Fund Departments have an excess of expenditures over appropriations:

Town Solicitor	\$ 65,633
Boards and Services	749
Town Hall Complex	118,432
Animal Control	2,888
Fire Department	19,890
Town Engineer	1,052
Public Works	229,035
Civic Services	186,687
Library	36,781
Recreation	52,674
Senior Center	7,318

TOWN OF BRISTOL, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULES OF FUNDING PROGRESS

YEAR ENDED JUNE 30, 2014

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as % of Covered Payroll</u>
<i>Municipal Employees Retirement System, General Employees</i>						
June 30, 2011	\$ 14,820,651	\$ 20,892,762	\$ 6,072,111	70.94%	\$ 4,302,693	141.12%
June 30, 2012	15,184,159	20,807,483	5,623,324	72.97%	4,485,441	125.37%
June 30, 2013	15,547,343	21,184,138	5,636,795	73.39%	4,518,106	124.76%
<i>Municipal Employees Retirement System, Fire</i>						
June 30, 2011	\$ 241,211	\$ 279,083	\$ 37,872	86.43%	\$ 48,565	77.98%
June 30, 2012	238,239	306,187	67,948	77.81%	49,330	137.74%
June 30, 2013	242,702	318,302	75,600	76.25%	50,562	149.52%
<i>Municipal Employees Retirement System, Police</i>						
June 30, 2011	\$ 3,809,343	\$ 2,922,299	\$ (887,044)	130.35%	\$ 1,805,645	-49.13%
June 30, 2012	4,347,815	3,479,280	(868,535)	124.96%	1,965,609	-44.19%
June 30, 2013	4,828,703	4,001,300	(827,403)	120.68%	2,142,439	-38.62%
<i>Police Plan</i>						
July 1, 2008	\$ 13,130,907	\$ 20,456,564	\$ 7,325,657	64.19%	\$ 485,611	1508.54%
July 1, 2009	12,424,250	20,981,926	8,557,676	59.21%	432,376	1979.22%
July 1, 2010	12,148,307	20,937,957	8,789,650	58.02%	453,506	1938.16%
July 1, 2011	12,235,119	21,492,883	9,257,764	56.93%	472,541	1959.15%
July 1, 2012	12,415,633	26,521,112	14,105,479	46.81%	357,605	3944.43%
July 1, 2013	12,857,275	27,204,260	14,346,985	47.26%	300,035	4781.77%
<i>OPEB Plan</i>						
July 1, 2008	\$ 1,675,000	\$ 12,862,000	\$ 11,187,000	13.02%	N/A	N/A
July 1, 2010	2,313,000	13,779,000	11,466,000	16.79%	\$ 5,041,881	227.42%
July 1, 2012	3,428,000	16,712,000	13,284,000	20.51%	6,279,300	211.55%

TOWN OF BRISTOL, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

SCHEDULE OF EMPLOYER CONTRIBUTIONS

YEAR ENDED JUNE 30, 2014

Police Plan

Year ended June 30,	Annual Required Contribution	Percentage Contributed
2014	\$ 1,288,194	100.0%
2013	\$ 899,460	100.0%
2012	\$ 828,850	115.6%
2011	\$ 784,676	100.0%
2010	\$ 770,003	112.0%
2009	\$ 640,220	100.0%

OPEB Plan

Year ended June 30,	Annual Required Contribution	Percentage Contributed
2014	\$ 1,153,000	100.2%
2013	\$ 997,000	96.5%
2011	\$ 897,000	98.6%

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2014

Changes affecting the June 30, 2012 actuarial valuation:

The assumptions for the Municipal Plan are consistent with the 2011 valuation, with the exception of certain assumption changes that resulted from the enactment of RIRSA. The marriage assumption was modified to reflect the expected percentage of members that will be eligible for survivor benefits upon their death, the incidence of disability was lowered to incorporate a continued trend of significantly fewer incidents of disability than anticipated by the current assumption, and the missing data assumption was updated to incorporate an assumption for missing beneficiary data.

The method used to determine the actuarial value of assets is the five-year smoothed market method. A small adjustment was made to the method used to smooth investment gains and losses to allow gains and losses to offset each other immediately. This modification will reduce future volatility in the actuarial value of assets while ensuring that the actuarial value always trends directly towards the market value of assets.

The information presented in the required supplementary information was determined as part of the respective actuarial valuations. 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. Additional information as of the latest actuarial valuation follows:

POLICE PLAN

Valuation date	July 1, 2013
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll, closed
Remaining amortization period	16 years
Asset valuation method	5-year smoothed market
Inflation	2.5%
Salary increases	4.25%, average, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation
Retirement age	Varies by service
Mortality	RP-2000 Combined Healthy Mortality with generational projection

TOWN OF BRISTOL, RHODE ISLAND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

YEAR ENDED JUNE 30, 2014

OPEB PLAN

Valuation date	July 1, 2012
Actuarial cost method	Projected Unit Credit Cost Method
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return and discount rate	6.75% per annum
Projected salary increases	3.0% per annum
Participation	All eligible retirees are assumed to elect medical and dental coverage
Health Care Cost Trend Rates	Medical 7.10% per year per year decreasing to an ultimate rate of 4.80% per year over 49 years

TOWN OF BRISTOL, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CHANGES TO POLICE PLAN'S NET PENSION LIABILITY AND RELATED RATIOS

YEAR ENDED JUNE 30, 2014

Total pension liability:

Service cost	\$ 136,699
Interest	1,797,455
Changes of benefit terms	-
Effect of economic/demographic gains or (losses)	12,927
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of member contributions	<u>(1,447,637)</u>
Net change in total pension liability	499,444
Total pension liability, beginning of year	<u>27,204,260</u>
Total pension liability, end of year	27,703,704

Plan fiduciary net position:

Contributions—employer	1,288,194
Contributions—member	32,449
Net investment income	1,680,673
Benefit payments, including refunds of member contributions	(1,447,637)
Administrative expense	(2,010)
Other	<u>-</u>
Net change in plan fiduciary net position	1,551,669
Plan fiduciary net position, beginning of year	<u>13,127,388</u>
Plan fiduciary net position, end of year	<u>14,679,057</u>
Net pension liability, end of year	<u>\$ 13,024,647</u>
Plan fiduciary net position as a percentage of the total pension liability	52.99%
Covered employee payroll	\$ 249,608
Net pension liability as a percentage of covered employee payroll	5218.04%
Actuarially determined contribution	\$ 1,288,194
Contributions in relation to the actuarially determined contribution	<u>1,288,194</u>
Contribution deficiency (excess)	<u>\$ -</u>
Contributions as a percentage of covered employee payroll	516.09%

TOWN OF BRISTOL, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION -
POLICE PLAN SCHEDULE OF TOWN CONTRIBUTIONS

YEAR ENDED JUNE 30, 2014

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Contributions Related to the Actuarially Determined Contribution	Contribution Deficiency (Excess)
2014	\$ 1,288,194	\$ 1,288,194	\$ -
2013	\$ 899,460	\$ 899,474	\$ (14)
2012	\$ 828,850	\$ 958,333	\$ (129,483)
2011	\$ 784,676	\$ 784,676	\$ -
2010	\$ 770,003	\$ 865,433	\$ (95,430)
2009	\$ 640,220	\$ 640,220	\$ -
2008	\$ 620,203	\$ 789,598	\$ (169,395)
2007	\$ 540,519	\$ 634,905	\$ (94,386)
2006	\$ 438,015	\$ 230,447	\$ 207,568
2005	\$ 329,562	\$ 255,088	\$ 74,474

Notes to Schedule:

Valuation date

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 rate:

Actuarial cost method

Entry Age Normal, Level Percent of Payroll

Amortization method

Level dollar

Amortization period

Closed sixteen-year period beginning with the July 1, 2013 valuation

Asset valuation method

Actuarial Value of Assets based on 5-year phase-in of investment gains and losses

Inflation

2.50%

TOWN OF BRISTOL, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION -
POLICE PLAN SCHEDULE OF TOWN CONTRIBUTIONS (CONTINUED)

YEAR ENDED JUNE 30, 2014

Notes to Schedule (continued):

Methods and assumptions used to determine contribution rate (continued):

Salary increases

4.25%

Investment rate of return

6.75%, net of pension plan investment expenses. This is based on an average inflation rate of 3.00%.

Retirement age

Assumptions related to age, service, and department are used for participants not yet receiving payments

Mortality

RP-2000 Combined Generational Mortality Table

Disability

Fifty percent of the 1985 Pension Disability Table (DP-85)

TOWN OF BRISTOL, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF INVESTMENT RETURN

YEAR ENDED JUNE 30, 2014

Annual money-weighted rate of return, net of investment expenses	12.88%
--	--------

TOWN OF BRISTOL, RHODE ISLAND
TAX COLLECTOR'S ANNUAL REPORT
YEAR ENDED JUNE 30, 2014

Real estate and personal property taxes receivable:

Year	Balance, July 1, 2013	Current year assessment	Adjustments/ abatements	Amount to be collected	Collections	Balance, June 30, 2014
2014		\$ 37,055,367	\$ (121,766)	\$ 36,933,601	\$ 35,319,252	\$ 1,614,349
2013	\$ 1,666,167		8,671	1,674,838	1,172,256	502,582
2012	337,969		1,273	339,242	254,633	84,609
2011	68,798		(2,604)	66,194	8,468	57,726
2010	29,524		2,551	32,075	2,841	29,234
2009	39,291		(1,848)	37,443	1,109	36,334
2008	38,305		(1,949)	36,356	440	35,916
2007	31,449		(518)	30,931	700	30,231
2006	23,729		(709)	23,020	459	22,561
2005 and prior	56,880		(739)	56,141	1,186	54,955
	<u>\$ 2,292,112</u>	<u>\$ 37,055,367</u>	<u>\$ (117,638)</u>	<u>\$ 39,229,841</u>	<u>\$ 36,761,344</u>	2,468,497
				Less allowance for doubtful accounts		<u>498,160</u>
						<u>\$ 1,970,337</u>

TOWN OF BRISTOL, RHODE ISLAND
TAX COLLECTOR'S ANNUAL REPORT (CONTINUED)
YEAR ENDED JUNE 30, 2014

Schedule of most recent net assessed property value by category:

Description of property	Valuations	Levy
Real property	\$ 3,198,185,440	\$ 40,936,774
Motor vehicles	133,641,971	2,318,688
Tangible personal	54,788,000	701,286
Total	3,386,615,411	43,956,748
Exemptions	538,788,437	6,901,381
Current year assessment	<u>\$ 2,847,826,974</u>	<u>\$ 37,055,367</u>

Reconciliation of current year property tax revenue:

Current year collections	\$ 36,761,344
Revenue collected within 60 days subsequent to year ended June 30, 2013	<u>623,538</u>
	37,384,882
Prior year revenue received in current year	<u>(630,719)</u>
Current year real estate and personal property tax revenue	<u>\$ 36,754,163</u>